

# PANOCHÉ WATER DISTRICT

## REGULAR BOARD OF DIRECTORS MEETING

October 15, 2024 at 9:30 am

### MEETING LOCATION

Panoche Water District Boardroom  
52027 West Althea Ave.  
Firebaugh, CA 93622

## AGENDA

**PRESIDENT'S ANNOUNCEMENT:** Pursuant to Government Code Section 54952.3, Water Code sections 34740 and 34741, and the District's Bylaws, let it be known that Board members may receive either: A \$100.00 stipend as compensation for participation in today's meeting and for each day's service rendered as a Director, not to exceed a total of \$600.00 in any calendar month, or, as an Executive Officer of the District, a \$500.00 per month stipend as compensation for their service to the District.

**1. CALL TO ORDER**

**2. ROLL CALL:** A quorum will be confirmed, and the Board will consider appointment of an acting Officer (s) in the event the President, Vice-President, and/or Secretary is absent from the meeting.

**3. POTENTIAL CONFLICTS OF INTEREST:** Any Board member who has a potential conflict of interest may now identify the Agenda Item and recuse themselves from discussing and voting on the matter. [Government Code Section 87105]

**4. PUBLIC COMMENT:** The Board of Directors welcomes participation in Board meetings. The public may address matters under the jurisdiction of the Board that have not been posted in the Agenda. The public will be given the opportunity to address the Board on any item in the Agenda at this time or before the Board's consideration of that item. If members of the public desire to address the Board relative to a particular Agenda item at the time it is to be considered, they should so notify the President of the Board at this time. Please note, California Law prohibits the Board from taking action on any matter during a regular meeting that is not on the posted Agenda unless the Board determines that it is an emergency or one of the other situations specified in Government Code Section 54954.2. During a special meeting, the Board may not take action on any matter that is not on the posted Agenda. The President may limit the total amount of time allocated for public comment on particular issues to 3 minutes for each individual speaker.

### ACTION ITEMS

- 5. THE BOARD TO REVIEW AND CONSIDER ACCEPTING AS FINAL THE PRICE, PAIGE, & COMPANY DRAFT AUDIT OF THE FINANCIAL STATEMENTS FOR THE FISCAL-YEAR ENDING FEBRUARY 28, 2024, SUBJECT TO ANY FURTHER BOARD DIRECTION (Fausto Hinojosa/Price, Paige / Brazil)**

6. **THE BOARD TO REVIEW AND CONSIDER APPROVING THE SEPTEMBER 10, 2024, BOARD MEETING MINUTES** (Reyes)
7. **BOARD TO REVIEW AND GIVE DIRECTION TO STAFF REGARDING THE SUBSIDENCE MITIGATION POLICY ALONG THE DELTA MENDOTA CANAL WITHIN THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT'S DELTA MENDOTA SUBBASIN** (McGowan)
8. **FINANCIAL REPORTS** (Brazil)
  - A. Accounts Payable
  - B. Monthly Financials
  - C. FYE 2024 Budget-to-Actual Report
  - D. Other financial matters affecting the District

### REPORT ITEMS

9. **DIVISION REPORTS**
  - A. Water Supply Update (Reyes)
  - B. Operations & Maintenance (Carlucci)
  - C. Domestic Water Treatment Plant (McGowan)
  - D. Ethics, Compliance, and Risk Management Update (McGowan)
    - I. Update on Forefront Solar Project
    - II. Update on USBR Water Smart Grant Project for Contour Canal and Expenses
  - E. Human Resources Update (Brazil)
  - F. Other Matters
10. **THE BOARD TO RECEIVE UPDATES FROM STAFF ON VARIOUS MATTERS AFFECTING THE DISTRICT** (McGowan)
11. **GENERAL MANAGER'S REPORT** (McGowan)
  - A. Sustainable Groundwater Management Act
    - I. Central Delta Mendota SSMA
  - B. Los Vaqueros Expansion Project
  - C. Water Supply, Storage, and Conveyance Discussions
    - I. Water Banking Opportunities
    - II. Draft Term Sheets
    - III. Tier 3 Water
    - IV. District Wells
  - D. SLDMWA
    - I. Healthy Rivers & Landscapes Fee
  - E. Proposition 218 Bond Reconciliation
  - F. Other: ACWA Water Forum
12. **REPORTS ON OTHER ITEMS PURSUANT TO GOVERNMENT CODE SECTION 54954.2(a)(3)**
13. **PANOCHÉ WATER & DRAINAGE DISTRICTS JOINT CLOSED SESSION:** Conference with Legal Counsel.

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
Significant Exposure to Litigation pursuant to Section 54956.9(d), paragraph (2) or (3):  
Number of Cases: Three
- B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to Section 54956.9(d)(1):  
Names of Cases:
  - I. PCFFA v. Glaser, et. al.  
US District Court, E.D. Cal, Case No. 2:11-cv-02980

**REPORT FROM JOINT CLOSED SESSION (GOVERNMENT CODE SECTION 54957.1)**

**14. PANOCHÉ WATER DISTRICT CLOSED SESSION**

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
Significant Exposure to Litigation pursuant to Section 54956.9(d), paragraph (2) or (3):  
Number of Cases: Four
- B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to Section 54956.9(d)(1):

Names of Cases:

- i. Center for Biological Diversity, et al. v. United States, et al.  
US District Court, E.D. Cal, Case No. 1:20-CV-00760 DAD-EPG
  - ii. North Coast Rivers Alliance, et al. v. Kenneth Salazar, et al.  
US District Court, E.D. Cal., Case No. 1:16-cv-00307-DAD-SKO
  - iii. Firebaugh Canal Water District & Central California Water District v. United States, et al. US District Court, E.D. Cal., Case 1:88-cv-00634-LJO-SKO
- C. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Pursuant to Section 54956.8

Property: Land and Associated Infrastructure  
Agency Negotiator: Patrick McGowan, General Manager  
Negotiating Parties: Panoche Water District  
Under Negotiation: Price and Terms

Property: Water  
Agency Negotiator: Patrick McGowan, General Manager  
Negotiating Parties: Panoche Water District  
Under Negotiations: Price and Terms

Property: Real Property

Agency Negotiator: Patrick McGowan, General Manager  
Negotiating Parties: Panoche Water District, SLDMWA  
Under Negotiations: Price and Terms

D. CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Gov. Code Section 54957.6

Agency Designated Representative: Patrick McGowan, General Manager

Employee Organization: International Brotherhood of Electrical Workers

E. PUBLIC EMPLOYEE PERFORMANCE EVALUATION Pursuant to Gov. Code section 54957(b)(1)

Title: General Manager

**REPORT FROM CLOSED SESSION**

**15. FUTURE MEETING DATES**

A. Board to consider action to set special meeting date(s)

I. SSMA & MOA Approval Prior to 11-1-24

B. Next regular meeting date: November 12th, 2024

**16. ADJOURNMENT**

- ❖ Items on the Agenda may be taken in any order.
- ❖ Action may be taken on any item listed on the Agenda.
- ❖ Writings relating to open session: Agenda items that are distributed to members of the Board of Directors will be available for inspection at the District office, excluding writings that are not public records or are exempt from disclosure under the California Public Records Acts.

Americans with Disabilities Act of 1990: Under this Act, a qualifying person may request that the District provide a disability-related modification or accommodation in order to participate in any public meeting of the District. Such assistance includes alternative formats for the agendas and agenda packets used for any public meetings of the District. Requests for assistance shall be made in person, in written form, or via telephone by calling (209) 364-6136. Requests must be received at least 18 hours prior to a scheduled public meeting.

Investment Information Disclaimer: This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Section 54950 et seq., and has not been prepared with a view to informing an investment decision in any of the District's bonds, notes, or other obligations. Any projections, plans, or other forward-looking statements included in the information in this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of the District's bonds, notes or other obligations and investors and potential investors should rely only on information filed by the District on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the World Wide Web at <https://emma.msrb.org/>.



September 12, 2024

To the Board of Directors  
Panoche Water District  
Firebaugh, California

We have audited the financial statements of Panoche water District (the District) for the year ended February 29, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter previously provided to you. 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 District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended February 29, 2024. We noted no transactions entered into by the District 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 most sensitive estimates affecting the District's financial statements were:

Management has determined the economic useful lives of fixed assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the District. We evaluated the key factors and assumptions used by management in computing depreciation expense and believe that it is reasonable in relation to the financial statements taken as a whole.

Management estimate of the allowance for doubtful accounts is based on various factors including: balance outstanding, collection history, time balances outstanding, and collateral. We evaluated the key factors and assumptions used by management in computing allowance for doubtful accounts and believe that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of Commitments and Contingencies. Note 13 to the financial statements describes contingencies that may result from ongoing investigations by several regulatory and governmental entities.

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

570 N. Magnolia Avenue, Suite 100  
Clovis, CA 93611  
tel 559.299.9540  
fax 559.299.2344

### *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. Management has corrected all such misstatements. The attached schedule summarizes corrected audit adjustments detected as a result of our audit procedures.

### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 12, 2024.

### *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 District'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 District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In our audit engagement letter previously provided to you, we communicated the following significant risks of material misstatement (significant risks) as part of our audit planning:

- Management override of controls
- Improper revenue recognition due to fraud

During the course of the audit, we identified an additional significant risk:

- The risk that intercompany activity between Water and Drainage District is not properly accounted for.

These risks were addressed within our audit procedures, and we have no findings to report related to these risks.

### Other Matters

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

### Restriction on Use

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

Very truly yours,

*Price Pange & Company*

**Client:** PANOCHÉ WATER DISTRICT  
**Engagement:** 2-29-24 Audit  
**Current Period:** 2/29/2024  
**Workpaper:** Attachment: Corrected Audit Adjustments

Account	Description	Debit	Credit	Net Income Effect
<b>AJE100</b>				
To adjust AR balance to actual and record customer prepaid/credit				
13710-000	ACCTS REC WATER UTILITIES	459,683.00	0.00	
24205-000	PREPAID CUSTOMER ACCOUNTS	0.00	459,683.00	
<b>Total</b>		<b>459,683.00</b>	<b>459,683.00</b>	<b>0.00</b>
<b>CJE01</b>				
To record the credit to AR 13740-000				
13740-000	AR-OTHER	0.00	11,675.00	
49690-000	INCOME FROM SALE FIXED ASSETS	11,675.00	0.00	
<b>Total</b>		<b>11,675.00</b>	<b>11,675.00</b>	<b>(11,675.00)</b>
<b>GRAND TOTAL</b>		<b>471,358.00</b>	<b>471,358.00</b>	<b>(11,675.00)</b>

# Panoche Water District | Firebaugh, CA

Financial Statements

For the Year Ended February 29, 2024



**PRICE PAIGE & COMPANY**  
*Certified Public Accountants*



# TABLE OF CONTENTS

	PAGE
<b>Independent Auditor’s Report</b> .....	1
<b>Management’s Discussion and Analysis</b> .....	4
<b>Basic Financial Statements:</b>	
Statement of Net Position .....	11
Statement of Revenues, Expenses and Changes in Net Position .....	12
Statement of Cash Flows .....	13
Notes to the Basic Financial Statements .....	15
<b>Other Independent Auditor’s Report:</b>	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	29
<b>Findings and Questioned Costs:</b>	
Schedule of Findings and Questioned Costs .....	32
Summary Schedule of Prior Audit Findings .....	33



**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Panoche Water District  
Firebaugh, California

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of Panoche Water District (the District) as of and for the year ended February 29, 2024, and the related notes to the financial statements, which collectively comprise the District'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 District, as of February 29, 2024, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 District 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 District'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. 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.

