

# MONTE VISTA IRRIGATION COMPANY

10575 Central Avenue, Montclair, California • (909) 624-0035

Video: <https://www.mvwd.org/boardmeeting>

## NOTICE AND AGENDA OF REGULAR BOARD OF DIRECTORS MEETING

WEDNESDAY, JANUARY 24, 2024 • 6:00 P.M.

### 1. CALL TO ORDER/FLAG SALUTE

### 2. ROLL CALL

### 3. PUBLIC COMMENT/OPEN FORUM

Members of the public may address the Board of Directors on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the California Government Code. Comments are generally limited to three (3) minutes per speaker. You can submit written comments by sending them to BoardSecretary@mvwd.org or visiting mvwd.org and filling out the online public comment form. To give the Board of Directors adequate time to review your comments, please submit your written comments by Tuesday, January 23, 2024, at 5:00 p.m. Material received after the deadline will be provided to the Board of Directors in hard copy and made available to the public at the meeting.

### 4. AGENDA CHANGES/ADDITIONS

In accordance with Section 54954.2 of the Government Code (the Brown Act), additions to the agenda require a two-thirds vote of the legislative body, or if less than two-thirds of the members are present, a unanimous vote of those members present. It shall be determined that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the posting of the agenda.

### 5. Meeting Minutes

**Meeting Date:** July 12, 2023

**Recommendation:** Approve as presented.

### 6. Fiscal Year Ending 2023 Audit for the Monte Vista Irrigation Company

**Presenter:** Leah Nazaroff, Accounting Manager

**Recommendation:** It is recommended that the Board of Directors receive and approve the Fiscal Year Ending 2023 audit as presented.

### 7. Outstanding Accounts Receivable from Monte Vista Water District

**Presenter:** Leah Nazaroff, Accounting Manager

**Recommendation:** It is recommended that the Board of Directors receive and file this report acknowledging no change in the outstanding accounts receivable balance due from Monte Vista Water District.

### 8. Statement of Cash Transactions through December 31, 2023

**Presenter:** Leah Nazaroff, Accounting Manager

**Recommendation:** Approve as presented.

### 10. MANAGER COMMENTS

### 11. BOARD COMMENTS

### 12. CLOSED SESSION

**A. Conference with Legal Counsel – Existing Litigation (Gov. Code §54956.9[d][1])**  
CBMWD v. City of Chino et al. (Superior Court of California, County of San Bernardino, Case Number RCV 51010)

### **13. ADJOURNMENT**

#### **DECLARATION OF POSTING**

In accordance with the requirement of California Government Code §54954.2, this agenda has been posted in the display case at the gated entrance to our main office at 10575 Central Avenue, Montclair, California not less than seventy-two (72) hours prior to the meeting date and time above.

Written materials relating to open session agenda items, including those distributed to the majority of the Board of Directors after distribution of this agenda package, are available for public inspection during normal business hours at the District's main office, located at 10575 Central Avenue, Montclair, California.

Pursuant to the Americans with Disabilities Act, persons with a disability who require a disability-related modification or accommodation in order to participate in a meeting may request such modification or accommodation from the District's Board Secretary at (909) 624-0035 or by email at [BoardSecretary@mvwd.org](mailto:BoardSecretary@mvwd.org). Notification forty-eight (48) hours prior to the meeting will enable District staff to make reasonable arrangements to assure accessibility to the meeting.

# **BOARD OF DIRECTORS MEETING MINUTES OF THE MONTE VISTA IRRIGATION COMPANY**

**July 12, 2023**

## **DIRECTORS PRESENT**

Sandra Rose, President  
G. Michael Milhiser, Vice President  
Tony Lopez, Board Auditor  
Philip Erwin, Director  
Manny Martinez, Director

## **DIRECTORS ABSENT**

None.

## **STAFF PRESENT**

Justin Scott-Coe, Manager/Secretary  
Andrew Gagen, Legal Counsel  
Stephanie Reimer, Treasurer  
A. William Schwartz, Director of Engineering, Operations, & Maintenance (Monte Vista Water District)  
Betty Conti, Human Resources & Risk Manager (Monte Vista Water District)  
Kelley Donaldson, Community Affairs Manager (Monte Vista Water District)  
Juan Ventura, Information Technology and Customer Service Manager (Monte Vista Water District)  
Brandi Goodman-Decoud, Executive Assistant II (Monte Vista Water District)

## **OTHERS IN ATTENDANCE**

None.

