

**AVSWCA**

Antelope Valley State Water Contractors Association

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COMMISSIONERS*KATHY MAC LAREN-GOMEZ, Chair**ROBERT PARRIS, Vice Chair**LEO THIBAUT, Treasurer-Auditor**DON WILSON, Secretary**KEITH DYAS, Commissioner**BARBARA HOGAN, Commissioner***OFFICERS***PETER THOMPSON II, General Manager**DENNIS HOFFMEYER, Controller*

August 1, 2024

**Agenda for the Regular Meeting of the Commissioners
of the Antelope Valley State Water Contractors Association
to be held at Antelope Valley-East Kern Water Agency at
6450 West Avenue N, Palmdale 93551**

Teleconference: (669) 900-6833, Meeting ID 839 3795 7835, Passcode 0

Video Conference:

<https://us02web.zoom.us/j/83937957835?pwd=ak1XbmprdBuQnRZOWszWU91VHdyUT09>

Thursday, August 8th, 2024

6:00 p.m.

NOTICE: Pursuant to Government Code Section 54953, Subdivision (b), this Regular Meeting of the Commissioners will include teleconference participation by Commissioner Dyas from: 2856 Owens Way, Rosamond, CA 93560.

NOTE: To comply with the Americans with Disabilities Act, to participate in any Association meeting please contact Angel Fitzpatrick at 661-943-3201 x0211 at least 48 hours prior to an Association meeting to inform us of your needs and to determine if accommodation is feasible.

Agenda item materials, as well as materials related to agenda items submitted after distribution of the agenda packets, are available for public review at the Antelope Valley-East Kern Water Agency's office located at 6500 West Avenue N, Palmdale or at <https://www.avswca.org/commissioner-meetings>. Please call Angel Fitzpatrick at 661-943-3201 x0211 for public review of materials.

PUBLIC COMMENT GUIDELINES: The prescribed time limit per speaker is three-minutes. Please refrain from public displays or outbursts such as unsolicited applause, comments, or cheering. Any disruptive activities that substantially interfere with the ability of the Association to conduct its meeting will not be permitted and offenders will be requested to leave the meeting.

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

- 1) Pledge of Allegiance.
- 2) Roll call.
- 3) Adoption of agenda.

- 4) Public comments for non-agenda items.
- 5) Consideration and possible action on meeting minutes of the regular meeting held on June 13, 2024.
- 6) Payment of bills.
- 7) Consideration and Possible Action on Accepting and Filing the Audit for the Year Ending June 30, 2023. (Controller Hoffmeyer)
- 8) Consideration and possible action to Accept the Restricted Funds Budget for Fiscal Year 2024/2025 as presented. (Controller Hoffmeyer)
- 9) Update on the Littlerock Creek Recharge Project. (Tom Barnes, AVEK)
- 10) Report on Water Resources and Activities presentation. (Pam Clark, AVEK)
 - 1) Potential Grant Programs for the Culvert Projects.
 - 2) Update on conservation garden sponsorship.
- 11) Report of Controller.
 - a) Update on revenue, expenses, and change in net position.
- 12) Report of General Manager presentation.
 - a) Status updates:
 - 1) Antelope Valley Watermaster meetings.
 - 2) Future agenda items.
- 13) Reports of Commissioners.
- 14) Report of Attorney.
- 15) Commission Members' requests for future agenda items.
- 16) Consideration and action on scheduling the next Association meeting on a special date of October 3, 2024.
- 17) Adjournment.

MINUTES OF REGULAR MEETING OF THE COMMISSIONERS OF THE ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION, JUNE 13, 2024.

A regular meeting of the Commissioners of the Antelope Valley State Water Contractors Association was held Thursday, June 13, 2024, at 6450 West Avenue N, Palmdale, CA 93551, at 2856 Owens Way, Rosamond, CA 93560, and via teleconference. Chair Mac Laren-Gomez called the meeting to order at 6:00 p.m.

1) Pledge of Allegiance.

At the request of Chair Mac Laren-Gomez, Commissioner Wilson led the pledge of allegiance.

2) Roll Call.

