



Chino Hills · Diamond Bar · Industry

**TRES HERMANOS CONSERVATION AUTHORITY
BOARD OF DIRECTORS MEETING**

**DECEMBER 14, 2022 AGENDA
6:00 p.m.**

**CITY OF DIAMOND BAR
21810 COPLEY DR.
DIAMOND BAR, CALIFORNIA**

**Chair, Cathy Marcucci
Director, Ray Marquez
Director, Cory Moss
Director, Peter Rogers
Director, Newell Ruggles
Director, Steve Tye**

Addressing the Authority:

NOTICE OF TELEPHONIC MEETING:

Consistent with State Assembly Bill 361, the Tres Hermanos Conservation Authority shall be held telephonically and in person in the Windmill Room, City of Diamond Bar City Hall. Directors and limited staff will be physically present for this meeting. If you would like to attend the meeting in person, please note that face coverings are recommended.

How to Observe the Meeting:

Members of the public who wish to listen ONLY may join the meeting by calling the following conference call number: +1 (914) 614-3221 and entering the Access Code: 181-312-002.

How to Submit Public Comment:

Members of the public may provide public comment by sending written comments to the Authority Clerk by email at cityclerk@DiamondBarCA.gov by 4:00 p.m. on the day of the meeting. Please indicate in the Subject Line "FOR PUBLIC COMMENT." Written comments will be distributed to the Authority Directors and noted for the record at the meeting.

Alternatively, public comment may be submitted by joining the meeting in person or logging onto the meeting through this link: <https://attendee.gotowebinar.com/register/6492011858257106013>. Members of the public will be called upon one at a time during the Public Comment portion of the agenda, and will be asked to state their name and agenda item they wish to comment on.

Copies of staff reports or other written documentation relating to agenda items are on file in the Office of the City Clerk at Diamond Bar City Hall, and are available for public inspection. If requested, the agenda will be made available in an alternative format to a person with disability as required by Section 202 of the Americans with Disabilities Act of 1990. If you have questions regarding an agenda item, please contact the Authority Secretary at (909) 839-7010 during regular business hours.

In an effort to comply with the requirements of Title II of the Americans with Disabilities Act of 1990, the Tres Hermanos Conservation Authority requires that any person in need of any type of special equipment, assistance or accommodation(s) in order to communicate at a public meeting, must inform the Authority Secretary a minimum of 72 hours prior to the scheduled meeting.

1. CALL TO ORDER**PLEDGE OF ALLEGIANCE****ROLL CALL**

- 2. PUBLIC COMMENTS:** At this time, members of the public may address the Authority regarding any items within the subject matter jurisdiction of the Authority provided NO action or discussion may be taken on any item not appearing on the agenda, except the Authority may BRIEFLY respond to statements made or questions posed. Comments are limited to five minutes per Speaker.

3. CONSENT CALENDAR:

- 3.1 Minutes of the November 9, 2022 Regular Meeting and November 30, 2022 Special Meeting.

Recommendation:

Approve the November 9, 2022 Regular and November 30, 2022 Special Tres Hermanos Conservation Authority meeting minutes.

- 3.2 Payment Register.

Recommendation:

That the Authority receive and file the payment register for the month ended October 31, 2022.

- 3.3 Treasurer's Report for the Month Ended October 31, 2022.

Recommendation:

That the Authority receive and file the Treasurer's Report for the month ended October 31, 2022.

- 3.4 Continued Use of Teleconferencing in Accordance with Assembly Bill 361 for Meetings of the Tres Hermanos Conservation Authority.

Recommendation:

Adopt Resolution No. THCA 2022-21 entitled: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY MAKING SPECIFIED FINDINGS RELATING TO THE USE OF TELECONFERENCING IN ACCORDANCE WITH ASSEMBLY BILL 361 FOR MEETINGS OF THE AUTHORITY SUBJECT TO STATE OPEN MEETING LAWS.

4. OLD BUSINESS: THERE IS NONE.

5. NEW BUSINESS:

- 5.1 Consideration to Approve the Audited Financial Statements for Fiscal Year 2021/22.

Recommendation:

That the Authority receive and file the Audited Financial Statements for the fiscal year ended June 30, 2022.

6. AUTHORITY STAFF AND AUTHORITY DIRECTOR COMMENTS:

7. **ADJOURNMENT:** The next regular Tres Hermanos Conservation Authority meeting will be Wednesday, January 11, 2023 at 6:00 p.m.

TRES HERMANOS CONSERVATION AUTHORITY

ITEM NO. 3.1



Chino Hills · Diamond Bar · Industry

Date: December 14, 2022
To: Chair and Board of Directors
From: Daniel Fox, Executive Director
Subject: Minutes of the November 9, 2022 Regular Meeting and November 30, 2022 Special Meeting.

Recommendation:

Approve the November 9, 2022 Regular and November 30, 2022 Special Tres Hermanos Conservation Authority meeting minutes.

Background/Discussion:

Attached for Board review and approval are the minutes of the November 9, 2022 and November 30, 2022 Tres Hermanos Conservation Authority meeting.