## **ITEM 1: CALL TO ORDER/FLAG SALUTE**

President Rose called the meeting to order at 6:00 p.m.

Mr. Andrew Gagen led those assembled in the Flag Salute.

## **ROLL CALL**

Ms. Brandi Goodman-Decoud called roll and noted all members as present.

## **ITEM 2: PUBLIC COMMENT/OPEN FORUM**

None.

## **ITEM 3: AGENDA CHANGES/ADDITIONS**

There were no agenda changes or additions.

**ITEM 4: MEETING MINUTES**

Amended minutes were provided to Board Members, staff, and members of the public.

Upon motion by Vice-President Milhiser, seconded by Director Erwin, and unanimously carried:

**M23-07-01**

**MOVED:** Approval of the meeting minutes of January 25, 2023 as amended, as by roll call vote:

President Rose	aye
Vice President Milhiser	aye
Board Auditor Lopez	aye
Director Erwin	aye
Director Martinez	aye

**ITEM 5: STATEMENT OF CASH TRANSACTIONS THROUGH JUNE 30, 2023**

Ms. Stephanie Reimer presented the Statement of Cash Transactions through June 30, 2023.

Upon motion by Vice-President Milhiser, seconded by Board Auditor Lopez, and unanimously carried:

**M23-07-02**

**MOVED:** Approve as presented, as by roll call vote:

President Rose	aye
Vice President Milhiser	aye
Board Auditor Lopez	aye
Director Erwin	aye
Director Martinez	aye

**ITEM 6: BUDGET ADOPTION FISCAL YEAR ENDING 2024**

Ms. Stephanie Reimer presented the Fiscal Year Ending 2024 Proposed Budget for the Monte Vista Irrigation Company.

Upon motion by Director Erwin, seconded by Director Martinez, and unanimously carried:

**M23-07-03**

**MOVED:** Approved as presented, as by roll call vote:

President Rose	aye
Vice President Milhiser	aye
Board Auditor Lopez	aye
Director Erwin	aye
Director Martinez	aye

**ITEM 7: MANAGER’S COMMENTS**

Manager Justin Scott-Coe stated that the Company continues to provide value to the District and reminded the Board that evaluating the potential for expanded use of the Company to decrease the District’s operational and/or capital cost is included as one of the strategic initiatives added to the 2025 Strategic Plan.

**ITEM 8: BOARD COMMENTS**

There were no Board member comments.

**ITEM 9: CLOSED SESSION**

President Rose recessed the meeting to closed session at 6:14 p.m. to discuss:

**A. Conference with Legal Counsel – Existing Litigation (Gov. Code §54956.9[d][1])**

CBMWD v. City of Chino et al. (Superior Court of California, County of San Bernardino, Case Number RCV 51010)

Board Auditor Lopez stepped out of the room at 6:25 p.m.

President Rose reconvened the meeting into open session at 6:25 p.m. Mr. Gagen stated there was no reportable action.

**ITEM 10: ADJOURNMENT**

Upon motion by Director Erwin, seconded by Director Martinez, and carried 4-0-1:

**M23-07-04**

**MOVED:** Approved to adjourn the meeting, as by roll call vote:

President Rose	aye
Vice President Milhiser	aye
Board Auditor Lopez	absent
Director Erwin	aye
Director Martinez	aye

There being no further business, President Rose adjourned the meeting at 6:26 p.m.

Respectfully submitted,

Justin M. Scott-Coe  
Manager/Secretary



# Monte Vista Irrigation Company

January 24, 2024

Honorable Board of Directors  
Monte Vista Irrigation Company

**SUBJECT: Fiscal Year Ending 2023 Audit for the Monte Vista Irrigation Company**

**STAFF RECOMMENDATION:**

It is recommended that the Board of Directors receive and approve the Fiscal Year Ending 2023 audit as presented.

**CALIFORNIA ENVIRONMENTAL QUALITY ACT DETERMINATION:**

Staff has determined the project would be consistent with the requirements of Sections 15061(b)(1), 15301, and 15303 of the State California Environmental Quality Act Guidelines, and no exceptions apply. Therefore, the project is categorically exempt from California Environmental Quality Act.

**FINANCIAL IMPACT:**

None.