Attendance:

Kathy Mac Laren-Gomez, Chair
 Don Wilson, Secretary
 Leo Thibault, Treasurer
 Keith Dyas, Commissioner
 Gary Van Dam, Alt. Cmsnr.
 Barbara Hogan, Commissioner

Others Present:

Tom Barnes, Assistant General Manager
 Pam Clark, Resources Manager
 Matthew Knudson, AVEK General Manager
 Pamela Lee, Legal Counsel
 Scott Kellerman, PWD Board Director
 Audrey Miller, AVEK Board Director
 Angel Fitzpatrick, Administrative Technician
 1 members of the public

EXCUSED ABSENCE~

Robert Parris, Vice Chair
 Peter Thompson II, General Manager

3) Adoption of Agenda.

It was moved by Commissioner Hogan, seconded by Commissioner Wilson, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to adopt the agenda, as written:

Chair Mac Laren-Gomez – aye
 Commissioner Van Dam – aye
 Commissioner Thibault – aye
 Commissioner Wilson – aye
 Commissioner Dyas – aye

Commissioner Hogan – aye

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Consideration and Possible Action on Minutes of Regular Meeting Held April 11, 2024.

It was moved by Commissioner Thibault, seconded by Commissioner Wilson, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve the minutes of the regular meeting held April 11, 2024, as written:

Chair Mac Laren-Gomez – aye
Commissioner Van Dam – aye
Commissioner Thibault – aye
Commissioner Wilson – aye
Commissioner Dyas – aye
Commissioner Hogan – aye

6) Payment of Bills.

It was moved by Commissioner Thibault, seconded by Commissioner Wilson, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve payment and ratification of payment of the bills received from AVEK in the amount of \$998.19 for staff services for the periods of April 1, 2024, through May 31, 2024, and from Woodard and Curran in the amount of \$7,822.50 for professional services through March 31, 2024, related to the 2019 IRWM Plan Update and Funding.

Chair Mac Laren-Gomez – aye
Commissioner Van Dam – aye
Commissioner Thibault – aye
Commissioner Wilson – aye
Commissioner Dyas – aye
Commissioner Hogan – aye

10) Consideration and Possible Action on Approval of Resolution No. 2024-1 Being a Resolution of the Commissioners of the Antelope Valley State Water Contractors Association Authorizing Completion and Submission of California Fair Political Practices Commission Biennial Notice Regarding the Conflict of Interest and Disclosure Code for the Antelope Valley State Water Contractors Association. (General Counsel Lee/General Manager Thompson II)

General Counsel Lee provided a brief overview of the California Fair Political Practices Commission Biennial Notice requirement and stated that the Association's Conflict of Interest Code was updated in 2022 and that no additional updates are required, after which it was moved by Commissioner Mac Hogan, seconded by Commissioner Wilson, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve Resolution No. 2024-1 Being a Resolution of the Commissioners of the Antelope Valley State Water Contractors Association Authorizing Completion and Submission of California Fair Political Practices Commission Biennial Notice Regarding the Conflict of Interest and Disclosure Code for the Antelope Valley State Water Contractors Association:

Chair Mac Laren-Gomez – aye
Commissioner Van Dam – aye
Commissioner Thibault – aye
Commissioner Wilson – aye
Commissioner Dyas – aye
Commissioner Hogan – aye

Resolution No. 2024-1 is hereby made a portion of the minutes of this meeting.

8) Consideration and Possible Action on Amended and Restated Memorandum of Understanding with the Antelope Valley Regional Water Management Group. (General Manager Thompson II)

In General Manager Thompson II's absence, Assistant General Manager Barnes provided a brief overview of the Amended and Restated Memorandum of Understanding (MOU) with the Antelope Valley Regional Water Management Group, including the continued funding contributions of 25% of the USGS Program being administered by the Antelope Valley Watermaster for the extended period of November 2023 through September 2026. Then he requested authorization to execute the MOU, after which it was moved by Commissioner Wilson, seconded by Commissioner Van Dam, and unanimously carried by all members of the Board of

Commissioners present at the meeting on the following roll call vote to approve authorization for General Manager Thompson II to execute the Amended and Restated Memorandum of Understanding with the Antelope Valley Regional Water Management Group:

Chair Mac Laren-Gomez – aye
Commissioner Van Dam – aye
Commissioner Thibault – aye
Commissioner Wilson – aye
Commissioner Dyas – aye
Commissioner Hogan – aye

9) Consideration and possible action on approval of Amendment No. 1 to the Professional Services Agreement for Engineering and Integrated Regional Water Management Planning for preparing Proposition 1 Round 2 Implementation and Multi-Benefit Drought Relief Program Grant Applications. (Resource Manager Clark)