Respectfully Submitted,

Reviewed By,

Kristina Santana

Kristina Santana, City Clerk

12/7/2022

Daniel Fox

Daniel Fox, City Manager

12/7/2022

Attachments:

1. November 9, 2022 Regular Tres Hermanos Conservation Authority Meeting Minutes
2. November 30, 2022 Special Tres Hermanos Conservation Authority Meeting Minutes

TRES HERMANOS CONSERVATION AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING MINUTES
DIAMOND BAR, CALIFORNIA
NOVEMBER 9, 2022
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1. CALL TO ORDER

The Regular Meeting of the Tres Hermanos Conservation Authority was called to order by Chair/Marcucci at 6:00 p.m. in the Windmill Room, City of Diamond Bar City Hall.

Chair/Marcucci announced that consistent with State Assembly Bill 361, the Tres Hermanos Conservation Authority meeting was being held in person and via teleconference, with limited staff present. Members of the public were encouraged to participate telephonically, and for those wishing to attend the meeting in person, face coverings were recommended.

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was led by Chair/Marcucci.

ROLL CALL:

Directors in attendance in person: Steve Tye, Director
Nancy Lyons, Vice Chair

Directors in attendance online: Ray Marquez, Director
Cory Moss, Director
Newell Ruggles, Director
Cathy Marcucci, Chair

Directors absent: Peter Rogers, Director

Staff in attendance in person: Dan Fox, Executive Director; Ben Montgomery, Deputy Executive Director; Kristina Santana, Authority Secretary

Staff in attendance online: Cheryl Balz, Filing Official; Christa Buhagiar, Treasurer; Tracy Egoscue, Authority General Counsel; Josh Nelson, Administrative Director

2. PUBLIC COMMENTS: There were none.

3. CONSENT CALENDAR:

3.1 MINUTES OF THE OCTOBER 12, 2022 REGULAR TRES HERMANOS CONSERVATION AUTHORITY MEETING MINUTES.

TRES HERMANOS CONSERVATION AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING MINUTES
DIAMOND BAR, CALIFORNIA
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RECOMMENDED ACTION: APPROVE THE OCTOBER 12, 2022 TRES HERMANOS CONSERVATION AUTHORITY MEETING MINUTES.

3.2 PAYMENT REGISTER.

RECOMMENDED ACTION: THAT THE AUTHORITY RECEIVE AND FILE THE PAYMENT REGISTER FOR THE MONTH ENDED SEPTEMBER 30, 2022.

3.3 TREASURER'S REPORT FOR THE MONTH ENDED AUGUST 31, 2022.

RECOMMENDED ACTION: THAT THE AUTHORITY RECEIVE AND FILE THE TREASURER'S REPORT FOR THE MONTH ENDED SEPTEMBER 30, 2022.

3.4 CONTINUED USE OF TELECONFERENCING IN ACCORDANCE WITH ASSEMBLY BILL 361 FOR MEETINGS OF THE TRES HERMANOS CONSERVATION AUTHORITY.

RECOMMENDED ACTION: ADOPT RESOLUTION NO. THCA 2022-18 ENTITLED: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY MAKING SPECIFIED FINDINGS RELATING TO THE USE OF TELECONFERENCING IN ACCORDANCE WITH ASSEMBLY BILL 361 FOR MEETINGS OF THE AUTHORITY SUBJECT TO STATE OPEN MEETING LAWS.

3.5 CONFLICT OF INTEREST CODE ADOPTION.

RECOMMENDED ACTION: ADOPT RESOLUTION NO. THCA 2022-19 ENTITLED: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY ADOPTING THE 2022 CONFLICT OF INTEEREST CODE IN ACCORDANCE WITH THE POLITICAL REFORM ACT.

MOTION BY DIRECTOR MARQUEZ AND SECOND BY VC/LYONS TO APPROVE THE CONSENT CALENDAR AS PRESENTED WITH VC/LYONS AND DIRECTOR/TYE ABSTAINING FROM ITEM 3.1. MOTION CARRIED 6-0 BY THE FOLLOWING VOTE:

TRES HERMANOS CONSERVATION AUTHORITY
 REGULAR BOARD OF DIRECTORS MEETING MINUTES
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AYES:	DIRECTORS:	MARQUEZ, MOSS, RUGGLES, TYE, VICE- CHAIR LYONS, CHAIR MARCUCCI
NOES:	DIRECTORS:	NONE
ABSENT:	DIRECTORS:	ROGERS

4. **OLD BUSINESS:** There was none.

5. **NEW BUSINESS:** There was none.

6. **AUTHORITY STAFF AND AUTHORITY DIRECTOR COMMENTS:**

ED/Fox announced it was likely the Authority would need to meet in the beginning of December to update AB 361 and that as of the end of February 2023 it is likely the state of emergency under COVID would be lifted and the meetings would no longer take place under the teleconferencing option under AB361. He wished everyone a wonderful Veterans Day and Happy Thanksgiving.

Director Moss thanked veterans for their service and wished them a Happy Veterans Day.

