



Chino Hills · Diamond Bar · Industry

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

**WEDNESDAY, JANUARY 10, 2024, AGENDA
6:00 P.M. PUBLIC MEETING - CLOSED SESSION**

**CITY OF CHINO HILLS - COUNCIL CHAMBERS
14000 CITY CENTER DRIVE
CHINO HILLS, CALIFORNIA**

**BOARD DIRECTORS
CHAIR, STAN LIU
VICE-CHAIR, PETER ROGERS
DIRECTOR, ANDREW CHOU
DIRECTOR, CATHY MARCUCCI
DIRECTOR, CYNTHIA MORAN
DIRECTOR, CORY MOSS
DIRECTOR, MARK RADECKI**

This agenda contains a brief general description of each item to be considered. Except as otherwise provided by law, no action shall be taken on any item not appearing on the agenda unless the Board of Directors makes a determination that an emergency exists or that a need to take immediate action on the item came to the attention of the City subsequent to the posting of the agenda. The Secretary of the Board has on file copies of written documentation relating to each item of business on this Agenda available for public inspection in the Office of the Chino Hills City Clerk, in the public binder located at the entrance to the Council Chambers while the meeting is in session, and on the Authority's website at www.treshermanos.org. Materials related to an item on this Agenda submitted to the Directors after distribution of the agenda packet are available for public inspection in the Office of the Chino Hills City Clerk at 14000 City Center Drive, Chino Hills, CA during normal business hours.

Speaker Cards - Those persons wishing to address the Directors on any matter, whether or not it appears on the agenda, are requested to complete and submit to the Authority Secretary a "Request to Speak" card available at the entrance to the City Council Chambers. In accordance with the Public Records Act, any information you provide on this form is available to the public. **You are not required to provide personal information in order to speak, except to the extent necessary for the Secretary of the Board to call upon you.** Comments will be limited to five minutes per speaker.

Emails and documents submitted will be considered a public document subject to posting on the City's website and are subject to the Public Records Act.

In compliance with the Americans with Disabilities Act, if you require special assistance to participate in the Board meeting, please contact the Authority Secretary, (909) 364-2620, at least 48 hours prior to the meeting to enable the Authority to make reasonable arrangements. [Click here](#) to view the Reasonable Accommodations Policy for The Tres Hermanos Conservation Authority Brown Act Meetings or contact the City Clerk's office to obtain a copy.

PLEASE SILENCE ALL ELECTRONIC DEVICES WHILE BOARD IS IN SESSION. Thank you.

CALL TO ORDER / ROLL CALL

PLEDGE OF ALLEGIANCE

1. 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.**

REORGANIZATION OF THE BOARD OF DIRECTORS

Select Chair and Vice-Chair

CONSENT CALENDAR:

2. Approve November 8, 2023 Regular Meeting Minutes
3. Receive and file Payment Registers for months ended October 31, and November 30, 2023
4. Receive and file Treasurer's Reports for months ended October 31, and November 30, 2023
5. Receive and file Audited Financial Statements for Fiscal Year ended June 30, 2023

OLD BUSINESS:

There is none.

NEW BUSINESS:

There is none.

AUTHORITY DIRECTOR COMMENTS:

CONVENE TO CLOSED SESSION

CALL TO ORDER / ROLL CALL

6. PUBLIC COMMENTS: At this time members of the public may address the Authority regarding any items appearing on the Closed Session agenda. **Comments are limited to five minutes per Speaker.**

RECESS INTO CLOSED SESSION

CLOSED SESSION

7. Conference with Real Property Negotiators pursuant to Government Code Section 54956.8 for price and terms of property easement to construct, reconstruct, maintain, operate, enlarge, remove, and replace a water transportation line located at Tres Hermanos Conservation Authority Ranch (APN 1000 021 13); Metropolitan Water District of Southern California Representative James Vanden Akker, Negotiator, and Executive Director Benjamin Montgomery and Deputy Executive Director Joshua Nelson, Authority Negotiators

RECONVENE REGULAR MEETING

ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION

ADJOURNMENT: The next regular Tres Hermanos Conservation Authority meeting will be Wednesday, March 13, 2024 at 6:00 p.m.

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REGULAR BOARD OF DIRECTORS MEETING MINUTES
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CALL TO ORDER

The Regular Meeting of the Tres Hermanos Conservation Authority was called to order by Chair Liu at 6:00 p.m. in the City of Chino Hills Council Chambers, City Hall.