Correction to agenda item after posting: Amendment No. 2

Consideration and possible action on approval of Amendment No. 2 to the Professional Services Agreement for Engineering and Integrated Regional Water Management Planning for preparing Proposition 1 Round 2 Implementation and Multi-Benefit Drought Relief Program Grant Applications. (Resource Manager Clark)

Resource Manager Clark reviewed the proposed Amendment to the Professional Services Agreement for Engineering and Integrated Regional Water Management Planning for preparing Proposition 1 Round 2 Implementation and Multi-Benefit Drought Relief Program Grant Application from Woodard and Curran for \$61,280.00. The budget for this Amendment No. 2 will come from two sources: 1) 20,500 will come from the AVIRWM Prop 1 Round 2 grant for grant administration, and 2) \$40,780 will come from funds to be collected from the AVIRWM A-team members and project proponents. After a brief discussion, it was moved by Commissioner Thibault, seconded by Commissioner Van Dam and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve Amendment # 2 to the PSA with Woodard and

Curran and authorized General Manager Thompson II to enter into this contract with Woodard and Curran as presented:

Chair Mac Laren-Gomez – aye
Commissioner Van Dam – aye
Commissioner Thibault – aye
Commissioner Wilson – aye
Commissioner Dyas – aye
Commissioner Hogan – aye

10) Consideration and Possible Action on the selection of a firm to perform CEQA work for the Littlerock Creek Recharge Project. (Assistant General Manager Barnes)

Assistant General Manager Barnes provided detailed background information on the Littlerock Creek Recharge Project. He presented a summary comparison of the firms that provided proposals: Aspen Environmental Group, Compass Consulting Enterprises, Inc., HELIX Environmental Planning, Provost and Prichard Consulting Group, and Rincon Consultants. Staff recommended that the Commissioners select HELIX Environmental Planning as the initial environmental consultant for the CEQA work required for the Littlerock Creek Recharge Project. It was moved by Commissioner Hogan, seconded by Commissioner Wilson, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to use a portion of the restricted funds previously repurposed for the project and to authorize the General Manager to enter into contact with HELIX Environmental Planning in the not-to-exceed amount of \$21,800:

Chair Mac Laren-Gomez – aye
Commissioner Van Dam – aye
Commissioner Thibault – aye
Commissioner Wilson – aye
Commissioner Dyas – aye
Commissioner Hogan – aye

11) Consideration and Possible Action on the Budget for Fiscal Year 2024/2025. (Controller Hoffmeyer)

Controller Hoffmeyer provided a detailed overview of the proposed General Program Funds Budget for Fiscal Year 2024/2025 and notified the Commissioners

that at the August meeting, he will provide an update on the remaining funds and expenditures for the Littlerock Creek Project Restricted Funds Budget and an update for the AVIRMG Restricted Funds Budget to include the funds provided in the approved Restated and Amended MOU. At the October meeting, he will also provide a Restricted Funds Budget for the USGS program. After a brief discussion, it was moved by Commissioner Thibault, seconded by Commissioner Hogan, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve the Fiscal Year 2024/2025 General Program Funds Budget as presented:

Chair Mac Laren-Gomez – aye
Commissioner Van Dam – aye
Commissioner Thibault – aye
Commissioner Wilson – aye
Commissioner Dyas – aye
Commissioner Hogan – aye

12) Report of Resources Manager.

a) Grant Funding for Culverts

Resource Manager Clark provided the following updates on the possibility of receiving grant funding to construct culverts for the Upper Amargosa Creek, Littlerock Creek, and Big Rock Creek Recharge Projects:

Staff is collaborating with Los Angeles County Waterworks staff and their consultants to develop a stormwater management plan; Staff is identifying potential grant opportunities for culvert installations that will enable future recharge at Big Rock Creek Recharge Site, Littlerock Creek Recharge Project, and Upper Amargosa Recharge Site; A kick-off meeting was held on March 3rd followed by a grant strategy session on May 21st; and the County's grant team is reviewing the projects in depth and planning for another strategy session.

b) Basin Management Meeting

Resource Manager Clark provided an update on the status of a Basin Management Meeting reporting that staff is developing a database of Basin Managers and

Watermasters for the various basins throughout the state; she then reported that staff has conducted preliminary outreach to gauge interest in developing a basin managers working group to share resources, advocate for and partnering on potential grant opportunities; that several Basin Managers are interested in developing a working group; that the potential group has already been beneficial in sharing policy documents with the AV Watermaster; and that Association staff will be bringing this item back for further direction on the formation of this working group.