VC/Lyons announced this would be her last meeting with the Authority and is proud of the work she and her colleagues have done on behalf of the organization.

Chair/Marcucci wished everyone a Happy Veterans Day and Happy Thanksgiving.

7. **ADJOURNMENT:** There being no further business, Chair Marcucci adjourned the Tres Hermanos Conservation Authority Regular Meeting at 6:07 p.m. to the Regular Meeting of December 14, 2022 at 6:00 p.m.

 CATHY MARCUCCI
 CHAIR

 KRISTINA SANTANA
 AUTHORITY SECRETARY

TRES HERMANOS CONSERVATION AUTHORITY
SPECIAL BOARD OF DIRECTORS MEETING MINUTES
DIAMOND BAR, CALIFORNIA
NOVEMBER 30, 2022
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1. CALL TO ORDER

The Special Meeting of the Tres Hermanos Conservation Authority was called to order by Chair/Marcucci at 9:00 a.m.

Chair/Marcucci announced that consistent with State Assembly Bill 361, the Tres Hermanos Conservation Authority meeting was being held via teleconference, and members of the public were invited to participate telephonically.

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was led by Chair Marcucci.

ROLL CALL:

Directors in attendance telephonically: Director Ray Marquez*
Director Cory Moss
Director Peter Rogers
Alternate Director Mark Radecki
Director Steve Tye
Vice-Chair Nancy Lyons
Chair Cathy Marcucci

Directors Absent: Director Newell Ruggles

*Director Marquez experienced a technical difficulty and was able to log on and listen to the meeting but was unable to participate.

Staff in attendance telephonically: Dan Fox, Executive Director; Ben Montgomery, Deputy Executive Director; Christa Buhagiar, Treasurer; Kristina Santana, Authority Secretary

2. PUBLIC COMMENTS:

None.

3. CONSENT CALENDAR:

3.1 CONTINUED USE OF TELECONFERENCING IN ACCORDANCE WITH ASSEMBLY BILL 361 FOR MEETINGS OF THE TRES HERMANOS CONSERVATION AUTHORITY.

TRES HERMANOS CONSERVATION AUTHORITY
SPECIAL BOARD OF DIRECTORS MEETING MINUTES
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RECOMMENDED ACTION: ADOPT RESOLUTION NO. THCA 2022-20 ENTITLED: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY MAKING SPECIFIED FINDINGS RELATING TO THE USE OF TELECONFERENCING IN ACCORDANCE WITH ASSEMBLY BILL 361 FOR MEETINGS OF THE AUTHORITY SUBJECT TO STATE OPEN MEETING LAWS.

MOTION BY DIRECTOR MOSS AND SECOND BY DIRECTOR ROGERS TO APPROVE THE CONSENT CALENDAR AS PRESENTED. MOTION CARRIED 6-0 BY THE FOLLOWING VOTE.

AYES:	DIRECTORS:	MOSS, ROGERS, RADECKI, TYE, VICE-CHAIR LYONS, CHAIR MARCUCCI
NOES:	DIRECTORS:	NONE
ABSENT:	DIRECTORS:	MARQUEZ, RUGGLES

4. **OLD BUSINESS:** There was none.

5. **NEW BUSINESS:** There was none.

6. **AUTHORITY STAFF AND AUTHORITY DIRECTOR COMMENTS:**

Director Moss thanked everyone for being available for this special meeting and wished Chair Marcucci a speedy recovery.

7. **ADJOURNMENT:** There being no further business, Chair Marcucci adjourned the Tres Hermanos Conservation Authority Special Meeting at 9.05 a.m. to the December 14, 2022 meeting.

CATHY MARCUCCI
CHAIR

KRISTINA SANTANA
AUTHORITY SECRETARY

TRES HERMANOS CONSERVATION AUTHORITY

ITEM NO. 3.2



Chino Hills · Diamond Bar · Industry

Date: December 14, 2022
To: Chair and Board of Directors
From: Daniel Fox, Executive Director
Subject: Payment Register.

Recommendation:

That the Authority receive and file the payment register for the month ended October 31, 2022.

Background/Discussion:

Pursuant to the Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement Section 5.2 Disbursements, the warrants and wire transfers of the Authority should be periodically reviewed by the Board.

Attached for your review is the payment registers for the month ended September 30, 2022. These payments may include the following types: automatic clearing house (ACH), electronic funds transfer (EFT), and paper check. ACH payments have a five-digit number starting with a "2", EFT payments have a five-digit number starting with a "1", and paper checks have a four-digit number.