570 N. Magnolia Avenue, Suite 100  
Clovis, CA 93611

tel 559.299.9540  
fax 559.299.2344

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 District'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 District'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 management's discussion and analysis on pages 4-9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2024, on our consideration of the District'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 District'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 the District's internal control over financial reporting and compliance.

*Price Pange & Company*

Clovis, California  
September 12, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **History & Background**

The Management's Discussion and Analysis (the MDA) of Panoche Water District (the District or Water District) provides an overview of the financial activities and transactions for the fiscal-year ended February 29, 2024, in the context of the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as amended. The MDA is designed to provide the District's citizens, taxpayers, customers, and creditors with a financial overview and highlights of the primary factors affecting the District's finances and operations. This discussion and analysis should be read in conjunction with the District's audited financial statements and accompanying notes.

The District was formed in, and has operated continuously since, 1950 under the California Water District Law (Division 13 of the California Water Code), for the purpose primarily of furnishing irrigation water for agricultural use within the District. The District includes approximately 38,231 acres located on the west side of the San Joaquin Valley in northwestern Fresno and southwestern Merced Counties of which approximately 36,970 acres are irrigable. The Delta-Mendota Canal, the San Luis Canal, and Interstate 5 pass through or are in close proximity to the District. The District primarily supplies water for Agricultural ("Ag") purposes, with a small amount of water delivered for Municipal & Industrial ("M&I") purposes, to approximately 106 landowners and lessees through its contract (14-06-200-7864A-IR1-P) with the United States Bureau of Reclamation (USBR) for water service from the Central Valley Project (the "CVP"). The District holds other contracts with the USBR for the conveyance and storage of supplemental supplies and for the purchase or exchange of refuge water supplies, in addition to other agreements with other entities to acquire supplemental water supplies.

### **Financial Reporting**

The District's accounting records are maintained in accordance with Generally Accepted Accounting Principles as prescribed by the GASB, which is the accrual basis of accounting for the District.

### **Description of Basic Financial Statements**

This discussion and analysis provides an introduction and a brief description of the District's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The District's financial statements include five components:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to Basic Financial Statements
- Required Supplementary Information

The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as net position. Net position is displayed in two categories:

- Net investment in capital assets
- Unrestricted

The Statement of Net Position provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The Statement of Revenues, Expenses and Changes in Net Position presents information which shows how the District's net position changed during the fiscal year. All the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of timing of the related cash flows. The Statement of Revenues, Expenses and Changes in Net Position measures the effect of the District's operations over the past year and indicates whether the District has covered its costs through user fees and other charges or from cash reserves.

The Statement of Cash Flows provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in three categories:

- Operating
- Investing
- Capital and Related Financing

This statement differs from the Statement of Revenues, Expenses and Changes in Net Assets by only accounting for transactions that result in cash receipts or cash disbursements.

The Notes to the Basic Financial Statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

#### **Financial Highlights**

- The District's assets exceeded liabilities at the close of fiscal-year 2024, resulting in a net position of \$14,618,839.
- The District's current year net position increased by \$1,519,399 and is predominately attributed to increases in operating revenues compared to fiscal-year 2023.
- During the fiscal-year 2024, the District's revenues increased by \$4,667,613, or 25%, and expenses increased by \$2,446,915, or around 13%.
- For fiscal-year 2024, operating expenses exceeded operating revenues by \$3,054,272.
- The District's cash balance on February 29, 2024, was \$11,448,128 representing an increase of \$5,096,063 from February 28, 2023.

**Statement of Net Position**

To begin our analysis, a summary of the District's Statements of Net Position is presented below:

	2024	2023	Increase (Decrease)	Percent Change
Current assets	\$ 17,797,044	\$ 19,804,566	\$ (2,007,522)	-10%
Capital assets	16,133,159	17,260,884	(1,127,725)	-7%
Other noncurrent assets	<u>1,743,628</u>	<u>403,673</u>	<u>1,339,955</u>	332%
Total assets	<u>35,673,831</u>	<u>37,469,123</u>	<u>(1,795,292)</u>	-5%
Current liabilities	2,220,802	5,019,391	(2,798,589)	-56%
Noncurrent liabilities	<u>18,834,190</u>	<u>19,350,292</u>	<u>(516,102)</u>	-3%
Total liabilities	<u>21,054,992</u>	<u>24,369,683</u>	<u>(3,314,691)</u>	-14%
Net position:				
Net investment in capital assets	6,164,823	7,242,239	(1,077,416)	-15%
Unrestricted	<u>8,454,016</u>	<u>5,857,201</u>	<u>2,596,815</u>	44%
Total net position	<u>\$ 14,618,839</u>	<u>\$ 13,099,440</u>	<u>\$ 1,519,399</u>	12%

The District's net position increased by \$1,519,399 between fiscal-year 2023 and 2024 from \$13,099,441 to \$14,618,839 due to operating revenues exceeding operating expenses. The District's net position reflects its investment in capital assets (e.g., land and land rights, sources of water supply, canal structures, automobiles and trucks, machinery & equipment, building and improvement, office furniture and equipment, and the surface water treatment plant) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The decrease in capital assets of \$1,127,725, or about 7%, is primarily due to current year depreciation.

The decrease in current liabilities of \$2,798,589 or about 56% is the result of normal operations.

**Statement of Revenues, Expenses and Changes in Net Position**

	2024	2023	Increase (Decrease)	Percent Change
Operating revenues	\$ 23,311,466	\$ 18,643,853	\$ 4,667,613	25%
Operating expenses	<u>(20,257,194)</u>	<u>(19,028,721)</u>	<u>(1,228,473)</u>	6%
Operating income (loss)	3,054,272	(384,868)	3,439,140	-894%
Nonoperating revenues/(expenses)	<u>(1,534,873)</u>	<u>(316,431)</u>	<u>(1,218,442)</u>	385%
Change in net position	1,519,399	(701,299)	2,220,698	-317%
Net position - beginning	<u>13,099,440</u>	<u>13,800,739</u>	<u>(701,299)</u>	-5%
Net position - ending	<u>\$ 14,618,839</u>	<u>\$ 13,099,440</u>	<u>\$ 1,519,399</u>	12%

- Operating revenues and expenses increased due to actual water deliveries activity compared to prior water year.
- Non-operating revenues/(expenses) increased when compared to FY23 mainly due to bad debt write offs.

**Capital Assets**

The District’s capital assets as of February 29, 2024, amount to \$16,133,159, net of accumulated depreciation. The total purchase in capital assets for the current fiscal year was approximately \$339,146, or about 2%. Major capital asset events during the current fiscal year included:

- 2023 Ford F350 Super Cab \$62,027
- Contour Canal Remodel \$242,822
- Ditch Liner \$19,365

Additional information on the District’s capital assets can be found in Note 4 of the financial statements.

**Long-term Debt**

On February 29, 2024, the District had \$18,834,190 of long-term debt; this represents a decrease of \$516,102 or about 3% from the prior year. Of this amount, \$465,793 was due within the next twelve months. More detailed information about the District’s long-term debt is presented in Note 6 of the financial statements.

**Major Economic Factors and Other Issues Affecting the District’s 2024 Fiscal-Year**

The primary factor affecting the District’s finances year-over-year is water supply. On average, the District relies upon its contract with the USBR for the majority of the water it delivers in any given year to the District’s growers. Other sources of supply include additional agreements with USBR for supplemental water, other agreements with other entities for supplemental water, and local supplies including groundwater and recycled drainage. Other factors impacting the District’s finances include third-party costs to convey water to the District, labor, energy, regulation, and the cost to operate, maintain, and repair the District’s aging infrastructure.



### **Water Supply**

The District's primary source of water is its contract with the USBR for water service from the Central Valley Project (CVP). In the early 1950's, the USBR completed construction of the Delta-Mendota Canal, which provided the District an opportunity for a long-term, reliable source of surface water. In August 1955, the District executed a 40-year contract with the USBR providing for water service from the CVP and a firm water supply of up-to 94,000 acre-feet per year. In the 1960's, the USBR and the California Department of Water Resources undertook the joint effort to build the San Luis Reservoir and San Luis Canal, thereby creating the CVP San Luis Unit. In August 1974, the District entered into a new contract with the USBR to provide for new points of delivery, storage, and drainage service from the San Luis Unit. The 1974 contract expired at the end of 2008 and the District operated under a series of "Interim Renewal Contracts" ("IRC") for a number of years. The District's sixth IRC expired at the end of the 2021 fiscal-year. In February 2021, the District's Board authorized execution of the District's seventh IRC, which provided a basis for CVP and other water delivery from the San Luis unit until the District's permanent Repayment Contract, executed under authority granted under the Water Infrastructure Improvements for the Nation Act (Public Law 114-322, 130 Stat. 1628), became effective on July 1, 2021. Under each of its various Federal contracts since 1955, the District has contracted for a 94,000 acre-foot supply of CVP water per year. For planning purposes, under the current regulatory regime, the District projects receiving 50% of its CVP contract allocation on average.

At the end of the 2024 fiscal-year, the District held two other contracts with the USBR to provide for the conveyance, storage, exchange, and/or purchase of supplemental non CVP water supplies. These agreements are commonly referred to as Warren Act Contracts and executed under authority of the Act of June 17, 1902 (32 Stat, 388) and acts mandatory thereof or supplementary thereto. One allows for the conveyance and storage of supplemental non CVP, water acquired by the District in Northern California. The other allows for the conveyance and storage of local groundwater developed by the District. A third agreement, which provides for the exchange and/or purchase of locally developed groundwater by the District for the USBR to supplement its refuge management water supply, was under negotiation and ultimately executed on April 1, 2022.

In addition, at the end of the 2024 fiscal-year, the District had five agreements for the purchase of supplemental water from other entities. These agreements, in general, have pricing structures that inversely relate to annual allocations of CVP contract water. In other words, when CVP allocations are high, supplemental water prices are lower and when CVP allocations are low, supplemental water prices are higher. In addition to potential swings in the price of water, the rate to deliver water, both to the District and within the District, can vary dramatically as water supply dependent, forecasted deliveries are the denominator used to set the delivery rate. Therefore, the delivery rate can expand or contract significantly. Higher delivery rates, coupled with higher water prices, can force some growers to fallow land and/or deficit irrigate perennial crops, compounding the impact on delivery rates through diminished deliveries.

### **Cash Advances**

Irrigation and Drainage are inherently linked, and Drainage management is vital to the District's agricultural productivity and sustainability. The San Luis Act (Pub. L. No. 86-488, 74 Stat. 156 (1960)) recognizes this reality and imposes an obligation on the Federal government for it to provide drainage service to lands receiving water through the San Luis Unit, i.e, to San Luis Unit Contractors like the district. Management of the District's drainage is performed, in large part, by the Panoche Drainage District. The Panoche Drainage District is administering a California Proposition 84 grant to implement the Westside Regional Drainage Plan (The "Plan"). The Water District is the largest beneficiary of the Plan's implementation. The grant is a reimbursement grant, and, on occasion, the Drainage District may not have cash sufficient to support ongoing activities, so the District provides cash advances that are subsequently reimbursed. In fiscal-year 2024, the District advanced approximately \$2,016,186 to support the grant activities, which it expects to recover from the Drainage District in fiscal-year 2025.