9) Report of Controller.

a) Update on Revenue, Expenses, and Change in Net Position.

Controller Hoffmeyer provided an overview of the Association's revenue, expenses, and change in net position for the month ending May 31, 2024.

10) Report of General Manager.

a) Status Updates:

1) Antelope Valley Watermaster Meetings.

In the absence of General Manager Thompson II, Assistant General Manager Barnes reported that the Watermaster's Request for Qualifications for Administrative Services was approved and distributed and that review and consideration for two Statement of Qualifications will occur at the June Watermaster Board meeting; that Todd Groundwater's contract was considered and tabled due to request for more detail; that Todd Groundwater will provide an accounting for the age of carryover water as a next step towards developing storage agreements; and that Watermaster staff is working with delinquent New Producers to become compliant with production reporting.

2) Future Agenda Items.

He then stated that future agenda items would include update on CEQA for Littlerock Creek Recharge Project, an update on grant opportunities for the Culvert Projects and a review of 2023 DWR Delivery Capability Report.

11) Reports of Commissioners.

Commissioner Thibault thanked Palmdale Water District for the 100th Anniversary celebration for the Littlerock Dam.

Commissioner MacLaren-Gomez requested support for opening the Littlerock Dam for recreational use moving forward.

12) Report of Attorney.

General Counsel Lee reported that the EPA released a Safe Drinking Water Act.

13) Commission Members' Requests for Future Agenda Items.

Commissioner MacLaren-Gomez requested that staff contact the City of Lancaster and the Antelope Valley Fair regarding the MARC Center to explore ideas for how the AVWSCA can contribute to the project. She suggested the possibility of a garden or landscaping.

14) Consideration and Possible Action on Scheduling the Next Association Meeting June 13, 2024.

After a discussion among the Commissioners, it was found that Commissioner Dyas had a conflict of interest for the regularly scheduled meeting date and time and that Commission Van Dam would attend the meeting in his absence. The Association's next regular meeting will be held on August 8, 2024, at 6:00 p.m.

15) Adjournment.

With no further business to come before the Commissioners, the regular meeting of the Antelope Valley State Water Contractors Association Commissioners was adjourned at 7:19 p.m.

Secretary, Don Wilson



COMMISSION MEMORANDUM

DATE: August 8, 2023
TO: AVSWCA COMMISSIONERS
FROM: Mr. Dennis Hoffmeyer, Controller
VIA: Mr. Peter Thompson II, General Manager
RE: *AGENDA ITEM NO. 7 – CONSIDERATION AND POSSIBLE ACTION ON ACCEPTING AND FILING THE AUDIT FOR THE YEAR ENDING JUNE 30, 2023. (CONTROLLER HOFFMEYER)*

RECOMMENDATION:

Staff recommends accepting and filing the audit for the year ending June 30, 2023.

BACKGROUND:

The Independent Auditors' Report and Financial Statements are presented here for review. The auditing firm Nigro & Nigro issued the following on the Association.

An Auditor's Unmodified Opinion has been issued on the Annual Financial Statements.

- The Annual Financial Statements are fairly presented in all material respects.
- No Material Issues are to be Reported to the Governing Board/Management
- Any Minor Issues Were Discussed Orally and Corrected by Management

Supporting Documents:

- AVSWCA Financials 2023 – FINAL

**ANTELOPE VALLEY STATE WATER
CONTRACTORS ASSOCIATION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Years Ended
June 30, 2023 and 2022**



ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION
For the Fiscal Years Ended June 30, 2023 and 2022
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Financial Section



INDEPENDENT AUDITORS' REPORT

Governing Board
Antelope Valley State Water Contractors Association
Palmdale, California

Opinion

We have audited the accompanying financial statements of the Antelope Valley State Water Contractors Association (Association) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2023 and 2022, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.