**DISCUSSION:**

According to the Monte Vista Irrigation Company (Company) Bylaws, the Company must have an independent certified public accountant perform an annual audit to verify the financial status of the organization. The annual audit for the fiscal year ending June 30, 2023, has been completed by C.J. Brown & Company CPAs, a Certified Public Accountant in good standing in the State of California.

**Financial Summary**

For the year ending June 30, 2023, the Company reported a change in net position of \$275,675. There was a total of \$3,203 in revenues from interest earnings. No income was derived from the sale of water for the fiscal year ending June 30, 2023.

Expenditures for the fiscal year totaled \$278,879, the majority of which was amortization expense. Total amortization expense for the year was \$173,057, based on a 25-year amortization schedule for the depreciation of acquired groundwater water rights. Remaining expenditures for the year totaled \$105,822 and were related to legal services, Chino Basin Watermaster assessments, insurance, audit, and general administration.

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**Sandra S. Rose**  
*President*

**G. Michael Milhiser**  
*Vice President*

**Tony Lopez**  
*Board Auditor*

**Philip L. Erwin**  
*Director*

**Manny Martinez**  
*Director*

**Fiscal Year Ending 2023 Audit for the Monte Vista Irrigation Company**

The assets of the Company consist primarily of pumping rights, which are carried on the Company's balance sheet net of accumulated amortization.

Respectfully submitted,



Leah I. Nazaroff  
Accounting Manager



Stephanie A. Reimer  
Treasurer



Justin M. Scott-Coe  
Manager

Attachment

1. Annual Comprehensive Financial Report for Fiscal Years Ended June 30, 2023 and 2022

**Monte Vista Irrigation Company**

**Annual Financial Report**

**For the Fiscal Years Ended June 30, 2023 and 2022**





**Monte Vista Irrigation Company**  
**Annual Financial Report**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

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**C.J. Brown & Company CPAs**  
An Accountancy Corporation

Christopher J. Brown, CPA, CGMA  
Jonathan Abadesco, CPA  
Jeffrey Palmer

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(657) 214-2307

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**Independent Auditor's Report**

Board of Directors  
Monte Vista Irrigation Company  
Montclair, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Monte Vista Irrigation Company (Company), a component financial reporting unit of the Monte Vista Water District, as of and for the fiscal years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Company'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 Monte Vista Irrigation Company as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Company, 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 Company'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.

## Independent Auditor's Report, continued

### *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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Company'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 Company'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 Matters*

#### *Required Supplementary Information*

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.

*C.J. Brown & Company, CPAs*

**C.J. Brown & Company, CPAs**

Cypress, California  
December 13, 2023

# **Basic Financial Statements**



**Monte Vista Irrigation Company**  
**Statements of Net Position**  
**June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 152,013	205,133
Due from Monte Vista Water District	1,755,750	1,755,750
Prepaid expenses and other	2,061	2,056
Total current assets	1,909,824	1,962,939
<b>Non-current assets:</b>		
Water pumping rights, net (note 4)	86,540	259,597
Investment in San Antonio Water Company (note 3)	4,500	4,500
Total non-current assets	91,040	264,097
<b>Total assets</b>	<b>2,000,864</b>	<b>2,227,036</b>
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	459,749	410,246
<b>Total liabilities</b>	<b>459,749</b>	<b>410,246</b>
<b>Net position</b> (note 5):		
Net investment in water pumping rights	86,540	259,597
Unrestricted	1,454,575	1,557,193
<b>Total net position</b>	<b>\$ 1,541,115</b>	<b>1,816,790</b>

See accompanying notes to the financial statements



**Monte Vista Irrigation Company**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Operating revenues:</b>		
Water sales	\$ -	-
Total operating revenues	-	-
<b>Operating expenses:</b>		
Chino Basin Watermaster assessment	23,823	26,147
Management and administrative	81,999	40,553
Total operating expenses	105,822	66,700
Operating loss before amortization	(105,822)	(66,700)
Amortization of water pumping rights	(173,057)	(173,057)
<b>Operating loss</b>	(278,879)	(239,757)
<b>Non-operating revenues:</b>		
Interest revenue on cash and cash equivalents	3,203	499
Other revenues	-	17,697
Total non-operating revenues, net	3,203	18,196
<b>Changes in net position</b>	(275,675)	(221,561)
<b>Net position – beginning of year</b>	1,816,790	2,038,351
<b>Net position – end of year</b>	\$ 1,541,115	1,816,790