ROLL CALL:

Directors in attendance: Stan Liu, Chair
Peter Rogers, Vice-Chair
Andrew Chou, Director
Ray Marquez, Director
Cory Moss, Director
Mark Radecki, Director

Directors absent: Cathy Marcucci, Director

Staff in attendance: Benjamin Montgomery, Executive Director
Tracy Egoscue, General Counsel
Dan Fox, Administrative Director
Joshua Nelson, Deputy Executive Director
Christa Buhagiar, Treasurer
Cheryl Balz, Authority Secretary
Lynnae Sisemore, Assistant City Clerk

Staff absent: None

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was led by Director Moss.

1. PUBLIC COMMENTS: There were none.

CONSENT CALENDAR:

Secretary Balz announced that there was a correction to the September 13th meeting minutes to add General Counsel Egoscue to the attendance.

2. MINUTES OF SEPTEMBER 13, 2023, REGULAR MEETING

RECOMMENDED ACTION: THAT THE AUTHORITY APPROVE THE
SEPTEMBER 13, 2023, REGULAR TRES HERMANOS CONSERVATION
AUTHORITY MEETING MINUTES.

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3. PAYMENT REGISTER

RECOMMENDED ACTION: THAT THE AUTHORITY RECEIVE AND FILE THE PAYMENT REGISTERS FOR THE MONTHS ENDED AUGUST 31, AND SEPTEMBER 30, 2023.

4. TREASURER'S REPORT

RECOMMENDED ACTION: THAT THE AUTHORITY RECEIVE AND FILE THE TREASURER'S REPORTS FOR THE MONTHS ENDED AUGUST 31, AND SEPTEMBER 30, 2023.

A motion was made by Vice Chair Rogers and seconded by Director Moss to approve the Consent Calendar as presented.

Motion carried by electronic vote 6-0-1 as follows:

AYES:	DIRECTORS:	CHOU, MARQUEZ, MOSS, RADECKI, VICE-CHAIR ROGERS, CHAIR LIU
NOES:	DIRECTORS:	NONE
ABSENT:	DIRECTORS:	MARCUCCI
ABSTAIN:	DIRECTORS:	NONE

OLD BUSINESS:

5. TRES HERMANOS RANCH PUBLIC ACCESS TOUR RECAP

RECOMMENDED ACTION: RECEIVE AND FILE.

Executive Director Montgomery briefed the Board on the staff report, which is on file at the City of Chino Hills City Clerk's office. He stated that the tour was held on Saturday, September 23, 2023, and that there were four free tours offered hourly to the general public. There was a total participation of 104 registrants with 98 tour participants and he, Deputy Executive Director Nelson, and Administrative Director Fox served as docents on the bus tours. He mentioned that one person tried to attend the tour without a reservation and that staff quickly rectified the situation. Lastly, he spoke about the check-in process, tour stops, direct costs for shuttles, commemorative bags and pins, food and snacks, and in-kind support.

Vice Chair Rogers said the tour was a well-executed event and inquired about how many people were on the waiting list for another possible Ranch Tour. Executive Director Montgomery replied due to the popularity, roughly 400 people are on a waiting

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list. Deputy Executive Director Nelson added that due to the large interest in the tour the waiting list had to be cut off.

Vice Chair Rogers stated that he would be interested in doing another tour in the springtime after the weather permits.

Directors Moss said she was elated by the response of people interested in the tour and that she did not attend the Ranch Tour due to a conflict.

Director Marquez stated that he too did not attend the Ranch Tour due to a previous engagement and inquired about a breakdown of how many participants were from each City.

Executive Director Montgomery replied that staff did not have that information on hand but could obtain that information to present at a later date, however, the participant turnout seemed to be pretty even.

Director Marquez inquired about how long the registration took for the Ranch Tour. Administrative Director Fox answered about five minutes. Executive Director Montgomery added that the registration filled up quickly and in acknowledgement of the waitlist for future events, staff will start with those on standby first rather than reopen the event for new participants.

Director Marquez asked if there was police presence on the tour. Executive Director Montgomery answered affirmatively and said that police were present to stop anyone that would try to attempt to get on the property aggressively.

Director Marquez asked how staff handled the unregistered person and how that person reacted to being turned away. Executive Director Montgomery said that staff pulled her aside and told her that they could not accommodate her due to the tour being at capacity, and that she was understanding with staff.