Respectfully Submitted,

Reviewed By,

Christina Buhagiar

Christina Buhagiar, Treasurer 12/7/2022

Daniel Fox

Daniel Fox, City Manager 12/7/2022

Attachments:

1. THCA Payment Register - October 2022

Tres Hermanos Conservation Authority

Payment Register

From 10/1/2022 to 10/31/2022

#	DATE	VENDOR NAME	CONTRACT/ PO#	DESCRIPTION	RETENTION	INVOICE AMT
5128	10/5/2022	CITY OF CHINO HILLS		CH/STAFF TIME/JUL22		\$459.15
					TOTAL	\$459.15
5129	10/12/2022	C & C ENGINEERING, INC.	THCA20-002	CNC/SITE INSPECT/AUG22		\$4,020.00
					TOTAL	\$4,020.00
5130	10/12/2022	CITY OF CHINO HILLS		CH/WATER 08/16/22-09/15/22		\$409.20
					TOTAL	\$409.20
5131	10/12/2022	CLERK OF THE BOARD OF SUPERVSR		NOTICE OF EXPMT-CNRA GRANT		\$50.00
					TOTAL	\$50.00
5132	10/12/2022	REGISTRAR-RECORDER/COUNTY CLERK		NOTICE OF EXPMT-CNRA GRANT		\$75.00
					TOTAL	\$75.00
5133	10/19/2022	CITY OF CHINO HILLS		THCA/AUG22/PW SVCS		\$3,759.06
	10/19/2022	CITY OF CHINO HILLS		CH/STAFF TIME/AUG22		\$550.98
					TOTAL	\$4,310.04
5134	10/19/2022	EGOSCUE LAW GROUP, INC.	THCA19-004	EGOSCUE/LEGAL/SEP22		\$350.00
					TOTAL	\$350.00
5135	10/19/2022	JANUS PEST MANAGEMENT, INC.	THCA21-001	JANUS/PEST/SEP22		\$75.00
					TOTAL	\$75.00
5136	10/19/2022	LANCE, SOLL & LUNGHARD LLP	A2021-065	21/22 TRES HERMANOS AUDIT		\$1,980.00
					TOTAL	\$1,980.00
TOTAL						\$11,728.39

Note: The payments above may include the following types: automatic clearing house (ACH), electronic funds transfer (EFT), and paper check. ACH payments have a five-digit number starting with a "2", EFT payments have a five-digit number starting with a "1", and paper checks have a four-digit number.

TRES HERMANOS CONSERVATION AUTHORITY

ITEM NO. 3.3



Chino Hills · Diamond Bar · Industry

Date: December 14, 2022
To: Chair and Board of Directors
From: Daniel Fox, Executive Director
Subject: Treasurer's Report for the Month Ended October 31, 2022.

Recommendation:

That the Authority receive and file the Treasurer's Report for the month ended October 31, 2022.

Background/Discussion:

Pursuant to the Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement Section 5.3 Accounts, the Treasurer must verify and report in writing, at least quarterly, the amount of money held for the Authority, the amount of interest earnings, revenues, and expenditures since the last report.

Attached for your information is the Treasurer's Report for the month ended October 31, 2022.

Respectfully Submitted,

Reviewed By,

Christina Buhagiar

Christina Buhagiar, Treasurer

12/7/2022

Daniel Fox

Daniel Fox, City Manager

12/7/2022

Attachments:

1. Treasurer's Report - October 2022

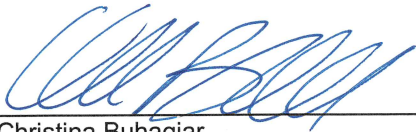
Tres Hermanos Conservation Authority
Treasurer's Report
For the Month Ended October 31, 2022

Description	Cost Value	Market Value	Interest/ Book Yield	Maturity Date	% of Portfolio
Cash and Cash Equivalents					
Citizens Business Bank - Premium Money Market LAIF Account	\$ 43,186	\$ 43,186	0.02%	n/a	22.41%
	152,482	149,548	1.77%	n/a	77.59%
Total Investment Portfolio	\$ 195,668	\$ 192,734			100.00%

Blended Yield of Cash and Investments 1.38%

Benchmarks:	
LAIF	1.77%
6mo U.S. Treasury	4.57%
2yr U.S. Treasury	4.51%
5yr U.S. Treasury	4.27%

I hereby certify that the investments are in compliance with the investment policy adopted by the the Board of Directors. The investment portfolio provides sufficient funds to meet the budgeted expenditures over the next six months. This report meets the requirements of Government Code Section 53646.



Christina Buhagiar
Treasurer

Tres Hermanos Conservation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Month Ended October 31, 2022

	<u>Budget 2022/23</u>	<u>October 2022</u>	<u>Fiscal Year To Date 2022/23</u>	<u>% of Budget Used</u>
Revenues:				
Interest Income	\$ -	\$ 623	\$ 625	-
Fair Market Value Adjustment	-	-	1,951	-
Rental Income	13,743	1,335	5,190	38%
Reimbursements	4,920	1,175	1,214	25%
Contributions from Member Agencies	187,943	-	187,943	100%
Total Revenues	<u>206,606</u>	<u>3,133</u>	<u>196,923</u>	<u>95%</u>
Expenditures:				
Contractual Services	113,973	7,957	22,716	20%
Bank Charges	180	-	41	23%
Audit Services	2,040	1,980	1,980	97%
Legal Services	6,720	350	1,662	25%
Security Services	42,501	-	7,482	18%
Professional Services	27,397	551	1,010	4%
Liability Insurance	19,800	-	1,737	9%
Office Supplies	1,519	-	60	4%
Water	4,920	409	1,214	25%
Permits & Fees	5,445	125	125	2%
Total Expenditures	<u>224,495</u>	<u>11,372</u>	<u>38,027</u>	<u>17%</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ (17,889)</u>	<u>\$ (8,239)</u>	<u>\$ 158,896</u>	
Fund Balances:				
Estimated Beginning of Fiscal Year *			\$ 38,307	
Excess of Revenues Over/(Under) Expenditures			158,896	
Estimated as of October 31, 2022			<u>\$ 197,203</u> ^A	
Estimated Fund Balances by City:				
Chino Hills			\$ 65,734	
Diamond Bar			65,734	
Industry			65,735	
Estimated Total Fund Balances by City			<u>\$ 197,203</u>	