**Accounts Receivable**

The liabilities related to the SJRIP primarily stem from its service rate having been set too low from the fiscal-year ending 2018 through 2021, thereby creating a need for cash to maintain its vital function. This was a period of significant transition for the SJRIP as a new management team was established, revenues from grants were suspended, and governance and financial responsibility for the SJRIP was being transformed through the formation of a new joint-powers authority, the Grassland Basin Authority. The joint powers agreement was signed in June 2019. During this transition period, services provided to the SJRIP through the PDD continued to be provided by the District. While cognizant of the growing liability, as the District is the largest entity dependent upon the essential drainage management services provided by the SJRIP, and in the interest of facilitating the transition of the SJRIP operations to the joint-powers authority, the District allowed the liabilities to accumulate as the SJRIP could not meet its reimbursement obligations as and when they fell due. During the fiscal year the District established a repayment schedule with the Grasslands Basin Authority. This agreement when executed, generated the \$1,498,674 bad debt expense on the Statement of Revenues, Expenses and Changes in Net Position for the current 2024 fiscal-year.

**Contacting the District Regarding Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the financial resources it manages. The District can be contacted for questions about this report or additional financial information at 52027 West Althea Avenue, Firebaugh, California 93622, or by phone at (209) 364-6136.

## **BASIC FINANCIAL STATEMENTS**

**PANOCHÉ WATER DISTRICT | FEBRUARY 29, 2024**

## Statement of Net Position

**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 11,448,128
Accounts receivable, net	1,018,573
Accounts receivable - related party	740,234
Employees receivable	19,893
Interest receivable	65,054
Current portion of notes receivable	487,071
Current portion of notes receivable - related party	250,916
Advance to Panoche Drainage District - related party	2,016,186
Water inventory	1,553,479
Supplies inventory	128,236
Prepaid expense	69,274
Total current assets	<u>17,797,044</u>

## Noncurrent assets:

Noncurrent portion of notes receivable	1,139,196
Noncurrent portion of notes receivable - related party	604,432
Capital assets, net of accumulated depreciation/amortization	<u>16,133,159</u>
Total noncurrent assets	<u>17,876,787</u>

Total assets	<u>35,673,831</u>
--------------	-------------------

**LIABILITIES**

## Current liabilities:

Accounts payable and accrued expenses	557,090
Unearned revenue	1,197,919
Current portion of noncurrent liabilities - bonds payable	<u>465,793</u>
Total current liabilities	<u>2,220,802</u>

## Noncurrent liabilities:

Bonds payable	<u>18,834,190</u>
Total noncurrent liabilities	<u>18,834,190</u>

Total liabilities	<u>21,054,992</u>
-------------------	-------------------

**NET POSITION**

Net investment in capital assets	6,164,823
Unrestricted	<u>8,454,016</u>

Total net position	<u>\$ 14,618,839</u>
--------------------	----------------------

The notes to the basic financial statements are an integral part of this statement.

**PANOCHÉ WATER DISTRICT | FOR THE YEAR ENDED FEBRUARY 29, 2024**

Statement of Revenues, Expenses and Changes in Net Position

---

Operating revenues:	
Irrigation water sales	\$ 14,522,303
District operations and maintenance charges	5,984,624
Charges for services to other governments	517,326
Fresno County property assessments	1,389,776
Land based assessments	814,696
Other operating revenue	<u>82,741</u>
Total operating revenues	<u>23,311,466</u>
Operating expenses:	
Water costs	12,623,822
Transmission and distribution	2,323,059
Administration and general	3,235,532
Depreciation/amortization	1,440,544
General plant	<u>634,237</u>
Total operating expenses	<u>20,257,194</u>
Operating income (loss)	<u>3,054,272</u>
Nonoperating revenues (expenses):	
Interest revenue	260,594
Sale of capital assets	145,079
Bad debt recovery revenue	111,530
Bad debt expense	(1,498,674)
Interest expense	<u>(553,402)</u>
Total nonoperating revenues (expenses)	<u>(1,534,873)</u>
Change in net position	1,519,399
Net position - beginning	<u>13,099,440</u>
Net position - ending	<u>\$ 14,618,839</u>

The notes to the basic financial statements are an integral part of this statement.

**PANOCHÉ WATER DISTRICT | FOR THE YEAR ENDED FEBRUARY 29, 2024**  
Statement of Cash Flows

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and assessments	\$ 23,438,246
Payments to suppliers	(16,321,118)
Payments to employees	<u>(1,471,528)</u>
Net cash provided by (used for) operating activities	<u>5,645,600</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets (capital outlay)	(339,146)
Gross proceeds from sale of equipment	<u>183,080</u>
Net cash provided by (used for) capital and related financing activities	<u>(156,066)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Principal paid on noncapital noncurrent liabilities	(460,113)
Interest paid on noncapital noncurrent liabilities	<u>(553,402)</u>
Net cash provided by (used for) noncapital financing activities	<u>(1,013,515)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Payments received on loans to others	87,236
Payments received on loans to related party	354,215
Interest revenue	<u>178,593</u>
Net cash provided by (used for) investing activities	<u>620,044</u>
Net increase (decrease) in cash	5,096,063
Cash and cash equivalents - beginning	<u>6,352,065</u>
Cash and cash equivalents - ending	<u>\$ 11,448,128</u>
<b>Supplemental disclosure of cash flow information:</b>	
Cash paid for interest	<u>\$ (553,402)</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ 3,054,272
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation/amortization	1,440,544
(Increase) decrease in accounts receivable	(308,919)
(Increase) decrease in inventory	4,261,044
(Increase) decrease in prepaid expenses	2,928
Increase (decrease) in accounts payable and accrued expenses	166,074
Increase (decrease) in unearned revenue	<u>(2,970,343)</u>
Net cash provided by (used for) operating activities	<u>\$ 5,645,600</u>

The notes to the basic financial statements are an integral part of this statement.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

Panoche Water District (the District) was formed in 1950 pursuant to the California Water District Act to furnish irrigation water to District land in Fresno and Merced Counties, California. Land eligible for water provided by the District as of February 20, 2020, approximated 38,000 acres. The District has entered into a contract with the United States Bureau of Reclamation providing for delivery of water to the District from the Delta-Mendota and San Luis Canals of the Central Valley Project. Such contracts also include a forty-year renewal provision.

**B. Financial Reporting Entity**

The Panoche Water District Financing Corporation (the Corporation) is a component unit of the District as the Corporation's governing board is appointed by the District's Board of Directors and consists of all the members of the District's Board of Directors. The District does not have a relationship with any other related activities, organizations or functions of government which should be included in the financial reporting entity of the District as required by GASB Statement No. 14, *The Financial Reporting Entity*. In addition, the District is not a component unit of any other governmental entity.

**C. Basis of Presentation and Accounting**

The financial statements of the District are presented using the full accrual method of accounting and conform to accounting principles generally accepted in the United States of America and with the policies and procedures of the office of the State Controller for the State of California.

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a set of accounts that comprise the District's assets, liabilities, net position, revenues and expenses. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenue from fees and charges of the activity; or (ii) that are required by law or regulation that the activity's costs of providing services, including capital costs (such as depreciation or debt service) be recovered with fees and charges, rather than with taxes or similar revenue; or (iii) that the pricing policies of the activity establishes fees and charges designated to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets less total liabilities) are segregated into net investment in capital assets, restricted and unrestricted components.

**D. Budgetary Procedures**

The District operates under a budget prepared and approved by the Board of Directors. The budget is prepared on a detailed line-item basis. Revenue is budgeted by use (services and supplies, other charges, water supply and contingencies). Once approved, the Board of Directors may amend the adopted budget when unexpected modifications are required in estimated revenues and expenditures or expenses.

The District follows these procedures in establishing the budgetary data: (a) prior to the beginning of the year, the budget is legally enacted through passage of a resolution; (b) budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that loan and bond proceeds are treated as other financial sources and loan and bond principal payments and fixed asset purchases are treated as expenditures.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**E. Assets, Liabilities and Net Position**

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**Inventory**

Panoche Water District accounts for water inventory consisting of water purchases in the current fiscal year and sold in the following fiscal year, such as: USBR CVP (Central Valley Project) Contract Water, Exchange Contractor water, Non-Project water, Wells, and Transfers. The District utilizes a vigorous process of tracking all components of water inventory on a monthly basis. The new process accounts for any usage, transfers, or losses for the purposes of financial statement presentation. Water inventory is valued at cost using the average-cost method.

Supplies inventories consist of materials and supplies for ongoing maintenance of the District's facilities. Supplies inventory is valued at cost.

**Capital Assets**

Capital assets (fixed assets) are stated at historical cost, except for donated assets, which are stated at fair value on the date donated. It is the policy of the District to capitalize all property, plant and equipment, except equipment with a cost of less than \$5,000. Costs of assets sold or retired are eliminated from the accounts in the year of disposition and the resulting proceeds (if any) are recorded as proceeds of sales in the applicable fund. Depreciation is recorded using the straight-line method. The estimated useful life for the irrigation distribution system of the District is 50 years.

In July 2021, the District entered into the 2021 Bond Revenue Agreement and acquired water rights from the United States Bureau of Reclamation. The purchase price was \$9,613,131 and the District is amortizing the cost over the 30 years period.

**Operating Revenue and Expense**

Operating revenues and expenses consist of those revenues that result from ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenue and expense items that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the District's policy to apply those expenses to restricted net position to the extent such is available and then to unrestricted net position.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**E. Assets, Liabilities and Net Position** (Continued)

**Net Position**

Net position comprises the various net earnings from operating income, nonoperating revenue, expenses and capital contributions. Net position is classified in the following three components:

*Net investment in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net components as the unspent proceeds.

*Restricted* – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* – This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

**F. Estimates**

Presentation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Unrestricted cash and cash equivalents as of February 29, 2024, consist of the following:

Cash in bank	\$ 10,066,448
2021 Bond Obligation Repayment Fund (LAIF)	1,221,371
Local Agency Investment Fund (LAIF)	<u>160,309</u>
 Total	 <u>\$ 11,448,128</u>

**A. 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 District maintains its cash balances in one financial institution, Mechanics Bank.

The District’s deposits as of February 29, 2024, were entirely covered by federal depository insurance or otherwise collateralized. The Government Code of the State of California requires California financial institutions to secure District deposits by pledging government securities as collateral.

The market value of pledged securities must equal at least 110 percent of the District’s deposits. California law also allows financial institutions to secure the District’s deposit by pledging first deed of mortgage notes having a value of at least 150 percent of the District’s total deposit.

**NOTE 2 – CASH AND CASH EQUIVALENTS** (Continued)

**B. Investments Authorized**

The District strives to maintain the level of investment of idle funds as near to 100% as possible and operates its pooled idle cash investments under the Prudent Investor Standard. This affords a broad spectrum of investment opportunities so long as the investment is deemed prudent and is permissible under currently effective legislation of the State of California and other imposed legal restrictions. Permitted investments are identified in Section 53635 of the Government Code of California. Criteria for selecting investments and the absolute order of priority are safety, liquidity and yield. The primary basic premise underlying the District's investment policy is to insure the safety of principal and to provide funds when needed. A high dollar yield on investments, though important, ranks third in the priority of investment strategy.