Executive Director Montgomery said that staff will bring back a report to the Board in January to discuss possibly organizing another tour in the future.

NEW BUSINESS:

6. RESIDENTIAL RENTAL RATE INCREASE - CHERIE WOOD

RECOMMENDED ACTION: APPROVE AN INCREASE IN MONTHLY RESIDENTIAL RENTAL RATE FOR AGREEMENT NO. THCA20- 001 WITH CHERIE WOOD FROM \$742.50 TO \$816.00 EFFECTIVE JANUARY 1, 2024, FOR DWELLING LOCATED ON TRES HERMANOS PROPERTY

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Executive Director Montgomery recommended pulling the agreement amendment off the agenda to at a future meeting so that staff can delve more into the details for the residential rental lease more than just discussing the rate.

There was no action taken on the item.

7. TRES HERMANOS PROCUREMENT MANUAL

RECOMMENDED ACTION: THAT THE AUTHORITY ADOPT RESOLUTIONS INCREASING EXECUTIVE DIRECTOR'S SIGNING AUTHORITY UP TO AND INCLUDING \$50,000 ANNUALLY OR PER PROJECT; ESTABLISHING UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING PROCEDURES; DELEGATING AUTHORITY TO EXECUTIVE DIRECTOR TO AWARD INFORMAL PUBLIC CONTRACTS IN AMOUNT OF \$200,000 OR LESS AND TO NEGOTIATE CONTRACTS, AWARD PURCHASE ORDERS OR PERFORM WORK BY EMPLOYEES OF MEMBER AGENCIES BY FORCE ACCOUNT ON PUBLIC PROJECTS IN AMOUNT OF \$60,000 OR LESS AND ADOPTING A PROCUREMENT MANUAL

A motion was made by Director Marquez and seconded by Director Moss to adopt the resolutions as presented.

Director Chou and Vice Chair Rogers called for point of information to have Treasurer Buhagiar present the staff report to the Board.

Treasurer Buhagiar provided a PowerPoint presentation and briefed the Director's on the staff report, which is on file at the City of Chino Hills City Clerk's office.

Discussion ensued about urgent versus emergency services and the Contract Compliance Policy regarding the Executive Director's signing authority limits for public projects.

General Counsel Egoscue stated that pursuant to the Authority's Joint Powers Agreement, the staff of the Authority is not allowed to expend anything beyond the budget without the Boards authority and approvals. She said that there will be no expenditure by the Executive Director under his or her authority without the Board approving the budget first. These supplements are a governing document, and these policies are required under the Joint Powers Agreement. Lastly, she stated that staff is respectfully trying to conform to these policies with the requirement of the governing document of the Board.

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Executive Director Montgomery said the Authority's budget is \$360,000 annually and that the budget is so tight that the Executive Director will not have the money or direction from the Board to make any material decision that goes outside the Authority's budget. He said for example, the Ranch tour was not budgeted for but that there was enough flexibility in the budget to accommodate a \$3,500 expenditure. He said these policies give an understanding that if it is a negotiation about the security on the property it does not make sense for staff to go to a low bidder because of dealing with a ranch, and there needs to be an ability to say there are exceptions for that. He said larger projects will be budgeted in order for the Board to consider it but there needs to be flexibility for the Board to empower the Executive Director and staff to execute the Board's will.

Director Chou further expressed his concerns with granting the authority to the Executive Director to approve contracts at these limits.

Administrative Director Fox added that these policy limits are modeled after the respective cities and that Diamond Bar also uses the California Uniform Public Construction Accounting Act with the \$200,000 signing authority limit. He said that if the Authority has a Capital Improvement Project (CIP) for a maintenance item that the public construction act would administratively give staff the authority to award a contract to take care of the maintenance. He said for instance, if there were a breach in the dam that needed to be repaired, staff finds a contractor that is \$250,000 so it would need to come before the Board in order to approve; if the contract was \$150,000 to repair the dam, then staff would administratively have the ability to award the contract and appropriate funds, if needed.

To address Director Chou's concerns, Director Marquez explained that the payment register that is on the agenda will show monies that have been spent and the Board will be aware of all expenditures.

Treasurer Buhagiar continued with the PowerPoint and briefed the Director's on the Purchasing Policy, Federal Purchasing Policy, Bid Protest Policy, and the Credit Card Policy.