A The ending fund balance in the amount of \$197,203 differs from the bank balance of \$195,668. The \$1,535 difference is the net of \$1,638 in accounts receivable and (\$103) in accounts payable.

* The Estimated Fund Balance at 7/1/22 is from the FY 22/23 Adopted Budget. This will be updated once we have the audited fund balance at 6/30/22.

TRES HERMANOS CONSERVATION AUTHORITY

ITEM NO. 3.4



Chino Hills · Diamond Bar · Industry

Date: December 14, 2022
To: Chair and Board of Directors
From: Daniel Fox, Executive Director
Subject: CONTINUED USE OF TELECONFERENCING IN ACCORDANCE WITH ASSEMBLY BILL 361 FOR MEETINGS OF THE TRES HERMANOS CONSERVATION AUTHORITY

Recommendation:

Adopt Resolution No. THCA 2022-21 entitled: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY MAKING SPECIFIED FINDINGS RELATING TO THE USE OF TELECONFERENCING IN ACCORDANCE WITH ASSEMBLY BILL 361 FOR MEETINGS OF THE AUTHORITY SUBJECT TO STATE OPEN MEETING LAWS.

Background/Discussion:

Due to the continued impact of the COVID-19 pandemic, the California Legislature passed AB 361 (effective October 1, 2021), which authorizes a local agency to use teleconferencing without complying with certain teleconferencing requirements imposed by the Brown Act when: (1) the legislative body of a local agency holds a meeting during a declared state of emergency; (2) when state or local health officials have imposed or recommended measures to promote social distancing; and/or (3) when a local agency has determined that meeting in person would present imminent risks to the health or safety of attendees.

The Authority first utilized the provisions of AB 361 at its Special meeting on October 25, 2021. In order to continue to have the ability to use the modified teleconferencing options, AB 361 requires that the Authority re-affirm its findings every 30 days thereafter. Conditions under which AB 361 may be utilized continue to exist as described in the attached Resolution (Attachment 1).

The Authority is currently going beyond what the Brown Act requires by holding meetings in person and by way of teleconference and allowing the public to participate in both forums. The provisions of AB 361 allowing the modified teleconferencing will

expire January 1, 2024.

Fiscal Impact:

No fiscal impact.

Legal Review:

The Authority General Counsel has reviewed and approved the Resolution as to form.

Respectfully Submitted,

Reviewed By,

Kristina Santana

Kristina Santana, City Clerk

12/7/2022

Daniel Fox

Daniel Fox, City Manager

12/7/2022

Attachments:

1. Resolution No. THCA 2022-21 AB 361

RESOLUTION NO. THCA 2022-21**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY MAKING SPECIFIED FINDINGS RELATING TO THE USE OF TELECONFERENCING IN ACCORDANCE WITH ASSEMBLY BILL 361 FOR MEETINGS OF THE AUTHORITY SUBJECT TO STATE OPEN MEETING LAWS.**

WHEREAS, on March 4, 2020, California Governor Newsom declared a State of Emergency in response to the COVID-19 pandemic; and

WHEREAS, on March 12, 2020, to address the impacts of COVID-19, Governor Newsom issued Executive Orders that required, among other things, residents of California to follow orders and guidance of local public health officials, including social distancing and masking requirements; and

WHEREAS, existing California law, the Ralph M. Brown Act ("Brown Act") requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public, that a physical location for such meetings be provided, and that the public be permitted to provide public comment during the meetings; and

WHEREAS, the Brown Act permits members of legislative bodies to teleconference into public meetings subject to certain conditions, including that the place from which the member teleconferences be open to the public, that an agenda be posted on the site, and that the teleconference location be noticed in the agenda; and

WHEREAS, in recognition that such public gatherings at such meetings could accelerate the spread of COVID-19, Governor Newsom's Executive Orders suspended, among others, these Brown Act teleconferencing requirements to provide local agencies with greater flexibility to hold meetings via teleconferencing safely; and

WHEREAS, as of September 30, 2021, the Governor's Executive Order suspending the Brown Act's teleconferencing requirements expired; and