Investment maturities are selected to anticipate cash needs, thereby obviating the need for forced liquidation and the accompanying loss of interest income.

The District operates its investment program with many Federal, State and self-imposed constraints. It does not buy stocks; it does not speculate; it does not deal in futures, options or security loan agreements. Longer term investments (over one year) are generally limited to maturities of five years or less.

To maximize investment income, the District uses all available, economically feasible investment aids. Economic conditions and various money markets are monitored in order to assess the probable course of interest rates.

**C. Local Agency Investment Fund (LAIF)**

The District participates in an external investment pool by way of its funds on deposit in the Local Agency Investment Fund (LAIF) managed by the State of California Treasurer and is not registered with the Securities and Exchange Commission. These funds are pooled with those of other agencies in the State and invested in accordance with State guidelines. The value of the District's shares in the LAIF that may be withdrawn is determined on an amortized costs basis, which may be different from the fair value of the District's position in the pool. The District's portion of the February 29, 2024, balance was \$1,381,680.

**D. Credit Rate 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. At February 29, 2024, the Local Agency Investment Fund managed by the State of California was not rated.

**E. Concentration of Credit Rate Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) did not exceed 5% or more of total District investments.

**F. Fair Value Measurement**

LAIF investment pool invests in numerous types of investments ranging all levels in the fair value hierarchy, and accordingly, is not an investment type that can be categorized in any particular level in the fair value hierarchy.

**NOTE 3 – ACCOUNTS RECEIVABLE**

A summary of accounts receivable at February 29, 2024 is as follows:

Charges for services to other governments	\$ 317,726
Water user fees	797,376
Less allowance for doubtful accounts	<u>(96,529)</u>
 Total	 <u>\$ 1,018,573</u>

**NOTE 4 – CAPITAL ASSETS**

A summary of capital assets activity for the year ended February 29, 2024 is as follows:

	Balance March 1, 2023	Additions	Deletions	Balance February 29, 2024
Capital assets being depreciated/amortized:				
Property, plant and equipment	\$ 26,924,582	\$ 339,146	\$ (751,694)	\$ 26,512,034
Acquired water rights	<u>9,613,131</u>	<u>-</u>	<u>-</u>	<u>9,613,131</u>
Total capital assets	<u>36,537,713</u>	<u>339,146</u>	<u>(751,694)</u>	<u>36,125,165</u>
Accumulated depreciation/amortization:				
Property, plant and equipment	(18,635,953)	(1,120,106)	725,367	(19,030,692)
Acquired water rights	<u>(640,876)</u>	<u>(320,438)</u>	<u>-</u>	<u>(961,314)</u>
Total accumulated depreciation/amortization	<u>(19,276,829)</u>	<u>(1,440,544)</u>	<u>725,367</u>	<u>(19,992,006)</u>
Capital assets, net of accumulated depreciation/amortization	<u>\$ 17,260,884</u>	<u>\$ (1,101,398)</u>	<u>\$ (26,327)</u>	<u>\$ 16,133,159</u>

Depreciation/amortization expense for the year ended February 29, 2024 was \$1,440,544.

**NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

A summary of accounts payable and accrued expenses at February 29, 2024 is as follows:

Trade payables	\$ 450,347
Accrued payroll expenses	54,474
Compensated absences payable	<u>52,269</u>
 Total	 <u>\$ 557,090</u>

**NOTE 6 – LONG-TERM LIABILITIES**

**A. 2022 Bonds Payable**

Following is a summary of noncurrent (long-term) liabilities for the year ended February 29, 2024:

	Balance March 1, 2023	Incurred or Issued	Satisfied or Matured	Balance February 29, 2024	Due within One Year
Direct placements:					
Bonds payable, San Luis & Delta- Mendota Water Authority	\$ 1,911,760	\$ -	\$ (90,113)	\$ 1,821,647	\$ 90,793
Total notes from direct placements	<u>\$ 1,911,760</u>	<u>\$ -</u>	<u>\$ (90,113)</u>	<u>\$ 1,821,647</u>	<u>\$ 90,793</u>

Bonds payable, San Luis & Delta-Mendota Water Authority reflects Panoche Water District’s, a Financing Participant, share of bond proceeds used to complete general planning requirements, preliminary engineering and design, and required environmental analysis and documentation leading to implementation of elements of the Bay Delta Conservation Plan. Under the Department of Water Resources (DWR) funding agreement, Westlands Water District agreed to pay 100 percent of the principal and interest when due for purposes of funding the Water Authority obligations under such agreement; failure of a Financing Participant to make payment required by this DHCCP Activity Agreement shall not relieve Westland Water District of its obligation to pay 100 percent of the outstanding bonds payable, which matured February 2043. On February 4, 2021, Panoche Water District refinanced the DWR funding agreement and has made all required scheduled payments year-to-date. The bonds bear interest at a rate of 6.8 percent per annum, with future payments summarized as follows:

Fiscal Years Ending February 28	Principal	Interest	Total
2025	\$ 90,793	\$ 43,072	\$ 133,865
2026	91,813	42,036	133,849
2027	92,834	40,770	133,604
2028	94,534	40,083	134,617
2029	95,894	38,495	134,389
2030-2034	510,075	161,650	671,725
2035-2039	578,425	93,226	671,651
2040-2042	<u>267,279</u>	<u>12,747</u>	<u>280,026</u>
Total	<u>\$ 1,821,647</u>	<u>\$ 472,079</u>	<u>\$ 2,293,726</u>

**NOTE 6 – LONG-TERM LIABILITIES** (Continued)

**B. 2021 Bonds Payable**

	Balance March 1, 2023	Incurred or Issued	Satisfied or Matured	Balance February 29, 2024	Due within One Year
Direct placements:					
2021 Bonds Payable, Panoche Financing Authority	\$ 16,490,000	\$ -	\$ (370,000)	\$ 16,120,000	\$ 375,000
2021 Bonds - Premium	1,408,645	-	(50,309)	1,358,336	-
Total notes from direct placements	<u>\$ 17,898,645</u>	<u>\$ -</u>	<u>\$ (420,309)</u>	<u>\$ 17,478,336</u>	<u>\$ 375,000</u>

In July 2021 the District issued the 2021 revenue bonds. The 2021A Bonds were issued in the aggregate principal amount of \$8,610,000 and the 2021B Bonds was issued in the aggregate principal amount of \$8,545,000. Interest on the 2021 Bonds is payable on each March 1 and September 1 (each an Interest Payment Date), commencing on March 1, 2022. In the case of default, Panoche Financing Authority shall assume custody or control of the District or any substantial part of its property.

Proceeds from the series 2021A bonds were used to prepay the district’s capital obligation to the Bureau of Reclamation (the Bureau) and convert its Central Valley Project (CVP) water supply contract to a 9(d) permanent contract from a 9(e) contract. As authorized under the Water Infrastructure Improvements for the Nation (WIIN) Act, reclamation contractors may receive 9(d) permanent contracts if they prepay their allocated share of known CVP construction costs. The permanent contractual right thereby eliminates potential contract renewal risk, administrative costs, and certain limitations on corporate farming. The district estimates that the financing after prepayment will provide a cost savings for its customers in all years where the CVP water allocation is greater than zero percent. Nevertheless, the amended contract does not give higher priority to the district’s water rights.

Series 2021B bonds proceeds were used to fund a settlement payment of approximately \$7.5 million to the Bureau and approximately \$1.1 million to the San Luis & Delta-Mendota Water Authority, both of which relate to a certain settlement agreement that was a precondition for prepayment for the CVP contract. There is no parity debt outstanding.

The 2021 Bonds installment payments of principal and interest summarized as follows:

Fiscal Years Ending February 28,	Principal	Interest	Total
2025	\$ 375,000	\$ 555,152	\$ 930,152
2026	380,000	549,561	929,561
2027	390,000	542,997	932,997
2028	395,000	535,422	930,422
2029	405,000	526,891	931,891
2030-2034	2,190,000	2,468,082	4,658,082
2035-2039	2,550,000	2,098,861	4,648,861
2040-2044	3,065,000	1,587,415	4,652,415
2045-2049	3,745,000	911,500	4,656,500
2050-2051	2,625,000	160,300	2,785,300
Subtotal	16,120,000	9,936,181	26,056,181
Plus: unamortized premium	1,358,336	-	1,358,336
Totals	<u>\$ 17,478,336</u>	<u>\$ 9,936,181</u>	<u>\$ 27,414,517</u>

**NOTE 7 – DEFICIT DEPOSITS: CENTRAL VALLEY PROJECT O&M AND CAPITAL OBLIGATIONS**

Federal legislation enacted in 1986 directed Reclamation to determine each water contractor’s share of main projects O&M costs (occurring after October 1, 1985) which are not currently reimbursed to Reclamation under existing water contracts. Reclamation was further directed to accumulate these excess costs; including interest (collectively O&M deficits) until such time that the new contracts were renewed. Beginning in fiscal-year 2022, under the new, permanent repayment contract, the District is required to reimburse Reclamation for such O&M deficits through increased costs of its water supply. As of September 30, 2023, according to Reclamation calculations, O&M deficits totaled zero.

**NOTE 8 – COMPENSATED ABSENCES**

The District has a paid vacation policy which allows employees to accumulate vacation leave. Upon termination, employees are paid their accrued vacation at the rate of pay at separation. The District has a sick leave policy which allows employees to accumulate medical sick leave. Upon termination, the District has no obligation to compensate employees for unused sick leave. As of February 29, 2024, accumulated vacation benefits were in the amount of \$52,269.

**NOTE 9 – EMPLOYEE RETIREMENT BENEFITS**

Full-time employees who have been employed by Panoche Water District for a minimum of six (6) months continuous employment and are 21 years or older are eligible to participate in the District’s 401k plan. The District will contribute 3% of the employees gross pay (not including fringe benefits) and for every percentage that the employee contributes the District will make a Safe Harbor Match up to 7%. If the employee contributes 1% of their gross the district will contribute 4%, if the employee contributes 2% the district will contribute 5%, if the employee contributes 3% the district will contribute 6% and if the employee contributes 4% of their gross the district will contribute 7%. Total District contributions for the year ended February 29, 2024, were \$84,508, with covered payroll equaling \$1,471,104.

**NOTE 10 – DEFERRED COMPENSATION**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all permanent employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

**NOTE 11 – UNEARNED REVENUE**

Unearned revenue in the amount of \$1,197,919 represents prepayments from customers and water assessments billed in the current fiscal year for water which will be delivered to water users during the next fiscal year ending February 28, 2025.

**NOTE 12 – RISK MANAGEMENT**

The District is exposed to various risks and loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is self-insured for the first \$2,500 in claims paid for auto and general liability claims. Buildings, personal property and mobile equipment are also self-insured for the first \$2,500 in claims paid.

The District is a member of the Association of California Water Agencies – Joint Powers Insurance Authority for insurance claims above the self-insured limits listed above. The District and Authority members have pooled funds to be self-insured for liability and property coverage. The District accounts for premiums paid as a pooling of risk arrangement and, accordingly, expense premiums as they are paid.