Following discussion, a motion was made by Director Moss and seconded by Vice Chair Rogers to adopt: **Resolution No. THCA 2023-07** of the Board of Directors of the Tres Hermanos Conservation Authority, Establishing the Executive Director's Signing Authority in an Amount up to and Including \$50,000 Annually Per Project; **Resolution No. THCA 2023-08** of the Board of Directors of the Tres Hermanos Conservation Authority, In the Matter of Uniform Public Construction Cost Accounting Procedures; **Resolution No. THCA-2023-09** of the Board of Directors of the Tres Hermanos Conservation Authority, Adopting the Procurement Manual; and **Resolution No. THCA 2023-10** of the Board of Directors of the Tres Hermanos

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Conservation Authority, Delegating Authority to the Executive Director to Award Informal Public Contracts in an Amount of \$200,000 or Less and Delegating the Authority to Negotiate Contracts, Award Purchase Orders or Perform Work by Employees of the Member Agencies by Force Account on Public Projects in an Amount of \$60,000 or Less, as presented.

Motion carried by electronic vote 6-0-1 as follows:

AYES:	DIRECTORS:	CHOU, MARQUEZ, MOSS, RADECKI, VICE-CHAIR ROGERS, CHAIR LIU
NOES:	DIRECTORS:	NONE
ABSENT:	DIRECTORS:	MARCUCCI
ABSTAIN:	DIRECTORS:	NONE

AUTHORITY DIRECTOR COMMENTS:

Director Marquez stated that his family was celebrating an early Thanksgiving this evening and wished everyone happy holidays.

Director Moss wished everyone happy holidays.

Director Radecki also wished everyone happy holidays and Happy New Year.

Vice-Chair Rogers wished everyone happy holidays.

Chair Liu thanked staff, the Board, and colleagues for making the ranch tour happen and said that he is looking forward to future tours.

ADJOURNMENT: There being no further business, Chair Liu adjourned the Tres Hermanos Conservation Authority Regular Meeting at 6:43 p.m.

STAN LIU
CHAIR

CHERYL BALZ
AUTHORITY SECRETARY



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Date: January 10, 2024
To: Chair and Board of Directors
From: Benjamin Montgomery, Executive Director
Subject: Payment Register

Recommendation:

Receive and file the payment registers for October 2023 and November 2023.

Background/Analysis:

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 are the payment registers for October 2023 and November 2023. 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,

Recommended By:

Benjamin Montgomery
Executive Director

Christa Buhagiar
Treasurer

Attachments Payment Register - October 2023
Payment Register - November 2023

Tres Hermanos Conservation Authority

Payment Register

From 10/1/2023 to 10/31/2023

#	DATE	VENDOR NAME	CONTRACT/ PO#	DESCRIPTION	RETE	INVOICE AMT
5216	10/4/2023	C & C ENGINEERING, INC.	THCA20-002	CNC/SITEINSP-WEED ABT/AUG23		\$4,405.00
					TOTAL	\$4,405.00
5217	10/4/2023	CITY OF CHINO HILLS		CH/STAFF TIME/JUL23		\$552.92
	10/4/2023	CITY OF CHINO HILLS		CH-4IMPRINT/BUSTOURS/AUG23		\$354.17
					TOTAL	\$907.09
5218	10/4/2023	DIAMOND ENVIRONMENTAL SERVICES	THCA22-005	DIAMOND/RESTROOM RENT/09/11/23-10/08/23		\$103.42
					TOTAL	\$103.42
5219	10/4/2023	JANUS PEST MANAGEMENT, INC.	THCA22-006	JANUS/PEST/AUG23		\$210.00
					TOTAL	\$210.00
5220	10/4/2023	THE PIN CENTER		THE PIN CTR/BUSTOURS/AUG23		\$393.50
					TOTAL	\$393.50
5221	10/18/2023	AMAZON CAPITAL SERVICES	924002	AMAZON/ENVELOPES		\$39.63
					TOTAL	\$39.63
5222	10/18/2023	AMERICAN TRANSPORTATION SYSTEMS	THCA23-001	AMERTRANS/BUSTOURS/092323		\$2,199.75
					TOTAL	\$2,199.75
5223	10/18/2023	C & C ENGINEERING, INC.	THCA20-002	CNC/FIELD MGMT/SEP23		\$2,328.75
					TOTAL	\$2,328.75
5224	10/18/2023	EGOSCUE LAW GROUP, INC.	THCA19-004	EGOSCUE/LEGAL/SEP23		\$350.00
					TOTAL	\$350.00
5225	10/18/2023	INDUSTRY SECURITY SERVICES, INC.		INDSTY/SECURITY SRVCS/SEP23		\$3,756.48
					TOTAL	\$3,756.48
5226	10/18/2023	JANUS PEST MANAGEMENT, INC.	THCA22-006	JANUS/PEST/SEP23		\$75.00
					TOTAL	\$75.00
5227	10/18/2023	STAPLES BUSINESS ADVANTAGE	924007	STAPLES/STAMPS		\$25.94
					TOTAL	\$25.94
5228	10/18/2023	TOWN WEB DESIGN LLC		TOWNWEB/ADD PAGES/AUG23		\$20.00