WHEREAS, on September 16, 2021, Governor Newsom signed Assembly Bill 361, which authorizes a local agency to continue to use teleconferencing without complying with certain teleconferencing requirements imposed by the Brown Act when: (1) the legislative body of a local agency holds a meeting during a declared state of emergency; (2) when state or local health officials have imposed or recommended measures to promote social distancing; and/or (3) when a local agency has determined that meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, both Los Angeles County and state health officials continue to recommend social distancing due to continued community spread of COVID-19 cases; and

WHEREAS, the Authority first utilized the provisions authorized by AB 361 at a Special meeting on October 25, 2021, and subsequently adopted Resolution Nos. THCA 2021-06, 2021-07, 2022-01, 2022-02, 2022-03, 2022-04, 2022-07, 2022-09, 2022-10, 2022-11, 2022-12, 2022-13, 2022-14, 2022-15, 2022-16, 2022-18 and 2022-20 reaffirming its continued use.

WHEREAS, the Authority must approve a Resolution reaffirming that the requirements set forth in Assembly Bill 361 exist every 30 days in order to allow members of its legislative bodies to utilize the provisions of Assembly Bill 361 when attending public meetings via teleconferencing; and

WHEREAS, notwithstanding that the Authority, as defined by the Brown Act, are now holding modified public meetings in person, there may be situations in which a Board of Director(s) decides not to attend in person due to a particular health or safety risk posed by such attendance and as such, it is the desire of the Authority to permit its Board of Directors to attend by way of teleconference pursuant to Assembly Bill 361.

NOW, THEREFORE, THE BOARD OF THE TRES HERMANOS CONSERVATION AUTHORITY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. That the above recitals are true and correct. and based thereon, that the spread and potential further spread of COVID-19 poses an imminent risk to the public health and safety.

Section 2. That meetings of the Tres Hermanos Conservation Authority are held in the City of Diamond Bar, in the County of Los Angeles, in the State of California.

Section 3. That a state of emergency due to the COVID-19 pandemic continues to exist and at the time that this Resolution was adopted both Los Angeles County and State health officials are recommending social distancing to slow the spread of COVID-19.

Section 4. That meeting in person may pose an imminent risk to the health and safety of some attendees, including members of the Authority Board of Directors, who due to age, health conditions, or vaccination status, have a higher risk of contracting COVID-19 and are more likely to get severely ill and in some cases, die from COVID-19.

Section 5. That during the effective period of this Resolution and any reaffirmation thereof, Authority Board of Directors may participate in meetings subject to the Brown Act by way of teleconference in accordance with Assembly Bill 361.

Section 6. That meetings shall be held in accordance with AB 361 by, among other things, providing notice to the public how it can access the meeting and provide public comment, providing an opportunity for the public to attend via a call-in or an internet-based service option, conducting the meeting in a manner which protects the

statutory and constitutional rights of the public, and stopping the meeting until public access is restored in the event of a service disruption.

IT IS FURTHER RESOLVED that this Resolution is effective for 30 days from its adoption date. Subsequent appearances by teleconferencing of the Board of Directors must be affirmed/acknowledged every 30 days by the Tres Hermanos Conservation Authority in order for the provisions of Assembly Bill 361 to continue to apply.

PASSED, APPROVED AND ADOPTED this 14th day of December, 2022.

Cathy Marcucci, Chair
Tres Hermanos Conservation Authority

ATTEST:

I, Kristina Santana, Secretary of the Tres Hermanos Conservation Authority, do hereby certify that the foregoing Resolution was duly passed, approved and adopted by the Board of Directors of the Tres Hermanos Conservation Authority at a Regular meeting held on the 14th day of December, 2022, by the following vote:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

ABSTAIN: DIRECTORS:

Kristina Santana, Secretary
Tres Hermanos Conservation Authority

TRES HERMANOS CONSERVATION AUTHORITY

ITEM NO. 5.1



Chino Hills · Diamond Bar · Industry

Date: December 14, 2022
To: Chair and Board of Directors
From: Daniel Fox, Executive Director
Subject: Consideration to Approve the Audited Financial Statements for Fiscal Year 2021/22.

Recommendation:

That the Authority receive and file the Audited Financial Statements for the fiscal year ended June 30, 2022.

Pursuant to the Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement Section 3.8, Treasurer, the Treasurer shall cause an independent audit to be made by a certified public accountant in compliance with Section 6505 of the Government Code. The auditing firm of Lance, Soll and Lunghard, LLP conducted the audit for the year ended June 30, 2022, and has issued an unmodified opinion, the highest opinion given for financial statements. This opinion indicates that the financial statements represent fairly, in all material aspects, the financial position of the Tres Hermanos Conservation Authority in accordance with accounting principles generally accepted in the United States of America.

Respectfully Submitted,

Reviewed By,

Christina Buhagiar

Christina Buhagiar, Treasurer

12/7/2022

Daniel Fox

Daniel Fox, City Manager

12/7/2022

Attachments:

1. Audit Communication Letter Final 11-21-22
2. Report on Internal Controls 11-21-22
3. Financial Statement June 30, 2022



November 21, 2022

To the Board of Directors
Tres Hermanos Conservation Authority
Diamond Bar, California

We have audited the financial statements of the governmental activities and the general fund information of the Tres Hermanos Conservation Authority (the Authority) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 21, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2021-2022. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Significant or Unusual Transactions

Management is responsible for the policies and practices used to account for significant or unusual transactions. No significant unusual transactions have occurred during fiscal year 2021-2022.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We are pleased to report that no such misstatements were identified during the course of our audit.