See accompanying notes to the financial statements

**Monte Vista Irrigation Company**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Payments to directors	\$ (2,000)	(2,000)
Payments to vendors for services and materials	<u>(54,319)</u>	<u>(21,184)</u>
<b>Net cash used in operating activities</b>	<u>(56,319)</u>	<u>(23,184)</u>
<b>Cash flows from non-capital financing activities:</b>		
Other revenues	<u>-</u>	<u>17,697</u>
<b>Net cash provided by non-capital financing activities</b>	<u>-</u>	<u>17,697</u>
<b>Cash flows from investing activities:</b>		
Interest earnings	<u>3,199</u>	<u>499</u>
<b>Net cash provided by investing activities</b>	<u>3,199</u>	<u>499</u>
<b>Net decrease in cash and cash equivalents</b>	(53,120)	(4,988)
<b>Cash and cash equivalents – beginning of year</b>	<u>205,133</u>	<u>210,121</u>
<b>Cash and cash equivalents – end of year</b>	<u>\$ 152,013</u>	<u>205,133</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ <u>(278,879)</u>	<u>(239,757)</u>
<b>Adjustments to reconcile operating loss to net cash used in operating activities:</b>		
Amortization of water pumping rights	173,057	173,057
<b>Change in assets and liabilities:</b>		
Increase in liabilities:		
Accounts payable and accrued expenses	<u>49,503</u>	<u>43,516</u>
<b>Total adjustments</b>	<u>222,560</u>	<u>216,573</u>
<b>Net cash used in operating activities</b>	<u>\$ (56,319)</u>	<u>(23,184)</u>
<b>Non-cash investing and financing transactions:</b>		
Change in fair market value of investments	<u>\$ -</u>	<u>-</u>

See accompanying notes to the basic financial statements

**Monte Vista Irrigation Company**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

The Monte Vista Irrigation Company (MVIC) was incorporated on June 29, 1908. The MVIC is a California nonprofit public benefit corporation formed to assist the Monte Vista Water District (District) with the purchase of water and pumping rights from the Chino Basin Watermaster and as such has no employees or other operations. On January 27, 1999, the District acquired the outstanding shares of stock of the MVIC. In conjunction with the transfer of the shares to the District, the MVIC transferred to the District all of its rights, title, and interest to approximately 6,710 acre feet of available water, which is comprised of water in storage with the Chino Basin Watermaster and unused pumping rights. The MVIC is governed by a board of five directors, each of whom must be members of the District's Board.

The MVIC is a legally separate entity which is reported as a component unit of the Monte Vista Water District under the provisions of *Governmental Accounting Standards Board Statement No. 61 – The Financial Reporting Entity, Omnibus*. This Statement is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and local Governments*.

**B. Basis of Accounting and Measurement Focus**

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

Operating revenues, such as water sales, result from exchange transactions associated with the principal activity of the MVIC. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as grant funding and investment income, result from non-exchange transactions, in which, the MVIC gives (receives) value without directly receiving (giving) value in exchange.

**C. Financial Reporting**

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

The Company has adopted the following GASB pronouncements in the current year:

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

**Monte Vista Irrigation Company**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Financial Reporting, continued**

Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 96***

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position**

**1. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in the MVIC equity during the reporting period. Actual results could differ from those estimates.

**2. Cash and Cash Equivalents**

Substantially all of MVIC’s cash is invested in interest bearing cash management accounts. The MVIC considers all highly liquid investments with initial maturities of three months or less to be a cash equivalent.

**Monte Vista Irrigation Company**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued**

**3. Investments and Investment Policy**

The MVIC has adopted an investment policy directing the Assistant General Manager/Chief Financial Officer to deposit funds in financial institutions. Investments are to be made in the following areas:

- Securities of the U.S. government or its agencies
- Demand notes
- Money market securities
- California Local Agency Investment Fund (LAIF)

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**4. Fair Value Measurement and Application**

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – Valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3** – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

**5. Due from Monte Vista Water District**

The MVIC extends credit to customers in the normal course of business. Management deems all accounts receivable at June 30, 2022, as collectible. Accordingly, an allowance for doubtful accounts has not been recorded. At June 30, 2022 and 2021, the balance due from Monte Vista Water District was \$1,755,750, respectively.

**6. Capital Assets – Water Pumping Rights**

Capital assets acquired and/or constructed are capitalized at historical cost. MVIC's policy has set the capitalization threshold for reporting capital assets at \$5,000. Amortization is recorded on a straight-line basis over the estimated useful lives of the assets. Pumping rights are amortized over a twenty-five-year period.