Murrieta, California
June 15, 2024

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

Balance Sheets

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents (Note 2)	\$ 153,952	\$ 323,064
Accounts receivable	1,138,971	24,258
Prepaid items	546	546
Total assets	<u>\$ 1,293,469</u>	<u>\$ 347,868</u>
LIABILITIES		
Accounts payable	<u>\$ 1,098,526</u>	<u>\$ 48,993</u>
Total liabilities	<u>1,098,526</u>	<u>48,993</u>
NET POSITION		
Unrestricted	<u>194,943</u>	<u>298,875</u>
Total net position	<u>194,943</u>	<u>298,875</u>
Total liabilities and net position	<u>\$ 1,293,469</u>	<u>\$ 347,868</u>

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION*Statements of Revenues, Expenses, and Changes in Net Position**For the Fiscal Years Ended June 30, 2023 and 2022*

	<u>2023</u>	<u>2022</u>
Operating revenues		
Member agency contributions	\$ 30,849	\$ 207,258
Contributions – other	71,944	-
Total operating revenues	<u>102,793</u>	<u>207,258</u>
Operating expenses		
Contracted services	201,428	149,345
General and administrative	5,613	6,748
Total operating expenses	<u>207,041</u>	<u>156,093</u>
Operating income(loss)	<u>(104,248)</u>	<u>51,165</u>
Non-operating revenues		
Investment earnings	170	348
Other revenue	146	-
Water replacement revenue (Note 3)	1,432,553	482,809
Water replacement expense (Note 3)	<u>(1,432,553)</u>	<u>(482,809)</u>
Total non-operating revenues	<u>316</u>	<u>348</u>
Change in net position	(103,932)	51,513
Net position		
Beginning of year	<u>298,875</u>	<u>247,362</u>
End of year	<u>\$ 194,943</u>	<u>\$ 298,875</u>

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

Statements of Cash Flows

For the Fiscal Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from member agencies	\$ 1,463,548	\$ 690,067
Cash received from contributions – other	(2,475,322)	(507,067)
Cash payments for operating expenses	842,492	(121,879)
Net cash provided by (used in) operating activities	<u>(169,282)</u>	<u>61,121</u>
Cash flows from investing activities:		
Investment income	170	348
Net cash provided by investing activities	<u>170</u>	<u>348</u>
Net increase(decrease) in cash and cash equivalents	<u>(169,112)</u>	<u>61,469</u>
Cash and cash equivalents:		
Beginning of year	323,064	261,595
End of year	<u>\$ 153,952</u>	<u>\$ 323,064</u>
Reconciliation of operating income(loss) to net cash provided by (used in) operating activities:		
Operating loss	\$ (104,248)	\$ 51,165
Adjustments to reconcile operating income(loss) to net cash provided by (used in) operating activities:		
Other revenue	146	-
Water replacement revenue	1,432,553	482,809
Water replacement expense	(1,432,553)	(482,809)
(Increase) decrease in accounts receivable	(1,114,713)	(24,258)
(Increase) decrease in prepaid items	-	6,975
Increase (decrease) in accounts payable	1,049,533	27,239
Net cash provided by (used in) operating activities	<u>\$ (169,282)</u>	<u>\$ 61,121</u>

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

Notes to Financial Statements

June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations of the Reporting Entity

The Antelope Valley State Water Contractors Association (Association) was consolidated on May 26, 1999 as a joint powers authority in an effort to optimize the use of state water resources and protect surface water and groundwater storage within the Antelope Valley. Three public agencies combined to form the Association in serving the Antelope Valley: Antelope Valley – East Kern Water Agency, Littlerock Creek Irrigation District, and Palmdale Water District, which constitutes the member agencies. Each member agency appoints two members to the Governing Board.

Any member of the Association shall have the right to withdraw its membership upon serving prior written notice of intention so to do on the other members at least one hundred twenty (120) days before the close of any fiscal year. Unless sooner revoked, such withdrawal shall become effective upon the expiration of the fiscal year during which such notice was given; provided, however, that no such withdrawal shall release the withdrawing member from any financial obligation theretofore incurred by it hereunder.

Each member of the Association shall be obligated to pay its pro-rata share of the funds required to be appropriated by any approved budget. Approval of any budget by a member shall constitute an agreement of such member to pay said allocation, conditioned only on the approval thereof by each of the other members.

Basis of Accounting and Measurement Focus

The Association reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Association is that the costs of providing services be financed or recovered primarily through user (member) charges, capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Financial Reporting

The Association's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States Board (GAAP), as applied to enterprise funds, The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Association solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the Association's proprietary fund.