To the Board of Directors
Tres Hermanos Conservation Authority
Diamond Bar, California

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 21, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the significant events or transactions that occurred during the year, business conditions affecting the Authority and business plans and strategies that may affect the risks of material misstatements, the application of accounting principles and auditing standards, with management each year prior to retention as Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budgetary comparison schedule for the general fund, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2021-2022 audit:

GASB Statement No. 87, *Leases*.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.



To the Board of Directors
Tres Hermanos Conservation Authority
Diamond Bar, California

The following GASB pronouncements are effective in the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal year 2023

GASB Statement No. 91, *Conduit Debt Obligations*.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangement*.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Fiscal year 2024

GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 100, *Accounting Changes and Error Corrections*.

Fiscal year 2025

GASB Statement No. 101, *Compensated Absences*.

Restriction on Use

This information is intended solely for the use of Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Lance, Solt & Loughard, LLP". The signature is written in a cursive, flowing style.

Brea, California



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Tres Hermanos Conservation Authority
Diamond Bar, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, and the general fund information of the Tres Hermanos Conservation Authority (the Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 21, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



To the Board of Directors
Tres Hermanos Conservation Authority
Diamond Bar, California

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lughard, LLP

Brea, California
November 21, 2022



TRES HERMANOS CONSERVATION AUTHORITY

JUNE 30, 2022 FINANCIAL STATEMENTS

Focused
on YOU



TRES HERMANOS
CONSERVATION AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2022

TRES HERMANOS CONSERVATION AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2022

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TRES HERMANOS CONSERVATION AUTHORITY

JUNE 30, 2022

AUTHORITY OFFICIALS

Catherine Marcucci	Chairman
Nancy Lyons	Vice Chairman
Peter Rogers	Board Member
Ray Marquez	Board Member
Steve Tye	Board Member
Cory Moss	Board Member
Newell Ruggles	Board Member



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tres Hermanos Conservation Authority
Diamond Bar, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and the general fund information of the Tres Hermanos Conservation Authority (the Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic 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 respective financial position of the governmental activities and the general fund information of the Authority, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Authority'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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material



To the Board of Directors
Tres Hermanos Conservation Authority
Diamond Bar, California

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 GAAS, *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 Authority'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 Authority'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.

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule of the Authority, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require 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.



To the Board of Directors
Tres Hermanos Conservation Authority
Diamond Bar, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2022 on our consideration of the Authority's internal control over the financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over the financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over the financial reporting and compliance.

Lance, Solt & Lughard, LLP

Brea, California
November 21, 2022

TRES HERMANOS CONSERVATION AUTHORITY

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2022

	General Fund	Adjustments	Statement of Net Position
Assets:			
Cash and cash equivalents	\$ 152,979	\$ -	\$ 152,979
Accounts receivable	721	-	721
Interest receivable	325	-	325
Capital assets	-	41,650,000	41,650,000
Total Assets	\$ 154,025	41,650,000	41,804,025
Liabilities and Fund Balance:			
Liabilities:			
Accounts payable	\$ 114,548	-	114,548
Unearned revenue	1,170	-	1,170
Total Liabilities	115,718	-	115,718
Fund Balance:			
Unassigned	38,307	(38,307)	-
Total Fund Balance	38,307	(38,307)	-
Total Liabilities and Fund Balance	\$ 154,025		
Net Position:			
Investment in capital assets		41,650,000	41,650,000
Unrestricted		38,307	38,307
Total Net Position		\$ 41,688,307	\$ 41,688,307

TRES HERMANOS CONSERVATION AUTHORITY

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Adjustments	Statement of Activities
Revenues:			
Member contributions	\$ 241,755	\$ -	\$ 241,755
Rental income	11,096	-	11,096
Investment loss	(1,223)	-	(1,223)
Total Revenues	251,628	-	251,628
Expenditures/Expenses:			
General government:			
Professional services	29,071	-	29,071
Banking charges	23	-	23
Legal services	6,450	-	6,450
Contractual services	216,815	-	216,815
Security services	39,462	-	39,462
Office supplies and software	1,376	-	1,376
Utilities	4,029	-	4,029
Total Expenditures/Expenses	297,226	-	297,226
Change in Net Position	(45,598)	-	(45,598)
Fund Balance/Net Position - Beginning	83,905	41,650,000	41,733,905
Fund Balance/Net Position - Ending	\$ 38,307	\$ 41,650,000	\$ 41,688,307

TRES HERMANOS CONSERVATION AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The Tres Hermanos Conservation Authority (Authority) is a joint powers agency created by a joint powers agreement between the cities of Chino Hills and Diamond Bar, California, dated January 19, 1999. It was created pursuant to Articles 1 through 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, in accordance with the provisions of the Marks-Roos Local Bond Pooling Act of 1985. The purpose of the Authority is to create a public entity to coordinate the overall development and conservation of a large undeveloped area of real property known as the Tres Hermanos Ranch, by preparing studies, plans, environmental reviews and similar information and by making recommendations to its members to take such actions including, but not limited to, acquisition and eminent domain as are necessary to implement its recommendations.