**Monte Vista Irrigation Company**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued**

**7. Net Position**

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position.
- **Restricted** – Consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments, or constraints imposed by law through enabling legislation.
- **Unrestricted** – Consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted components of net position

**(2) Cash and Cash Equivalents**

Cash and cash equivalents as of June 30, consist of the following:

	<b>2023</b>	<b>2022</b>
Deposits with financial institutions	\$ 6,195	62,519
California Local Agency Investment Fund	145,818	142,614
Total	\$ 152,013	205,133

As of June 30, the Company's authorized deposits had the following maturities:

	<b>2023</b>	<b>2022</b>
Deposits held with the California Local Agency Investment Fund	260 days	311 days

***Authorized Deposits and Investments***

The MVIC's investment policy only authorizes deposits and investments in certain items as listed in Note 1(D)(3) to the financial statements. The MVIC's investment policy does not contain any specific provisions intended to limit its exposure to interest rate risk, credit risk, custodial risk, and concentration of credit risk.

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

**Monte Vista Irrigation Company**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(2) Cash and Cash Equivalents, continued**

***Custodial Credit Risk, continued***

The Code and the MVIC's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments.

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balance, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the MVIC's name.

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The MVIC's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

***Credit Risk***

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization; however, LAIF is not rated.

***Concentration of Credit Risk***

The MVIC's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The MVIC's deposit portfolio with governmental agencies, LAIF, is 96% and 70% as of June 30, 2023 and 2022, respectively, of the MVIC's total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5% or more of the MVIC's total investments.

***Investment in State Investment Pool***

The Company is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Company's investment in this pool is reported in the accompanying financial statements at amounts based upon the Company's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio.) The balance is available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

**(3) Investment in San Antonio Water Company**

In 2002, the MVIC purchased one share of stock in the San Antonio Water Company (SAWC) at a cost of \$4,500. Ownership of at least one share of stock was necessary for the MVIC to purchase water held in storage by the SAWC within the Chino Groundwater Basin for groundwater replenishment purposes.

**(4) Water Pumping Rights, net**

Changes in water pumping rights for 2022 were as follows:

**Monte Vista Irrigation Company**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

	<b>Balance 2022</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>Balance 2023</b>
Amortizable assets:				
Pumping rights	\$ 4,326,437	-	-	4,326,437
Total amortizable assets	4,326,437	-	-	4,326,437
Accumulated amortization	(4,066,840)	(173,057)	-	(4,239,897)
Total amortizable assets	\$ 259,597	(173,057)	-	86,540

Changes in water pumping rights for 2021 were as follows:

	<b>Balance 2021</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>Balance 2022</b>
Amortizable assets:				
Pumping rights	\$ 4,326,437	-	-	4,326,437
Total amortizable assets	4,326,437	-	-	4,326,437
Accumulated amortization	(3,893,783)	(173,057)	-	(4,066,840)
Total amortizable assets	\$ 432,654	(173,057)	-	259,597

**(5) Net Position**

Calculation of net position as of June 30, were as follows:

	<b>2023</b>	<b>2022</b>
<b>Net investment in water pumping rights:</b>		
Water pumping rights, net	\$ 86,540	259,597
<b>Total net investment in capital assets</b>	86,540	259,597
<b>Unrestricted net position:</b>		
<b>Non-spendable net position:</b>		
Prepaid expenses	2,061	2,056
<b>Total non-spendable net position</b>	2,061	2,056
<b>Spendable net position:</b>		
Unrestricted	1,452,514	1,555,137
<b>Total spendable net position</b>	1,452,514	1,555,137
<b>Total unrestricted net position</b>	1,454,575	1,557,193
<b>Total net position</b>	\$ 1,541,115	1,816,790



**Monte Vista Irrigation Company**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(6) Governmental Accounting Standards Board Statements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the issue date, that have effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 99***

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 100***

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

**Monte Vista Irrigation Company**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**(6) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 101***

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

**(7) Commitments and Contingencies**

***Litigation***

In the ordinary course of operations, the MVIC is subject to claims and litigation from outside parties. After consultation with legal counsel, the Company believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

**(8) Subsequent Events**

Events occurring after June 30, 2023 have been evaluated for possible adjustment to the financial statements or disclosure as of December 13, 2023, which is the date the financial statements were available to be issued.