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

**A. Commitments**

As part of its ongoing operations, the District has entered into several long-term water purchase agreements. The range of terms under individual agreements are as follows: 0-94,000 acre-feet (AF) at a cost of \$35 - \$+1,000 per AF, which can differ based on water source type, Central Valley Project (CVP) South-of-Delta agricultural water contract allocations, and price escalators (if applicable); agreements expire based on individual agreement terms ranging from FY 2024 to FY 2034, and new agreements may be negotiated upon expiration.

As provided for by federal law, the District converted its CVP water service contract, which had been subject to a two-year renewal cycle, into a permanent repayment contract with the United States, Contract No. 14-06-200-7864A-IR1-P, on January 14, 2021. The Repayment Contract is for the same 94,000 acre-feet of CVP water that the water service contract provided for and had an effective date of July 1, 2021. The Repayment Obligation, as provided for in Exhibit C of the Repayment Contract, provides for either four equal installments of \$2,843,314, or for a single lump sum payment of \$11,172,832. The District chose and timely paid the lump sum payment as provided for in the Repayment Contract. In part to provide for this lump sum payment, the District performed the required analysis to levy Special Benefit Assessments (SBA) against lands in the District in accordance with Proposition 218. The landowners overwhelmingly approved of the SBA Funds from the SBA are used to provide a source of repayment for debt the District caused the Panoche Financing Authority (of which the District is a member) to issue through bonds to provide funds to make the lump sum payment.

A federal civil investigation commenced by the United States Attorney’s Office, Eastern District of California in FY 2018. The matters that appear to have been the subjects of the investigation include the rates set forth in invoices provided under grants administered by the District on behalf of the Panoche Drainage District for employees providing services, the acquisition of equipment utilizing grant funds, fees charged for certain custom harvesting and management services beginning in mid-2012, compliance with federal procurement regulations, and reporting and unauthorized diversions of water from the Delta-Mendota and San Luis Canals. The District and the United States subsequently entered into a Settlement Agreement on January 15, 2021, settling certain matters. The key financial terms of the Settlement Agreement are that the District pay the United States a total sum of \$7,462,808 (the Settlement Amount), against which 1% simple interest per year began accruing on January 15, 2021, for what the United States contends to be the District’s unauthorized diversion of water from the Delta-Mendota Canal and the San Luis Canal between 2009 and 2015. In the Settlement Agreement, the United States specifically contends that between, on or about, January 1, 2009, and April 30, 2015, the District diverted approximately 53,000 acre-feet of federally owned water from the Delta-Mendota and San Luis Canals, that the diversions were unauthorized, and that the District did not compensate the United States Bureau of Reclamation for the diversions (collectively, the Covered Conduct).



**NOTE 13 – COMMITMENTS AND CONTINGENCIES** (Continued)

**A. Commitments** (Continued)

An initial payment of \$1,000,000 was timely made to the United States as required by the Settlement Agreement. The Settlement Agreement provides that the District may pay the remainder of the Settlement Amount, to include interest accrued up to the date of payment, in one lump sum during calendar year 2021 (the Lump Sum Payment). The Settlement Agreement also provides that the District is entitled to prepay the Settlement Amount including interest accumulated to the payment date (the Payoff Amount) early, without penalty. As discussed above, the District conducted a Proposition 218 Special Benefit Assessment proceeding related to the issuance of bonds, in part to provide sufficient revenue for the Payoff Amount. The SBA was approved by a significant majority of the landowners in the District and the District complied with the terms in the Settlement Agreement regarding the Payoff Amount and provided the funds to the United States in accordance with the Settlement Agreement. The District has therefore satisfied the terms in the Settlement Agreement related to the Settlement Amount.

Subject to certain specific exceptions provided in the Settlement Agreement, and conditioned upon the District's timely payment of the amounts described above, through the Settlement Agreement the United States agreed to release the District, together with its current and former direct and indirect parent corporations, current or former direct and indirect subsidiaries or affiliates, current or former brother or sister corporations, divisions, current or former direct and indirect corporate owners, other districts for whom the District has performed or does perform services, and the corporate successors and assigns of any of them, from any civil or administrative monetary claim the United States has for the Covered Conduct, arising under the False Claims Act, 31 U.S.C. §§ 3729, et seq.; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801, et seq, the Injunctions Against Fraud Act, 18 U.S.C. §§ 1345; 18 U.S.C. Section 1956; common law theories of conversion, negligence, gross negligence, payment by mistake, unjust enrichment, money had and received, breach of fiduciary duty, breach of contract, misrepresentation, deceit, fraud, civil conspiracy, and aiding and abetting any of the foregoing; or any other statutory or common law cause of action for civil damages or civil penalties that the Civil Division of the United State Department of Justice has actual and present authority to assert and compromise pursuant to 28 C.F.R. Part O, Subpart 1, .45(d) in connection with the Covered Conduct. For purposes of the Settlement Agreement, "affiliates" includes Panoche Drainage District and any other public agency managed by the District or whose Board of Directors contains Directors or designated representatives of the District, including any joint powers authority established under California law of which the District is a member.

The Settlement Agreement contains the requirement that the District continue to maintain certain programs, policies and procedures, provide certain training and undergo a limited review annually through the period ending December 31, 2025. In the event the District does not comply, it could be subject to an annual payment of \$100,000 for each calendar year in which the non-compliance occurs. The District has engaged an independent, third party to perform an annual audit of the District compliance with the non-monetary terms of the Settlement Agreement. At this time, no threatened claim has been made against the District for non-compliance with this provision.

In addition to the above, the Settlement Agreement provides that the San Luis & Delta-Mendota Water Authority (the Water Authority) sustained damages of \$798,653 as a result of the Covered Conduct. The Settlement Agreement required the District to make reasonable efforts to negotiate and resolve the final amount to be paid by the District to the Water Authority and, in return, to obtain releases from the Water Authority for the benefit of both the District and the United States relating to the Covered Conduct.

On July 16, 2021, the District and the Water Authority entered into a Settlement Agreement and Limited Release, the terms of which satisfy the relevant requirements of the Settlement Agreement. In the Settlement Agreement and Limited Release, the District agreed to pay to the Water Authority: unpaid operations and maintenance costs associated with the Covered Conduct in the amount of \$798,653; interest thereon of around \$172,252; the Water Authority's costs of sealing certain sites related to the Covered Conduct of around \$17,766; and costs of Water Authority's staff and outside counsel time related to the negotiation of the Settlement Agreement and Limited Release of around \$60,000. The District has performed all terms under the Settlement Agreement and Limited Release.

**NOTE 13 – COMMITMENTS AND CONTINGENCIES** (Continued)

**B. Contingencies**

*USEPA Show Cause*

Based upon the litigation filed by the California Department of Justice on February 20, 2018 against certain former District employees noted below, the United States Environmental Protection Agency issued a Notice of Suspension in April 2018 to Panoche Water District and Drainage Districts, suspending the Districts from participation on future federal contracts. The suspension was subsequently reversed and a notice to show cause was issued. The District submitted documentation of its present responsibility to act as a federal contractor and provided supplemental information in the Fall of 2019. The District's understanding is that USEPA still has not acted in response to that submittal, but the District does not expect any further action by the EPA based upon the issues in that proceeding. The District is currently an authorized federal contractor.

*California Department of Justice Investigation*

Commencing in approximately May 2016, the District was subject to investigation by the California Department of Justice relating to issues regarding handling and disposal of chemicals under the jurisdiction of the Department of Toxic Substance Control. The investigation also potentially relates to whether personnel of the District may have misused District credit cards, issued or received District loans to public employees, or violated requirements under the Fair Political Practices Act. On February 20, 2018, the California Department of Justice filed a felony complaint against the former General Manager, former office manager, two former employees and one then-employee (all since separated from the District), *People v. Cascia*, Fresno County Superior Court Case No. F18901227. Following a preliminary hearing, two former employees were held over for trial on three counts each of embezzlement of public funds, and one was held over on one count of unlawful disposal of hazardous waste. At this point the likelihood that the California Department of Justice would bring any criminal complaint against the District appears to be remote.

*Federal Grand Jury Investigation Against Former District Employees*

A Federal Grand Jury investigation was initiated in May 2016, by the United States Attorney's Office, Eastern District of California, the Federal Bureau of Investigation, the Internal Revenue Service, Criminal Investigations Division and the United States Bureau of Reclamation, Office of Inspector General (hereinafter referred to as the Federal Grand Jury Investigation), when multiple subpoenas were served on the Custodian of District Records for both the District and the Panoche Drainage District, as well as on certain individual employees. The District, with its special counsel, engaged in efforts to resolve certain issues through the federal civil investigation discussed further above. As discussed above, the federal civil investigation resulted in a settlement of certain matters relating to the alleged unauthorized diversions of water.

The Federal Grand Jury Investigation included examining whether personnel of the District may have misused credit cards issued to them by using the cards at times for personal expenses and not for District business expenses and certain matters referenced in the civil investigation. The Federal Grand Jury Investigation also has sought information concerning whether certain payments made to or on behalf of employees of the District for housing, utilities, and other housing-related expenses were properly treated as business expenses, as opposed to personal expenses benefiting the employees. The District understands that the Federal Grand Jury Investigation also included an examination of the water usage by the District from the Delta-Mendota Canal and the San Luis Canal.

**NOTE 13 – COMMITMENTS AND CONTINGENCIES** (Continued)

**B. Contingencies** (Continued)

*Federal Grand Jury Investigation Against Former District Employees (Continued)*

On April 14, 2022, the United States Attorney's Office for the Eastern District of California obtained a federal grand jury indictment against Dennis Falaschi, the District's former General Manager. The indictment includes one count of conspiracy in violation of Title 18, United States Code, Section 371, one count of theft of government property in violation of Title 18, United States Code, Section 641, three counts of filing a false tax return in violation of Title 26, United States Code, Section 7206(1) and a criminal forfeiture count. The grand jury indictment alleges, among other things, that the defendant, beginning in or around 1992 and continuing to, on or about, April 30, 2015, was involved in a conspiracy to steal water from the Delta-Mendota Canal that belongs to the United States Bureau of Reclamation, and to convert it to his own use and the use of others, and to file false tax returns for certain years. The District has been advised that on or about May 28, 2024, Mr. Falaschi agreed to and pled guilty to a felony charge of conspiracy to take government property in violation of 18 U.S.C. Sections 371 and 641. We also understand that he agreed to and did plead guilty to a felony charge of filing a false tax return in violation of 26 U.S.C. Section 7206(1). Mr. Falaschi's sentencing is currently set for September 16, 2024. According to the written plea agreement, the amount of federal water that was illegally taken from the Delta Mendota Canal for which Mr. Falaschi is being held responsible was valued at over \$1.5 million but under \$3.5 million. The written plea agreement also states that unnamed Panoche Water District board members, supervisors and lower-level employees likely acted on their own accord and took federal water for this own use and benefit at times, including allegedly from other sites and after 2017. The District does not anticipate any criminal proceeding to be brought against it relating to the federal grand jury investigation.

*Santa Clara Valley Water District Claim*

On January 14, 2022, Panoche Water District received a letter from Santa Clara Valley Water District (Santa Clara), in which it alleged damages due to the District's activities as described by the Covered Conduct described above as part of its settlement with the United States (the Santa Clara Claim). Santa Clara is, like the District, a South of Delta contractor for CVP water and a member of the San Luis & Delta-Mendota Water Authority. The Santa Clara Claim makes no specific reference to damages or the bases for those damages. The District and Santa Clara are in the process of engaging in mediation for the Santa Clara Claim, in which the District believes it will be able to demonstrate that Santa Clara suffered no damages as a result of the Covered Conduct. The District believes Santa Clara suffered no damages as a result of the Covered Conduct, and the District will defend its position vigorously.