On February 6, 2019, the Authority amended and restated its agreement with the City of Industry pursuant to a Settlement Agreement. The City of Industry purchased the Tres Hermanos Ranch from the Successor Agency to Industry's Urban Development Agency. The City of Chino Hills and Diamond Bar contributed 10% of the purchase of the land. With the new agreement, each City will pay an equal one-third share of the cost for reasonable annual and recurring maintenance of the Ranch to be specified in the annual budget approved by the Authority. The Board consists of seven voting Directors: three from Industry, two from Chino Hills and two from Diamond Bar. Directors must be at all times holding office on a Member's City Council. Attendance by a majority of the Directors at a meeting, which majority must include at least one Director from each Member, shall constitute a quorum for the purpose of transacting business relating to the Authority.

The Authority is a public entity separate and apart from each of the Cities. The funds of the Authority have not been included within the scope of the basic financial statements of the Cities because the Authority has its own governing board that has responsibility over the operations of the Authority. Only the funds of the Authority are included herein, therefore, these financial statements do not purport to represent the financial position or results of operation of the cities of Chino Hills, Diamond Bar, or City of Industry.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statements of Net Position and Statement of Activities) report information on all activities of the Authority.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Revenues include contributions of the participating agencies.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

TRES HERMANOS CONSERVATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

d. Assets, Liabilities and Net Position or Equity**Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits that are maintained in a bank account to pay obligations of the Authority. Cash and cash equivalents are reported at fair value on the accompanying statement of net position and governmental fund balance sheet.

Functional Classification

Expenditures of the Authority are classified as general government.

e. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has no items that qualify for reporting in this category.

TRES HERMANOS CONSERVATION AUTHORITY**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
JUNE 30, 2022

Note 2: Cash and Cash Equivalents

Demand Deposits

At June 30, 2022, the carrying amount of the Authority's deposits was \$3,394 and the bank balance was \$9,844. The \$6,450 difference represents the net effect of reconciling items such as outstanding checks.

Short-Term Investments

At June 30, 2022, the carrying amount of the Authority's short-term investments was \$149,585.

Note 3: Capital Assets

The City of Industry purchased the Ranch from the Successor Agency to Industry's Urban-Development Agency in the amount of \$41,650,000 in Fiscal Year 2018-2019. As part of the Settlement Agreement, Chino Hills and Diamond Bar contributed to the purchase 10% of the purchase price.

Note 4: Maintenance Cost Member Share

For Fiscal Year 2021-2022 per Chapter 4. Funding and Administration, 4.1 Funding:

Contributions include an equal one-third payment from each member for the reasonable annual and recurring maintenance of the Ranch, for insurance, legal costs, and administration costs of the Authority and a reasonable reserve as established by the Board. Such costs shall be specified in the annual budget approved by the Authority, which is in accordance with the Joint Powers Agreement.

In Fiscal Year 2021-2022, the Maintenance Cost Member Share of each Member was as follows: the City of Industry contributed \$69,585, the City of Chino Hills contributed \$79,155, and the City of Diamond Bar contributed \$93,015. Pursuant to the Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement Section 5.4, expenditures shall be within the limitations of the approved annual budget, and as required for emergency repairs, or as such the Board amends budget.

Note 5: Related Party Transactions

As of June 30, 2022, the City of Industry was reimbursed \$165,144 for LA County weed and pest abatement services. The City of Chino Hills was reimbursed \$4,029 for water services and \$10,663 for treasurer services.

TRES HERMANOS CONSERVATION AUTHORITY

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 83,905	\$ 83,905	\$ 83,905	\$ -
Available for Appropriations (Inflows):				
Member contributions	241,755	241,755	241,755	-
Rental income	15,700	15,700	11,096	(4,604)
Interest income (loss)	-	-	(1,223)	(1,223)
Amounts Available for Appropriations	341,360	341,360	335,533	(5,827)
Charges to Appropriations (Outflow):				
General government:				
Professional services	51,615	51,615	29,071	22,544
Banking charges	180	180	23	157
Legal services	6,900	6,900	6,450	450
Contractual services	182,864	195,504	216,815	(21,311)
Security services	43,090	45,270	39,462	5,808
Office supplies and software	5,400	5,400	1,376	4,024
Utilities	4,000	4,000	4,029	(29)
Total Charges to Appropriations	294,049	308,869	297,226	11,643
Budgetary Fund Balance, June 30	\$ 47,311	\$ 32,491	\$ 38,307	\$ 5,816

TRES HERMANOS CONSERVATION AUTHORITY**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

Stewardship, Compliance and Accountability

The Executive Director directs the preparation of the Authority operating budget that is approved by the Board annually.