Tres Hermanos Conservation Authority

Payment Register

From 10/1/2023 to 10/31/2023

#	DATE	VENDOR NAME	CONTRACT/ PO#	DESCRIPTION	RETE	INVOICE AMT
					TOTAL	\$20.00
5229	10/25/2023	CITY OF CHINO HILLS		CH/WATER/08/16/23-09/14/23		\$333.96
	10/25/2023	CITY OF CHINO HILLS		CH/WATER/09/14/23-10/12/23		\$262.90
	10/25/2023	CITY OF CHINO HILLS		CH/STAFF TIME/AUG23		\$1,505.16
					TOTAL	\$2,102.02
5230	10/25/2023	LANCE, SOLL & LUNGHARD LLP	A2021-065	2023 TRES HERMANOS AUDIT		\$2,016.00
					TOTAL	\$2,016.00
20007	10/11/2023	CITIZENS BUSINESS BANK (THCA CREDIT CARD)		THCA CREDIT CARD PURCHASE		\$577.99
					TOTAL	\$577.99
TOTAL						\$19,510.57

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

Payment Register

From 11/1/2023 to 11/30/2023

#	DATE	VENDOR NAME	CONTRACT/ PO#	DESCRIPTION	RETENTION	INVOICE AMT
5231	11/1/2023	CITY OF INDUSTRY	THCA21-005	LA CNTY/PEST/JULY23		\$24,573.17
				TOTAL		\$24,573.17
5232	11/1/2023	DIAMOND ENVIRONMENTAL SERVICES	THCA22-005	DIAMOND/RESTROOMRENT/ 10/09/23-11/05/23		\$106.78
				TOTAL		\$106.78
5233	11/8/2023	EGOSCUE LAW GROUP, INC.	THCA19-004	EGOSCUE/LEGAL/OCT23		\$262.50
				TOTAL		\$262.50
5234	11/15/2023	CITY OF CHINO HILLS		CH/STAFFTIME/SEP23		\$337.89
				TOTAL		\$337.89
5235	11/15/2023	INDUSTRY SECURITY SERVICES, INC.		INDSTY/SECURITY SRVCS/OCT23		\$3,823.56
				TOTAL		\$3,823.56
5236	11/22/2023	C & C ENGINEERING, INC.	THCA20-002	CNC/FIELDMGMT/OCT23		\$2,060.00
				TOTAL		\$2,060.00
5237	11/22/2023	DIAMOND ENVIRONMENTAL SERVICES	THCA22-005	DIAMOND/RESTROOM RENT/ 11/06/23-12/03/23		\$106.78
				TOTAL		\$106.78
5238	11/22/2023	JANUS PEST MANAGEMENT, INC.	THCA22-006	JANUS/PEST/OCT 2023		\$75.00
				TOTAL		\$75.00
5239	11/29/2023	CITY OF CHINO HILLS		CH/WATER/10/12/23-11/15/23		\$250.36
				TOTAL		\$250.36
5240	11/29/2023	CITY OF INDUSTRY	THCA21-005	LACNTY/PEST/JULY23		\$4,309.52
				TOTAL		\$4,309.52
5241	11/29/2023	STATE OF CALIFORNIA		WTR RIGHTS/FY23-24		\$312.54
				TOTAL		\$312.54
20008	11/9/2023	CITIZENS BUSINESS BANK (THCA CREDIT CARD)		THCA CREDIT CARD PURCHASE		\$66.00
				TOTAL		\$66.00
TOTAL						\$36,284.10

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.