Operating revenues and expenses result from exchange transactions associated with the principal activity of the Association Exchange transactions are those in which each party receives and gives up essentially equal values. Management administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

The Association's cash and cash equivalents are considered to be cash on hand and short-term investments with original maturities of three months or less from the date of acquisition.

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

Notes to Financial Statements

June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Unrestricted – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Member Contributions

Contribution revenue consists of payments from members that are planned to match operating expenses. The activities of the Association consist solely of development and protection of the water supply for the Antelope Valley groundwater basin.

Grants

Grant revenues are recorded when earned on grants that have been approved and funded by the grantor. The grant source is the Safe Drinking Water Grant Fund from the State of California Department of Water Resources.

Member’s Equity

In the event of a member withdrawal, member termination, or dissolution of the Association, any property interest remaining in the Association, following a discharge of all obligations shall be disposed of pursuant to the Joint Powers Agreements as adopted by the Governing Board.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Demand deposits with financial institutions	<u>\$ 153,952</u>	<u>\$ 323,064</u>

Demand Deposits

At June 30, 2023 and 2022, the carrying amount of the Association’s demand deposits were \$153,952 and \$323,064, respectively, and the financial institution’s balance was \$153,952 and \$323,064, respectively. There are no outstanding checks, deposits-in-transit and/or other reconciling items.

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

Notes to Financial Statements

June 30, 2023 and 2022

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Association's deposits may not be returned to it. The ROP does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposit made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

NOTE 3 – WATER REPLACEMENT ASSESSMENT

In accordance with the agreement dated October 23, 2019, the Antelope Valley Watermaster (Watermaster) is required to impose a Replacement Water Assessment (RWA) fee on groundwater production on parties in excess of any party's right to produce groundwater. On April 15, 2022, the Watermaster has assessed an RWA and collected funds from the parties for 1,662.49 AF of Replacement Water which is to be provided by the Association. The Watermaster passed through payments from the parties to the Association in the amount of \$1,432,553. The Association in turn purchased the required replacement water from Antelope Valley East Kern Water Agency, Palmdale Water District and Littlerock Creek Irrigation District for \$1,242,165, \$171,833, and \$18,555, respectively, for a total of \$1,432,553 for the year ended June 30, 2023.

NOTE 4 – RISK MANAGEMENT

The Association has purchased commercial general liability insurance coverage to cover claim contingencies against the Association.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The Association does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Litigation

In the ordinary course of operations, the Association is subject to claims and litigation from outside parties. Nevertheless, after consultation with legal counsel, the Association believes that these actions, when finally, concluded and determined are not likely to have a material adverse effect on the Association's financial position, results of operations, or cash flows.

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

Notes to Financial Statements

June 30, 2023 and 2022

NOTE 6 – SUBSEQUENT EVENTS

The Association has evaluated subsequent events through June 15 2024, the date which the financial statements were available to be issued.



COMMISSION MEMORANDUM

DATE: August 8, 2023
TO: AVSWCA COMMISSIONERS
FROM: Mr. Dennis Hoffmeyer, Controller
VIA: Mr. Peter Thompson II, General Manager
RE: *AGENDA ITEM NO. 8 – CONSIDERATION AND POSSIBLE ACTION TO ACCEPT THE RESTRICTED FUNDS BUDGET FOR FISCAL YEAR 2024/2025 AS PRESENTED. (CONTROLLER HOFFMEYER)*

RECOMMENDATION:

Staff recommends that the Commissioners of the AVSWCA (Association) approve the attached proposed restricted budget(s) for Fiscal Year 2024/2025.

BACKGROUND:

The proposed budget has been broken into two categories: Restricted Funds (USGS Groundwater Monitoring Program and Restricted Funds (Littlerock Creek Joint Groundwater Recharge Program).

The Expenditure side for the USGS Groundwater Monitoring Program includes:

- Member contributions USGS, which is made up of the 50% share with the association members, contribute based on proportional share on DWR Table A allocation. The percentage is as follows:

Antelope Valley East Kern Water Agency	85.7%
Palmdale Water District	12.9%
Littlerock Creek Irrigation District	1.4%
- AVIRWMG contribution is calculated at a 25% share of the portion.
- Contract Services: (USGS): This covers the amount that will be invoiced by the Antelope Valley Watermaster for the 75% share of the contract. The draft agreement has this set at \$57,697.50 on the total joint funding agreement amount of \$76,930. This agreement will be signed by the Watermaster representative prior to the USGS fiscal year (October 1, 2024, through September 30, 2025).