*California Department of Toxic Substance Control*

Finally, the District could be subject to fines or penalties assessed by the Department of Toxic Substance Control, the State Water Resources Control Board or the County of Fresno relating to matters arising during or after FY 2017 which have been or are being investigated by those agencies and that have been remediated by District actions. The Department of Toxic Substance Control and the State Water Resources Control Board have notified the District of their intent to bill for investigation time, estimated to be in the range of \$200-\$1,000. Issues concerning violations of water quality objectives at the domestic water treatment plant are ongoing and it is possible, but not probable that the State Water Resources Control Board would impose fines on the District if current cooperative efforts to identify and fund new technology or a new plant were to fail. At this time, while possible, it does not appear reasonably likely that additional claims or litigation against the District will result.

**NOTE 13 – COMMITMENTS AND CONTINGENCIES** (Continued)

**C. Contingencies** (Continued)

*Percoats v. Panoche Water District*

In 2018, two former employees of the District filed a complaint in Fresno County Superior Court asserting wage-related violations (which was later amended to a breach of written contract claim) and retaliation claims against the District. The retaliation claim was tendered to the District’s employment liability insurance carrier, ACWA JPIA, which is defending the claim. Jury trial commenced on May 1, 2023, with the jury returning a verdict for the plaintiffs on the breach of written contract claim and for the District on the retaliation claim. The jury awarded the plaintiffs a total of \$161,759.54 and awarded plaintiffs their allowable costs. In August 2023, the District filed a judgment notwithstanding the verdict, generally contending that the evidence presented at trial was not sufficient to support the jury’s verdict and the jury’s verdict was erroneous as a matter of law. The Court denied the District’s motion. On November 16, 2023, the Parties entered a Settlement Agreement and Release of Claims, where the Parties agreed the District would pay the Plaintiffs the sum of \$195,000.00 in full settlement and compromise of their lawsuit, and the Plaintiffs’ release of the District of any and all claims.

**NOTE 14 – RELATED PARTY**

The District’s Governing Board presides as the Panoche Drainage District’s (PDD) Governing Board. PDD is a separate Special District organized to provide for the water of certain agricultural lands, other than swamp and overflow lands located in Fresno and Merced Counties. A separate audit is performed for Panoche Drainage District and financial information of PDD can be obtained by writing to the PDD’s Chief Financial Officer, 52027 W. Althea Avenue, Firebaugh, CA 93622.

PDD, which has no employees, utilizes staff of the Panoche Water District and outside contractors to meet its administrative, operational, and maintenance needs. Amounts charged to PDD for fiscal year ended February 29, 2024, were \$191,119 in total. As of February 29, 2024, the amount due from related party is summarized as follows:

Accounts receivable	\$ 740,234
Notes receivable	855,348
Due from Panoche Drainage District	<u>2,016,186</u>
 Total	 <u>\$ 3,611,768</u>

The District has outstanding employee loans receivable totaling \$19,893 as of the fiscal year ended February 29, 2024.

**NOTE 15 – SUBSEQUENT EVENTS**

In April 2024 the District sold the property at 52081 W Althea Ave that included a house and 20 acres of land. The amount received from the sale was \$581,763 after closing costs. The book value of the residence is \$134,991 which will show a net Gain on Sale of Asset in the subsequent year of \$446,772. The property had been acquired in 2012.

## **OTHER INDEPENDENT AUDITOR'S REPORT**



**INDEPENDENT AUDITOR'S 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  
Panoche Water District  
Firebaugh, 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 Panoche Water District (the District) as of and for the year ended February 29, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 12, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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*.

570 N. Magnolia Avenue, Suite 100  
Clovis, CA 93611

tel 559.299.9540  
fax 559.299.2344

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Price Page & Company*

Clovis, California  
September 12, 2024

## **FINDINGS AND QUESTIONED COSTS**



**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor's report issued	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weaknesses identified?	<u>          </u> Yes	<u>    X    </u> No	
Significant deficiencies identified that are not considered to be material weaknesses?	<u>          </u> Yes	<u>    X    </u> None reported	
Noncompliance material to financial statement noted?	<u>          </u> Yes	<u>    X    </u> No	

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

**FINANCIAL STATEMENT FINDINGS**

None reported.

**PANOCHÉ WATER DISTRICT  
BOARD OF DIRECTORS  
REGULAR MEETING MINUTES  
September 10, 2024**

A regular meeting of the Board of Directors was held on September 10, 2024, starting at 9:30 am. Those present at the meeting were:

Directors:                 Aaron Barcellos, President  
                                  Beau Correia, Vice-President  
                                  Steve Fausone, Secretary  
                                  Neill Callis, Director  
                                  Wayne Western, Director

Staff :                     Patrick McGowan, General Manager  
                                  Marlene Brazil, Accounting Supervisor  
                                  Juan Cadena, Water Resources Manager  
                                  Chris Carlucci, Maintenance Manager  
                                  Sandra Reyes, Water Master

Others:                    Chase Hurley, Water and Land Solutions  
                                  Palmer McCoy, GBA  
                                  Phil Williams, Legal Counsel

**CALL TO ORDER**

President Barcellos called the meeting to order at 9:57 am.

**ROLL CALL**

A quorum of the Board of Directors was present.

**POTENTIAL CONFLICTS OF INTEREST**

There were no conflicts of interest.

**PUBLIC COMMENT**

There was no public comment.

**ACTION ITEMS**

**BOARD TO REVIEW AND CONSIDER APPROVING THE AUGUST 13, 2024, REGULAR BOARD MEETING MINUTES**

Upon a motion by Director Callis and seconded by Vice-President Correia, the board approved the August 13, 2024, regular board meeting minutes as presented.

The vote on the motion was as follows:

Ayes:                    Barcellos, Callis, Correia, Fausone, Western  
Nays:                    None  
Absent:                 None  
Abstain:                None

**FINANCIAL REPORTS**

- A. Accounts Payable**
- B. Monthly Financials**
- C. FYE 2025 Budget-to-Actual Report**
- D. Other Financial Matters Affecting the District**

After discussion by the Board and upon a motion by Director Callis and seconded by Secretary Fausone, the board approved the financial reports as presented by Accounting Supervisor Mrs. Brazil. The vote on the motion was as follows:

Ayes: Barcellos, Callis, Correia, Fausone, Western  
 Nays: None  
 Absent: None  
 Abstain: None

**BOARD TO CONSIDER ADOPTING RESOLUTION # 850-24 CERTIFYING THE NO-CONTEST ELECTION AND REQUESTING THE COUNTY BOARD OF SUPERVISORS TO APPOINT THOSE CANDIDATES WHO FILED DECLARATIONS OF CANDIDACY**

General Manager Patrick McGowan presented the Board with a letter received from the County of Fresno Board of Supervisors asking that a certification listing the qualified individuals who filed a Declaration of Candidacy with the District and a District Board of Resolution be submitted on the District’s behalf. Once the board has taken action on this item and returned the requested documentation, the office of the County of Fresno Board of Supervisors will submit letters of appointment to the appointees, along with a copy to the District. The Board also suggested changing the addresses noted to everyone’s business address.

Upon a motion by Secretary Fausone and seconded by Director Callis, the board approved Resolution # 850-24 certifying the no-contest election and requesting appointments as presented. The vote on the motion was as follows:

Ayes: Barcellos, Callis, Correia, Fausone, Western  
 Nays: None  
 Absent: None  
 Abstain: None

**BOARD TO REVIEW AND CONSIDER THE ADOPTION OF THE REVISED 2024 PANOCHÉ WATER DISTRICT EMPLOYEE HANDBOOK**

General Manager Patrick McGowan reported that staff had been working diligently on the Panoche Water District (PWD) Revised Employee Handbook. Mr. McGowan referenced a notable change to the handbook was to extend the probationary period from 90 days to a year for new hires. Mr. McGowan stated that at the next scheduled safety meeting, it will be distributed to the employees for their review and signatures. Staff will be allotted as much time as needed to review the updated handbook prior to submitting. After discussion by the Board, it was noted that the handbook will be reviewed on an annual basis. Upon a motion by Director Callis and seconded by Director Western, the board adopted the Revised 2024 PWD Employee Handbook as presented. The vote on the motion was as follows:

Ayes: Barcellos, Callis, Correia, Fausone, Western  
 Nays: None  
 Absent: None  
 Abstain: None

**BOARD TO REVIEW AND CONSIDER LANDOWNER MARKHAM HANNA REQUEST FOR EXCEPTION FROM DISTRICT POLICY ON PROVIDING CONVEYANCE FACILITIES**

General Manager Patrick McGowan presented the board with an overview of landowner Markham Hanna’s request to construct an additional turnout at his property on Oxford Avenue. The Board was unanimous in discussion that per our Districts rules and regulations Mr. Hanna is entitled to an additional turnout. The Board gave direction to staff to reach out to Mr. Hanna to try and schedule installation when watering schedule allows. Additionally, Mr. Hanna requested the District split the cost of constructing a property owner pipeline at 60/40 – meaning the District would pay no more than 40 % of the total cost. After discussion the Board took no action on Mr. Hanna’s request for exception from District policy on providing conveyance facilities.

**BOARD TO REVIEW AND GIVE DIRECTION TO STAFF REGARDING THE SUBSIDENCE MITIGATION POLICY ALONG THE DELTA MENDOTA CANAL WITHIN THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT’S DELTA MENDOTA SUBBASIN**

General Manager Patrick McGowan and Mr. Chase Hurley with Water and Land Solutions provided the Board with an update on the Central Delta-Mendota Southern Subsidence Mitigation Area draft Policy. There is a meeting scheduled for September 11<sup>th</sup>, at 1:00 pm with the growers that will be affected within a half mile of the Delta Mendota Canal. The meeting is a joint meeting being held with Panoche Water District, San Luis Water District, and Pacheco Water District. The two mentioned their hope of gaining insight from the affected growers and potential solutions to this complex situation. The draft policy needs to be approved and implemented by each home district by November 1<sup>st</sup>, 2024. Each District is expected to provide mitigation water in place of the well water for growers affected. There are talks being had with other Districts about acquiring the mitigation water needed for this program.

**DIVISION REPORTS**

**A. Water Master Sandra Reyes gave the Water Supply Update as of September 1, 2024:**

San Luis Reservoir Total Storage:	<u>929,566 AF</u>
San Luis Reservoir Federal Storage:	<u>417,728 AF</u>
San Luis Reservoir % of Total Capacity	<u>46% (100% = 2,041,000 AF)</u>
San Luis Reservoir Federal % Share	<u>45%</u>

**Panoche Update as of September 1, 2024:**

USBR 2024 Water Balance:	<u>27,341 AF</u>
USBR Resch. Water Balance	<u>0 AF</u>
August, 2024 Grower Deliveries:	<u>7,724 AF</u>
Total Deliveries to date (Mar-Aug):	<u>42,924 AF</u>

Ms. Reyes also reported on the following water department activities that occurred in August:

- The July O&M, Interest, and M&I billings were completed and mailed out mid-August.
- August’s Billings will go out on 9/16/24.
- Colored and reported August’s Water, M&I, and Transfer Usage for PWD for the DMC and SLC to SJRECWA/SLDMWA/USBR.
- Need to allocate Grower transfer and well water for August billings.
- Working on the Water Payment Summaries to the USBR & SLDMWA for August.
- Finished the August 13<sup>th</sup> PDD Board Meeting Minutes and working on PWD’s Board Meeting Minutes for 8/13/24.
- Reconciled all the bank statements for the month of August for all Districts.
- Processed the Board Meeting AR Reports.
- Sent Letter and Application forms to Growers for the Tier 3 Supplemental Water – Billed everyone who responded as soon as request came in. (Spreadsheet Included).