Chino Hills · Diamond Bar · Industry

Date: January 10, 2024
To: Chair and Board of Directors
From: Benjamin Montgomery, Executive Director
Subject: Treasurer's Report

Recommendation:

Receive and file the Treasurer's Reports for the months ended October 31, 2023, and November 30, 2023.

Background/Analysis:

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 and the amount of interest earnings, revenues, and expenditures since the last report. Attached for your information are the Treasurer's Reports for the months ended October 31, 2023, and November 30, 2023.

Respectfully Submitted,

Recommended By:

Handwritten signature of Benjamin Montgomery in blue ink.

Benjamin Montgomery
Executive Director

Handwritten signature of Christa Buhagiar in blue ink.

Christa Buhagiar
Treasurer

Attachments Treasurer's Report - October 2023
Treasurer's Report - November 2023

**Tres Hermanos Conservation Authority
Treasurer's Report
For the Month Ended October 31, 2023**

Description	Cost Value	Market Value	Interest/ Book Yield	Maturity Date	% of Portfolio
Cash and Cash Equivalents					
Citizens Business Bank - Premium Money Market LAIF Account	\$ 67,848	\$ 67,848	0.02%	n/a	17.15%
	332,298	327,748	3.67%	n/a	82.85%
Total Investment Portfolio	\$ 400,146	\$ 395,596			100.00%

Blended Yield of Cash and Investments	3.04%
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Benchmarks:	
LAIF	3.67%
6mo U.S. Treasury	5.54%
2yr U.S. Treasury	5.07%
5yr U.S. Treasury	4.82%

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, 2023

	<u>Budget 2023/24</u>	<u>October 2023</u>	<u>Fiscal Year To Date 2023/24</u>	<u>% of Budget Used</u>
Revenues:				
Interest Income	\$ -	\$ 2,282	\$ 2,285	-
Fair Market Value Adjustment	-	-	1,731	-
State Grant Revenue	80,000	55,133	55,133	-
Rental Income	15,474	1,088	7,510	49%
Reimbursements	5,293	334	1,242	23%
Contributions from Member Agencies	270,990	-	270,990	100%
Total Revenues	<u>371,757</u>	<u>58,837</u>	<u>338,891</u>	<u>91%</u>
Expenditures:				
Contractual Services	271,211	10,648	15,187	6%
Bank Charges	300	21	23	8%
Audit Services	2,082	2,016	2,016	97%
Legal Services	7,101	350	2,362	33%
Security Services	48,561	3,756	11,538	24%
Professional Services	15,000	2,058	2,058	14%
Liability Insurance	21,000	-	1,823	9%
Office Supplies	342	85	794	232%
Water	5,301	597	1,465	28%
Permits & Fees	5,775	-	-	0%
Total Expenditures	<u>376,673</u>	<u>19,531</u>	<u>37,266</u>	<u>10%</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ (4,916)</u>	<u>\$ 39,306</u>	<u>\$ 301,625</u>	
Fund Balances:				
Estimated Beginning of Fiscal Year *			\$ 97,398	
Excess of Revenues Over/(Under) Expenditures			301,625	
Estimated as of October 31, 2023			<u>\$ 399,023</u> A	
Estimated Fund Balances by City:				
Chino Hills			\$ 133,512	
Diamond Bar			128,618	
Industry			136,893	
Estimated Total Fund Balances by City			<u>\$ 399,023</u>	

A The ending fund balance in the amount of \$399,023 differs from the bank balance of \$400,146. The (\$1,123) difference is the net of \$1,226 in accounts receivable and (\$2,349) in outstanding checks.

* The Estimated Beginning Fiscal Year Fund Balance will continue to fluctuate until the FY 2022-23 audit is finalized at the end of January 2024.