The Expenditure side for the Littlerock Creek Joint Groundwater Recharge Program include:

- Member contributions which are based on reclassified funds after concluding the Big Rock Creek project. There will be no additional funds needed at the present time.
- Contract Services: (LCRP): The commissioners took action at the meeting held June 13, 2024 and awarded the contract for CEQA work to HELIX Environmental Planning, Inc. This contract was in the not to exceed the amount of \$21,800.

Currently, no additional expenses are identified for the Littlerock Creek project. If any additional expenses arise, staff will bring those expenses back to the commissioners for approval, along with an amendment to the FY2024/25 budget.

SUPPORTING DOCUMENTS:

- Proposed FY 2024/2025 Restricted Funds Budget – USGS/CASGEM Program
- Proposed FY 2024/2025 Restricted Funds Budget – Littlerock Creek Recharge Program

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

Proposed Budget - FY 2024/25

Restricted Funds - USGS/CASGEM Program

	FY 2019/20 ACTUAL	FY 2020/21 ACTUAL	FY 2021/22 ACTUAL	FY 2022/23 ACTUAL	FY 2023/24 ACTUAL	FY 2023/24 PROPOSED BUDGET
Revenues:						
Member Contributions - USGS	\$ 32,450.00	\$ 34,171.00	\$ -	\$ 71,944.70	\$ 35,710.00	\$ 38,465.00
Contributions - Others (AVIRWWMG)	32,750.00	-	17,085.50	35,972.50	17,855.00	19,232.50
Member Contributions - CASGEM	-	-	-	-	-	-
Total Revenue	<u>\$ 65,200.00</u>	<u>\$ 34,171.00</u>	<u>\$ 17,085.50</u>	<u>\$ 107,917.20</u>	<u>\$ 53,565.00</u>	<u>\$ 57,697.50</u>
Expenditures:						
Contract Services - USGS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contract Services - USGS (Prior Year)	21,633.34	21,833.34	51,256.50	54,000.00	-	-
Contract Services - USGS (New Year)	43,666.66	-	-	53,917.50	53,565.00	57,697.50
Contract Services - CASGEM	-	-	-	-	-	-
Total Expenditures	<u>\$ 65,300.00</u>	<u>\$ 21,833.34</u>	<u>\$ 51,256.50</u>	<u>\$ 107,917.50</u>	<u>\$ 53,565.00</u>	<u>\$ 57,697.50</u>
Net Income (Loss)	<u>\$ (100.00)</u>	<u>\$ 12,337.66</u>	<u>\$ (34,171.00)</u>	<u>\$ (0.30)</u>	<u>\$ -</u>	<u>\$ -</u>
				AVEK Contribution =		\$ 32,965.00
				PWD Contribution =		4,962.00
				LCID Contribution =		538.00
						<u>\$ 38,465.00</u>

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

Proposed Budget - FY 2024/25

Restricted Funds - Littlerock Creek Recharge Project

	FY 2023/24 ACTUAL BUDGET	FY 2024/25 PROPOSED BUDGET
Revenues:		
Member Contributions - Littlerock Creek	\$ -	\$ -
Contributions - Others	-	-
Reclassified Funds	38,530.46	Carryover
Total Revenue	\$ 38,530.46	\$ -
Expenditures:		
Contract Services - Littlerock Creek CEQA	\$ -	\$ 21,800.00
Total Expenditures	\$ -	\$ 21,800.00
Net Income (Loss)	\$ 38,530.46	\$ (21,800.00)
	Remaining Funds:	\$ 16,730.46
	AVEK Contribution (50%) =	\$ -
	PWD Contribution (50%) =	-
	LCID Contribution (0%) =	-
		\$ -

ANTELOPE VALLEY STATE WATER CONTRACTORS
Balance Sheet
For the Twelve Months Ending 6/30/2024

	<u>YTD</u>
ASSETS	
Cash - General Fund	\$121,013.06
Restricted - AVRWMG	36,855.49
Accounts Receivable	0.00
Prepaid Insurance (Premium Period 10/1 - 9/30)	545.53
Prepaid Expense	0.00
Total Assets	<u><u>\$158,414.08</u></u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$2,043.97
Pass-Through Grant Funding	0.00
Total Liabilities	<u>2,043.97</u>
FUND BALANCE	
Unassigned	156,370.11
Total Fund Balance	<u>156,370.11</u>
Total Liabilities and Fund Balance	<u><u>\$158,414.08</u></u>