Ms. Reyes presented the Board with the District's Water Accounting Spreadsheet for August for WY 24-25 , the District's Power and Reclaimed Water spreadsheet for August, and a Tier 3 Supplemental Water spreadsheet for August.

Water Resources Manager Juan Cadena presented the board with a total water delivery graph, a water quality graph for the Main Station and another water quality graph for the T-Canal.

**B. Maintenance Manager Chris Carlucci reported on the following operations and maintenance activities that occurred in August:**

- General Maintenance.
- Staff made staircases for T-Canal – Russell lift pumping stations for oil cans.
- Staff cleaned Lateral 2 203 ditch.
- Staff made repairs to Lateral 1 101 A weir turnout.
- The siphon line for the Domestic Water Treatment Plant was powder coated.
- Staff worked on Water Treatment Plant -Tank #1 (Welding plates to stop leaks).
- Weed Control – Staff sprayed PWD Main Canal, T-Canal, Contour Canal, Laterals 2 & 3 ditch, 11E ditch, and 34 ditch. For Canal Water Treatment, PWD Main Station 4, Russell Lift, T-Canal station 3, Lateral #3 Main.
- Preventative Pump Maintenance Plan. (work in progress)
- Equipment Replacement Forecast Plan. (work in progress)
- Started working on Winter Project List.
- Started working on Chemical Budget for WY 2025-26.
- Completed the Confined Space Program for annual reports

Mr. Carlucci also presented the board with a report from AgMonitor and informed the Board that he, Patrick, and Juan had met with Matt and reviewed the report. Mr. Carlucci pointed out that the RL Station #1 pump currently showed a 31% average efficiency which is low and costs the District more to operate than TC Station #4 pump that is currently running at a 67% average efficiency.

**C. Domestic Water Treatment Plant:**

General Manager Patrick McGowan reported that Jim Gartung Engineering is finalizing the Preliminary Engineering Report. In conversation it was mentioned that the District is consuming more potable treated water than is appropriate for the existing 46 service connections. With the assistance of the Cross Connection Survey that was performed by Westside Water Conditioning, PWD was able to identify the potential for large reductions in our potable treated water usage which will help us gain an accurate account of treated water demand and additionally size our proposed treatment plant upgrade. Panoche staff have begun to install backflow preventers throughout our District and will also install backflow preventers on our existing potable treated water mains. Mr. McGowan noted that PWD's Preliminary Engineering Report and our extensive efforts to reduce potable treated water use, will assist in gaining a larger percentage of State Grant funding to complete our Surface Water Treatment Plant Project.

Mr. McGowan also mentioned that Westside Water Conditioning was here last month assisting our District in an emergency leak situation and water storage tank repair. McGowan expressed his appreciation to the Board on WWC response, and professionalism throughout the process.

**D. General Manager Patrick McGowan, in the absence of Contracts Administrator Josh Marquez, reported on the following ethics, compliance, and risk management activities that occurred in August:**

Ethics and Compliance:

- No calls were reported on the Speak-Up Hotline for the month of August.
- Compliance training for this month will be focused on the 2hr Ethics & Compliance Training
- Elections – Candidacy form information submitted via certification form to Fresno County.

Risk Management:

- Safety Compliance Company conducted safety training on workplace violence and indoor heat and illness. This month's training will focus on basic first aid and COVID 19.

Contract Administration:

- Contour Canal – Engineer Chris Linneman with Summers Engineering met with PWD staff and the Reclamation's environmental specialists to provide a status on environmental compliance. Reclamation staff indicated that despite our best efforts, they have been unable to meet our original construction schedule, which would require NEPA compliance by September 30<sup>th</sup>. Reclamation expects to be fully complete with the NEPA compliance work by the end of this year, which would push our schedule to bid the project in the Fall of 2025 and begin construction shortly after.
- Forefront – Juan has filed a Notice of Exemption. DIR Website experiencing issues, job ticket submitted to their IT Department.
- Verizon – New GPS Units installed and staff trained on network access. Two new trucks will receive units as well.
- WaterSMART Grant – Attended applicant webinar to explore possibility of application for assistance with Domestic Water Treatment Plant. Spoke with Taylor Blakslee from Hallmark Group; he will be reviewing and advising Mr. McGowan of the following steps.

**E. Accounting Supervisor Marlene Brazil, in the absence of Human Resources Diana Moses, reported on the following human resources activities that occurred in August:**

- We have six open workers compensation claims:
  - All employees have returned to work.
  - One employee has returned with modified duties and hours.
  - The other employees have returned to work with no restrictions, but still under medical care.
  - We had one claim in June and 3 claims in July.

On August 13<sup>th</sup>, 2024, Diana Moses attended "A Frank Discussion on Audits" seminar hosted by California Special District Association, Central Division (CSDA) at the Fresno Metropolitan Flood Control District Office. The panel speakers were:

- DeAnn Stork (Hailey), Controller from Fresno Irrigation District / North Kinds GSA Office
- Ashley Green, CPA Partner from Brown Armstrong Accountancy Corporation, Stockton Office.
- Rochelle Garcia, MBA, Accounting & Financial Division Chief, Fresno County
- Jeffrey Hightower, San Joaquin LAFCO Office

Where the topics covered were:

- What purpose do audits serve
- How to prepare for an audit

- What are the common auditing mistakes
- What resources are available through CSDA

On August 22, 2024, Diana Moses and I attended a 6-hour Summer Regional HR Group Meeting hosted by ACWA JPIA in Roseville. We were able to do some networking with approximately 21 of our peers from other Water Agencies. We were updated on some of the industry trends in the Northern CA area and it helped to enhance our HR knowledge. We met:

- Adam Dedmon, JPIA’s Employee Benefits Manager – Discussing hot topics surrounding employee benefits, such as upcoming Open Enrollment, AI in the Workplace, use of generic drugs, covered programs such as Hinge, Carrum & EAP & coverage for weight loss medications.
- Robert Greenfield, JPIA’s General Counsel and Cassie Crittenden, JPIA’s HR Specialist – They covered tricky employment scenarios such as leaves of absences, fitness for duty, reasonable accommodations for religious beliefs and discussion of what’s legal or illegal.
- Kammy Haynes, Ph. D, Project Consultant for CPS HR Consulting – We discussed succession planning, strategic planning, and leadership development. We covered roles and responsibilities of HR and Business Development, potential barriers, and challenges, how to overcome them, current trends and best practices for the public and private sector, key elements to include when presenting a business case for succession planning.

**F. Other Matters:** Mr. McGowan and President Aaron Barcellos attended the U.S House of Representatives Natural Resources Subcommittee on Water, Wildlife & Fisheries Field hearing that was also attended by Congressman McClintock & Duarte. Mr. Barcellos expressed what a great job Congressman Duarte did in representing the growers. It was mentioned by McGowan that the Bureau of Reclamation declined the invitation to attend the hearing.

**THE BOARD TO RECEIVE AN UPDATE ON THE FOREFRONT SOLAR PROJECT FOR THE DISTRICT**

General Manager Patrick McGowan, in the absence of Contracts Administrator Josh Marquez, provided a Forefront Solar Project update under the Contract Administration report.

**THE BOARD TO RECEIVE AN UPDATE ON THE USBR WATER SMART GRANT PROJECT FOR THE CONTOUR AND CANAL EXPENSES**

General Manager Patrick McGowan, in the absence of Contracts Administrator Josh Marquez, provided a Contour and Canal Expenses update under the Contract Administration report. McGowan and Summers Engineering associate Chris Linneman recently participated in a scheduled meeting with the USBR. It was regretfully mentioned due to environmental review needed it is not feasible to begin this vital system upgrade this year.

**GENERAL MANAGER’S REPORT**

GM McGowan gave the following manager update for the month of August:

**A. Sustainable Groundwater Management Act**

**I. Central Delta Mendota SSMA:** Mr. McGowan reported that the meeting held was focused on pumping reduction plans for each individual zone with unique differences and interests. The goal is to aid in adding uniformity to the GSP being presented to the State Water Resource Board.

**B. Los Vaqueros Expansion Project:** Mr. McGowan has been in contact with Mizuno Consulting on finalizing PWD’s business case scenario.



- C. Tier 3 Water Sales:** Mr. McGowan reported that the sales of the Tier 3 Supplemental Water went well – growers were provided affordable water and the costs collected helped to supplement the water expenses already incurred.
- D. Contour Canal Lining Project:** Mr. McGowan noted that the report had already been given under the Contracts Administration report.
- E. Water Supply, Storage, and Conveyance Discussion:** Mr. McGowan noted that this would be discussed as a Closed Session item.
- F. San Luis & Delta-Mendota Water Authority (SLDMWA):** There was nothing new to report at this time that hadn't already been covered.
- G. Other:** Nothing new to report at this time.

*At approximately 11:40 am, President Barcellos announced that the Water District meeting would be taking a five-minute break.*

*At approximately 11:45 am, President Barcellos announced that the Water District meeting would resume.*

**BOARD TO RECEIVE UPDATES FROM STAFF ON VARIOUS MATTERS AFFECTING THE DISTRICT**

Staff reported on various items that had been completed, or were ongoing, on the Action Items List presented - dated August 13th, 2024. General Manager Patrick McGowan also reviewed this list with the Board and answered any questions they had.

**REPORTS ON OTHER ITEMS PURSUANT TO GOVERNMENT CODE SECTION 54954.2(a)(3)**

No other items.

**FUTURE MEETING DATES**

- A. Next Adjourned Special Meeting Date: October 15th, 2024, at 9:30 am.

**PANOCHÉ WATER AND DRAINAGE DISTRICTS JOINT CLOSED SESSION: Conference with Legal Counsel**

There was no Panoche Water and Drainage District Joint Closed Session held.

**PANOCHÉ WATER DISTRICT CLOSED SESSION:**

At 12:08 pm, the Board met in closed session to have discussions with legal counsel related to anticipated and existing litigation. At 1:10 pm, Mr. Williams reported that no reportable actions were taken in Closed session.

**ADJOURNMENT**

With no further business, President Barcellos adjourned the meeting at 1:11 pm.

---

Aaron Barcellos, President

---

Steve Fausone, Secretary

# **CENTRAL DELTA-MENDOTA GROUNDWATER SUSTAINABILITY AGENCY SUBSIDENCE POLICY**

**POLICY TITLE: SOUTHERN DELTA-MENDOTA CANAL SUBSIDENCE  
MANAGEMENT AREA POLICY**

**POLICY NUMBER: 1001**

**EFFECTIVE DATE: APRIL 1, 2024**

## **PURPOSE:**

Along the Delta-Mendota Canal (“DMC”), the area from approximately mile post 89.71 to 98.73 has experienced subsidence at a rate that exceeds adjacent reaches. The current rate of subsidence in this area is not consistent with the approved Sustainable Groundwater Management Act Groundwater Sustainability Plan (“GSP”) requiring specific groundwater pumping goals. By implementing the stated pumping goals and objectives, the expectation is to reduce the rate of subsidence to be consistent with the GSP.