**Tres Hermanos Conservation Authority
Treasurer's Report
For the Month Ended November 30, 2023**

Description	Cost Value	Market Value	Interest/ Book Yield	Maturity Date	% of Portfolio
Cash and Cash Equivalents					
Citizens Business Bank - Premium Money Market	\$ 36,338	\$ 36,338	0.02%	n/a	9.98%
LAIF Account	332,298	327,748	3.84%	n/a	90.02%
Total Investment Portfolio	\$ 368,636	\$ 364,086			100.00%

Blended Yield of Cash and Investments	3.46%
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Benchmarks:	
LAIF	3.84%
6mo U.S. Treasury	5.38%
2yr U.S. Treasury	4.73%
5yr U.S. Treasury	4.31%

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 November 30, 2023

	<u>Budget 2023/24</u>	<u>November 2023</u>	<u>Fiscal Year To Date 2023/24</u>	<u>% of Budget Used</u>
Revenues:				
Interest Income	\$ -	\$ 1	\$ 2,286	-
Fair Market Value Adjustment	-	-	1,731	-
State Grant Revenue	80,000	-	55,133	-
Rental Income	15,474	1,088	8,597	56%
Reimbursements	5,293	263	1,505	28%
Contributions from Member Agencies	270,990	-	270,990	100%
Total Revenues	<u>371,757</u>	<u>1,352</u>	<u>340,242</u>	<u>92%</u>
Expenditures:				
Contractual Services	277,149	31,231	46,419	17%
Bank Charges	300	(18)	5	2%
Audit Services	2,082	-	2,016	97%
Legal Services	7,101	262	2,625	37%
Security Services	48,561	3,824	15,361	32%
Professional Services	15,000	338	2,396	16%
Liability Insurance	21,000	-	1,823	9%
Office Supplies	1,660	66	859	52%
Water	5,301	250	1,716	32%
Permits & Fees	5,775	313	312	5%
Total Expenditures	<u>383,929</u>	<u>36,266</u>	<u>73,532</u>	<u>19%</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ (12,172)</u>	<u>\$ (34,914)</u>	<u>\$ 266,710</u>	
Fund Balances:				
Beginning of Fiscal Year			\$ 97,399	
Excess of Revenues Over/(Under) Expenditures			266,710	
As of November 30, 2023			<u>\$ 364,109</u>	A
Fund Balances by City:				
Chino Hills			\$ 121,874	
Diamond Bar			116,980	
Industry			125,255	
Total Fund Balances by City			<u>\$ 364,109</u>	

A The ending fund balance in the amount of \$364,109 differs from the bank balance of \$368,636. The (\$4,527) difference is the net of \$345 in accounts receivable and (\$4,872) in outstanding checks.



Chino Hills · Diamond Bar · Industry

Date: January 10, 2024
To: Chair and Board of Directors
From: Benjamin Montgomery, Executive Director
Subject: Audited Financial Statements for Fiscal Year 2022/23

Recommendation:

Receive and file the Audited Financial Statements for the fiscal year ended June 30, 2023.

Background/Analysis:

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, 2023, 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 Authority in accordance with accounting principles generally accepted in the United States of America.

Respectfully Submitted,

Recommended By:

Benjamin Montgomery
Executive Director

Christa Buhagiar
Finance Director

Attachments Audit Communication Letter
Report on Internal Controls
Financial Statement June 30, 2023



November 20, 2023

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, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and 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 September 18, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of 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 the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2022-2023. 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.

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 clearly trivial, and communicate them to the appropriate level of management. We are pleased to report that no such disagreements arose during the course of our audit.

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.



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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 20, 2023

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 the 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 application of accounting principles and auditing standards, with management each year prior to retention as the 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.

Restriction on Use

This information is intended solely for the information and use of the 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 & Lughard, 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, 2023, 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 20, 2023

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 20, 2023



TRES HERMANOS CONSERVATION AUTHORITY

JUNE 30, 2023 FINANCIAL STATEMENTS

Focused
on YOU



**TRES HERMANOS
CONSERVATION AUTHORITY**

Financial Statements

June 30, 2023

TRES HERMANOS CONSERVATION AUTHORITY

Financial Statements

June 30, 2023

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TRES HERMANOS CONSERVATION AUTHORITY

June 30, 2023

AUTHORITY OFFICIALS

Stan Liu	Chairman
Peter Rogers	Vice Chair
Andrew Chou	Board Member
Cathy Marcucci	Board Member
Ray Marquez	Board Member
Cory Moss	Board Member
Mark Radecki	Board Member



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2023, 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 financial position of the Authority as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Authority 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 opinions.

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 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 opinions. 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.

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

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 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.