ANTELOPE VALLEY STATE WATER CONTRACTORS
Profit & Loss Statement
For the Twelve Months Ending 6/30/2024

	June	YTD
Revenues:		
Contributions - Member Agency		\$30,000.00
Contributions - Member Programs (USGS & CASGEM)		35,710.00
Contributions - Member Programs (Financial Analysis PSA)		
Contributions - Member Programs (Big Rock Creek)		
Contributions - Member Programs (AV Fair-Conservation Garden)		
Contributions - Non-Member Programs (USGS)		
Contributions - Others (AVRWMG)		
Contributions - Others (DACI)		
Water Sales - Replacement Water Assessments		378,189.30
Miscellaneous Refund		133.61
Interest Earnings	3.53	66.79
Total Revenue		\$464,172.70
Expenditures:		
General Government		
Bank Fees		\$285.00
Insurance	181.83	2,282.19
Memberships		3,060.00
Outreach		527.17
Purchased Water		378,189.30
Miscellaneous	125.85	125.85
		384,469.51
Public Resource		
Contract Services - Administration	1,381.32	7,299.16
Contract Services - USGS & CASGEM		53,565.00
Contract Services - AVRWMG		
Contract Services - IRWMP 2013 Update		29,099.25
Contract Services - DACI		
Contract Services - BIG ROCK CREEK		812.99
Contract Services - FINANCIAL ANALYSIS		
Contract Services - General Projects		
Contract Services - AV Fair Conservation Garden		25,000.00
Contract Services - Home Show/WaterSmart Expo		
Contract Services - Rural Museum		
Contract Services - Other		2,500.00
		118,276.40
Total Expenditures		\$502,745.91
Change in Net Position		(\$38,573.21)
Net Position - Beginning of Year		194,943.32
Net Position - End of Year		\$156,370.11

ANTELOPE VALLEY STATE WATER CONTRACTORS
FY 2023/24 - Budget vs Actual
For the Twelve Months Ending 6/30/2024

	<u>June</u> <u>Actual</u>	<u>YTD</u> <u>Actual</u>	<u>Budget</u>	<u>Variance</u>
General Revenues:				
Contributions - Member Agency		\$30,000	\$30,000	
Contributions - Member Agency (Other programs)				
Contributions - Member Agency (AV Fair Conservation Garden)				
Water Sales		\$378,189		\$378,189
Miscellaneous Refund		134		134
Interest Earnings	4	67	125	(58)
Total General Revenue	<u>\$4</u>	<u>\$408,390</u>	<u>\$30,125</u>	<u>(\$378,265)</u>
General Expenditures:				
General Government				
Bank Fees		\$285		(\$285)
Insurance	182	2,282	2,350	68
Memberships		3,060	4,400	1,340
Outreach		527	3,000	2,473
Purchased Water		378,189		(378,189)
Miscellaneous	126	126	500	374
Contract Services - Administration	1,381	7,299	15,000	7,701
Contract Services - AV Fair Conservation Garden		25,000	25,000	
Contract Services - Home Show/Water Expo				
Contract Services - Other		2,500	3,500	1,000
Total General Expenditures	<u>\$1,689</u>	<u>\$419,269</u>	<u>\$53,750</u>	<u>(\$365,519)</u>

ANTELOPE VALLEY STATE WATER CONTRACTORS
FY 2023/24 - Budget vs Actual
For the Twelve Months Ending 6/30/2024

	June	YTD	Budget	Variance
	Actual	Actual	Budget	Variance
Program Revenues:				
Contributions - Member Programs (USGS & CASGEM)		\$35,710	\$35,710	
Contributions - Member (BIG ROCK CREEK)				
Contributions - Member (FINANCIAL ANALYSIS)				
Contributions - Others (USGS & CASGEM)				
Contributions - Others (AVRWMP)				
Total Program Revenue		\$55,783	\$35,710	(\$20,073)
Program Expenditures:				
Contract Services - USGS & CASGEM		\$53,565	\$53,565	
Contract Services - AVIRWMP				
Contract Services - IRWMP Update		29,099		(29,099)
Contract Services - BIG ROCK CREEK		813		(813)
Contract Services - FINANCIAL ANALYSIS				
Total Program Expenditures		\$82,664	\$53,565	(\$29,099)