# Monte Vista Irrigation Company

January 24, 2024

Honorable Board of Directors  
Monte Vista Irrigation Company

**SUBJECT: Outstanding Accounts Receivable from Monte Vista Water District**

**STAFF RECOMMENDATION:**

It is recommended that the Board of Directors receive and file this report acknowledging no change in the outstanding accounts receivable balance due from Monte Vista Water District.

**CALIFORNIA ENVIRONMENTAL QUALITY ACT DETERMINATION:**

Staff has determined the project would be consistent with the requirements of Sections 15061(b)(1), 15301, and 15303 of the State California Environmental Quality Act Guidelines, and no exceptions apply. Therefore, the project is categorically exempt from California Environmental Quality Act.

**FINANCIAL IMPACT:**

None.

**DISCUSSION:**

As part of an ongoing practice between the Monte Vista Irrigation Company (Company) and Monte Vista Water District (District), a decision is made annually whether to purchase Company water rights to offset projected District over-production. The purchase is then reported to Chino Basin Watermaster (Watermaster) as a transfer of groundwater rights. Internally, the District records the transaction as an outstanding receivable due to the Company. This process saves the District replenishment costs associated with the purchase of water supplies. Under Watermaster's "85/15 Rule," the District receives a 15% subsidy from the Appropriative Pool to offset the purchase of Company water rights if the District overproduces its rights in the given production year. For the audited financial statement ending June 30, 2023, the outstanding accounts receivable due from the District was \$1,755,749.88.

**Financial Summary**

Annually, the Company incurs expenses paid directly from its bank account at Citizens Business Bank. Expenses include items such as legal services, Watermaster assessments, auditing and director fees, and insurance. The audited financial statements as of June 30, 2023, reflected a cash balance of \$6,194.72.

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**Sandra S. Rose**  
President

**G. Michael Milhiser**  
Vice President

**Tony Lopez**  
Board Auditor

**Philip L. Erwin**  
Director

**Manny Martinez**  
Director

**Outstanding Accounts Receivable from Monte Vista Water District**

Respectfully submitted,



Leah I. Nazaroff  
Accounting Manager



Stephanie A. Reimer  
Treasurer



Justin M. Scott-Coe  
Manager



**Check History Listing**  
Monte Vista Water District

Bank code: mvicap

Check #	Date	Vendor	Status	Clear/Void Date	Invoice	Inv. Date	Amount Paid	Check Total
1447	07/20/2023	010961 NOSSAMAN LLP	C	07/31/2023	549828 MVIC	07/10/2023	6.51	6.51
1448	07/27/2023	008985 PHILLIP ERWIN			07-2023MVIC	07/12/2023	250.00	250.00
1449	07/27/2023	008986 ANTHONY LOPEZ			07-2023 MVIC	07/12/2023	250.00	250.00
1450	07/27/2023	008987 MANNY MARTINEZ			07-2023 MVIC	07/12/2023	250.00	250.00
1451	07/27/2023	008988 G. MICHAEL MILHISER			07-2023 MVIC	07/12/2023	250.00	250.00
1452	07/27/2023	008989 SANDRA ROSE			07-2023 MVIC	07/12/2023	250.00	250.00
1453	08/10/2023	010961 NOSSAMAN LLP			550995 MVIC	08/07/2023	38.37	38.37
1454	11/09/2023	000046 CHINO BASIN WATERMASTEF			AP24-51-ADM	10/30/2023	154.25	154.25
1455	11/09/2023	000120 KIDMAN GAGEN LAW LLP			13358	11/02/2023	5,675.00	5,675.00
1456	11/09/2023	010961 NOSSAMAN LLP			554741 MVIC	11/07/2023	1,422.50	1,422.50
1457	12/07/2023	000046 CHINO BASIN WATERMASTEF			AP24-73	11/16/2023	19,425.02	19,425.02
1458	12/14/2023	011271 C.J. BROWN & COMPANY, CP/			113023CJB-MVIC	11/30/2023	2,000.00	2,000.00
1459	12/14/2023	000120 KIDMAN GAGEN LAW LLP			13380	12/01/2023	2,075.00	2,075.00
1460	12/14/2023	010961 NOSSAMAN LLP			555973 MVIC	12/06/2023	100.76	100.76

**mvicap Total: 32,147.41**

14 checks in this report

**Total Checks: 32,147.41**