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, 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 opinions on the basic financial statements are 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 20, 2023, on our consideration of the Authority's internal control over 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 financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Lance, Solt & Luyhard, LLP

Brea, California
November 20, 2023

TRES HERMANOS CONSERVATION AUTHORITY
Statement of Net Position and Governmental Fund Balance Sheet
June 30, 2023

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets:			
Cash and cash equivalents	\$ 160,212	\$ -	\$ 160,212
Accounts receivable	1,071	-	1,071
Interest receivable	896	-	896
Due from other governments	61,259	-	61,259
Capital assets	-	41,650,000	41,650,000
Total Assets	\$ 223,438	41,650,000	41,873,438
Liabilities, Deferred Inflows of Resources and Fund Balance:			
Liabilities:			
Accounts payable	\$ 64,780	\$ -	\$ 64,780
Total Liabilities	64,780	-	64,780
Deferred Inflows of Resources:			
Unavailable revenue	61,259	(61,259)	-
Total Deferred Inflows of Resources	61,259	(61,259)	-
Fund Balance:			
Unassigned	97,399	(97,399)	-
Total Fund Balance	97,399	(97,399)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 223,438		
Net Position:			
Invested in capital assets		41,650,000	41,650,000
Unrestricted		158,658	158,658
Total Net Position		\$ 41,808,658	\$ 41,808,658

TRES HERMANOS CONSERVATION AUTHORITY
Statement of Activities and Governmental Fund
Revenues, Expenditures, and Changes in Fund Balance
June 30, 2023

	General Fund	Adjustments	Statement of Activities
Revenues:			
Member contributions	\$ 326,636	\$ -	\$ 326,636
Rental income	17,791	-	17,791
Interest income	3,385	-	3,385
Grant revenue	-	61,259	61,259
Total Revenues	347,812	61,259	409,071
Expenditures/Expenses:			
General government:			
Professional services	29,166	-	29,166
Banking charges	45	-	45
Legal services	4,288	-	4,288
Contractual services	207,584	-	207,584
Security services	44,215	-	44,215
Office supplies	76	-	76
Utilities	3,346	-	3,346
Total Expenditures/Expenses	288,720	-	288,720
Change in Fund Balance/Net Position	59,092	61,259	120,351
Fund Balance/Net Position - Beginning	38,307	41,650,000	41,688,307
Fund Balance/Net Position - Ending	\$ 97,399	\$ 41,711,259	\$ 41,808,658

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.

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.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Capital Assets

Capital assets, which includes the Tres Hermanos Ranch Property, are valued at historical cost. The land capital asset is reported in the Statement of Net Position of the Authority.

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 one item that qualifies for reporting in this category pertaining to Fiscal Year 2022-2023 grant reimbursements that were not received within the Authority's revenue recognition period.

NOTE 2: CASH AND CASH EQUIVALENTS

Demand Deposits

At June 30, 2023, the carrying amount of the Authority's deposits was \$47,823.

Short-Term Investments

At June 30, 2023, the carrying amount of the Authority's short-term investments was \$112,389.

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 in the amount of 10% of the purchase price.

NOTE 4: MAINTENANCE COST MEMBER SHARE

For Fiscal Year 2022-2023 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 2022-2023, the Maintenance Cost Member Share of each Member was as follows:

The City of Industry contributed \$104,994, the City of Chino Hills contributed \$108,374, and the City of Diamond Bar contributed \$113,268. 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, 2023, the City of Industry was reimbursed \$143,674 for LA County weed and pest abatement services. The City of Chino Hills was reimbursed \$3,346 for water services, \$8,050 for treasurer services, and \$3,759 for public works services.

TRES HERMANOS CONSERVATION AUTHORITY
Budgetary Comparison Schedule
June 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 38,307	\$ 38,307	\$ 38,307	\$ -
Available for Appropriations (Inflows):				
Member contributions	187,943	326,636	326,636	-
Rental income	18,663	18,663	17,791	(872)
Interest income	-	-	3,385	3,385
Amounts Available for Appropriations	244,913	383,606	386,119	2,513
Charges to Appropriations (Outflows):				
General government:				
Professional services	51,840	35,729	29,166	6,563
Banking charges	180	180	45	135
Legal services	6,720	6,168	4,288	1,880
Contractual services	111,000	255,216	207,584	47,632
Security services	42,501	45,000	44,215	785
Office supplies	201	1,519	76	1,443
Utilities	4,920	4,920	3,346	1,574
Total Charges to Appropriations	217,362	348,732	288,720	60,012
Budgetary Fund Balance, June 30	\$ 27,551	\$ 34,874	\$ 97,399	\$ 62,525

Stewardship, Compliance and Accountability

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