## **BACKGROUND:**

The Southern DMC Subsidence Management Area (“SSMA”) provided as Exhibit A includes portions of Central California Irrigation District, Eagle Field Water District, Firebaugh Canal Water District, Mercy Springs Water District, Oro Loma Water District, Pacheco Water District, Panoche Water District, and San Luis Water District (collectively, the “Districts”). The objective is for all Districts to adopt and implement this policy to provide uniform regional response and equity for all landowners. This policy will focus on all wells (including composite wells) that pump groundwater from below the Corcoran Clay Layer (“CCL”).

## **DATA AND STATISTICS:**

SSMA Acreage: 24,720 acres

Safe Yield Pumping from below the CCL

Corrective pumping (“Corrective”) limit: 0.25 acre-foot to the acre

Maintenance pumping (“Maintenance”) limit: 0.50 acre-foot to the acre

The SSMA is further divided into three regions to expand or contract policy implementation based on the subsidence degradation rate and overall goal of the GSP. Exhibit A identifies the Region boundaries.

Region A – 0.5 mile from either side of the DMC. (approx. 5,740 acres)

Region B – from 0.5 to 1.0 mile from either side of the DMC. (approx. 5,710 acres)

Region C – from 1.0 miles to the boundary of the SSMA on either side of the DMC.

## **POLICY:**

Well Construction: The construction of new or replacement wells below the CCL is prohibited within the SSMA.

Existing Wells Below CCL: It is assumed all wells within the SSMA are below the CCL unless the landowner, in cooperation with the home district ,can provide a well drillers log showing the well perforations are above the CCL. If a well drillers log is not available, then a well video inspection or other approved method must be conducted to determine that the depth of the well is above the CCL. When pumping a well that extracts water from below the CCL, a landowner is only eligible to deliver groundwater to their parcels (under the same ownership as the parcel with the well) and pumping shall not exceed an annual equivalent volume provided in Tables 1 or 2.

Replacement Water “Subsidence Pool”: Every year each District will contribute surface water to develop a pool of Replacement Water that will be made available to landowners subject to the safe yield restriction. The Subsidence Pool is first made available to those landowners subject to the Corrective safe yield restriction and any remaining water will be made available to the other Regions not subject to the Corrective safe yield restriction. The Subsidence Pool will be administered according to the following guidelines:

- To be eligible for the Subsidence Pool, landowners must show proof of purchase or application of their home District Central Valley Project (“CVP”) allocation, railroad commission water, supplemental water, or other surface water programs for the parcels subject to the Corrective or Maintenance safe yield restriction. Also, landowners must be in good standing with the home District’s rules and regulations.
- If the Subsidence Pool is over subscribed the water will be prorated based on applicant’s acreage owned or leased.
- Each District will contribute water to the Subsidence Pool and a blended rate will be developed. The price for the Subsidence Pool water will target a blended rate not greater than the Exchange Contractor’s Conserved water price structure based on that years CVP allocation, plus 10%. At the end of the water year, participants will be subject to a true-up based on actual cost of each water supply that could increase or decrease the blended rate.
- Home District Subsidence Pool Participation – Each home District shall contribute an amount of Subsidence Pool water equal to 0.25 acre-foot to the acre of District land within each Region subject to Corrective pumping limitations. The cost of water a home District is providing may not exceed the Exchange Contractor’s Conserved water price plus 10% (“Price Cap”). Any home District that does not have a well (district owned or privately owned) below the CCL is not required to supply water, but is encouraged to participate.
- If the Exchange Contractor Conserved Water program is not available (Shasta Critical water year), the home Districts will implement a subscription program. The subscription program average water price may exceed the Price Cap. Home districts are relieved of the 0.25 acre-foot to the acre minimum contribution but shall make every effort to secure water for the subscription program. Landowners

will be provided an application for the subscription program and a landowner is obligated to purchase the subscription water upon submittal of a signed application form to their home District.

Performance and Objectives:

<b>Table 1 - Performance and Implementation Objectives</b>				
<b>Region</b>	<b>Implementation Year Start</b>	<b>Safe Yield Pumping - Corrective Limit</b>	<b>Replacement Water Goal</b>	<b>Subsidence Trigger</b>
Region A	2024	0.25 AF/Acre	5,000 AF	Subsidence Degradation Slope greater than adjacent reaches of the DMC.
Region B	2029	0.25 AF/Acre	7,000 AF	
Region C	2034	0.25 AF/Acre	9,000 AF	

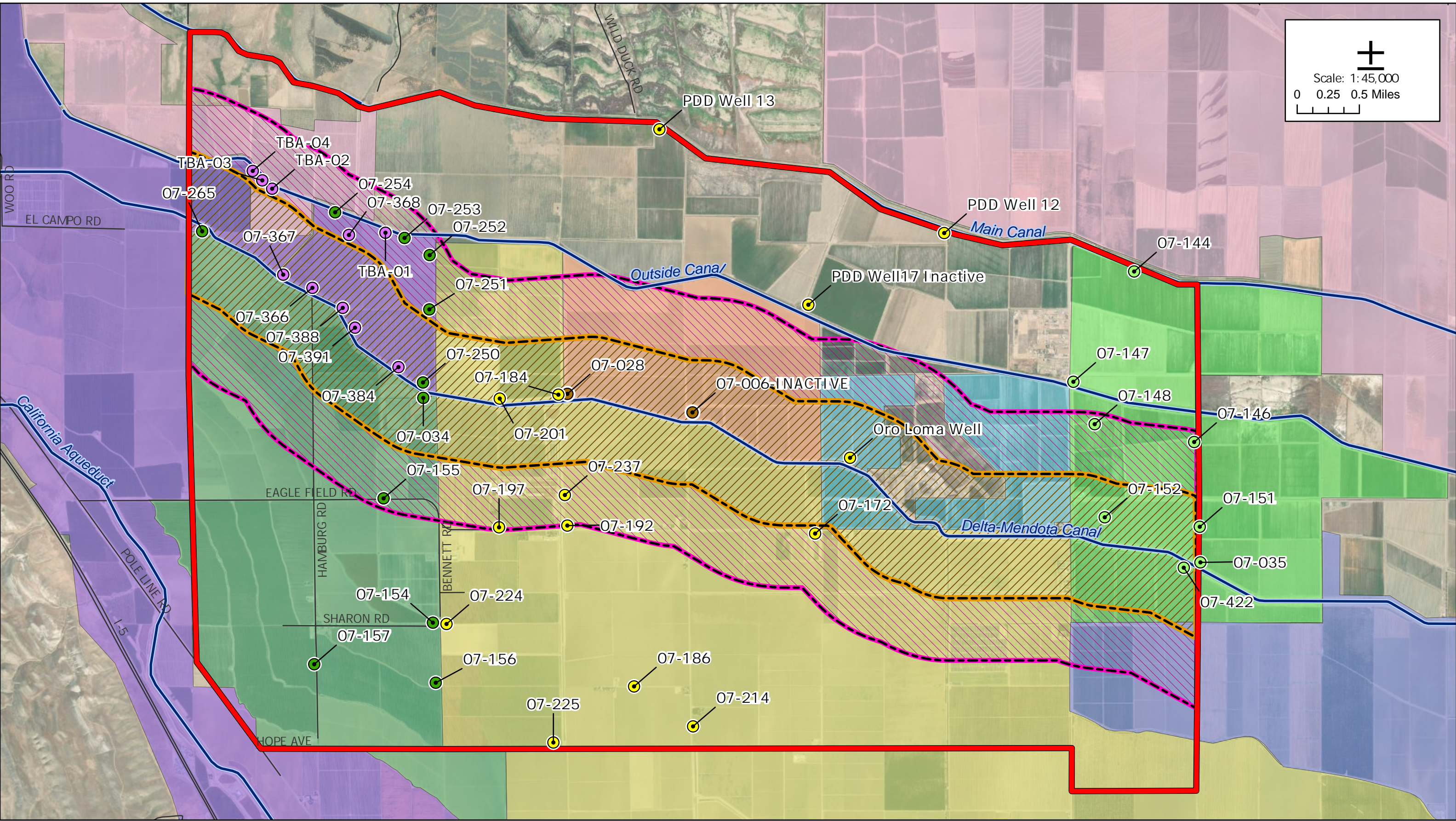
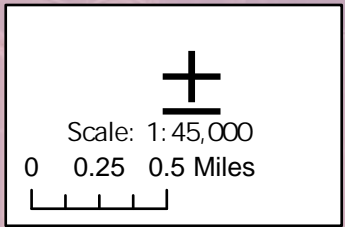
<b>Table 2 - Relief from Performance and Implementation Objectives</b>				
<b>Region</b>	<b>Implementation Start</b>	<b>Safe Yield Pumping - Maintenance Limit</b>	<b>Replacement Water Goal</b>	<b>Subsidence Trigger</b>
Region A-C	After 1 year of trigger compliance	0.5 AF/Acre	Up to approximately 9,000 AF	Subsidence Degradation Slope matches adjacent reaches of the DMC.

Monitoring and Reporting:

The home Districts will map all operational wells and differentiate wells that are above or below the CCL. All wells (above and below CCL) will be required to be fitted with a meter. The home Districts will conduct monthly meter readings for all wells, and those wells below the CCL will be monitored for operating within the safe yield restriction. Annually, the home Districts will use readily available subsidence measurements to determine the effectiveness of the pumping restrictions. Based on the Subsidence Trigger listed in Table 1, the safe yield pumping restrictions may be expanded to the next Region.

Policy Implementation Charge:

The cost for reading well meters, corresponding with the landowners, managing the Subsidence Pool, reporting to the Groundwater Sustainability Agency and any other related activity shall be charged to those landowners operating wells within the SSMA. The rate shall be set a \$5/AF of water pumped and invoiced monthly. At the end of the water year pumpers will be subject to a true-up based on actual cost incurred which could increase or decrease the rate being charged.



- █ Subsidence Management Area (24,720 ac)
- 0.5 mile from DMC (5,740 ac)
- 0.5-1 mile from DMC (5,710 ac)

- Deep Well
- EFWD
- MSWD
- PAC
- PAN
- SLWD

- Central California Irrigation District
- Eagle Field Water District
- Firebaugh Canal Water District
- Mercy Springs Water District

- Oro Loma Water District
- Pacheco Water District
- Panoche Water District
- San Luis Water District



**Subsidence Management Area Map**  
**SGMA-DMC Mitigation Project**  
 Spatial Reference: NAD 1983  
 CA State Plane Zone III  
 Created by: Water & Land Solutions  
 Date exported: 2/5/2024

**PANOCHÉ WATER DISTRICT**

**ACCOUNTS PAYABLE LIST**

**PAYMENTS RUN FROM 9/11/2024 thru 10/15/2024**

MECHANICS O & M CHECKING # 8566				
DATE	CHECK NUMBER	NAME	CHECK AMOUNT	MEMO
9/11/2024	42245	APPL, INC.	\$ 1,245.00	WATER SAMPLES - GBP & IRRIGATION WATER SAMPLES
9/11/2024	42246	BAKER MANOCK & JENSEN	\$ 75.00	RESPONSE TO AUDIT REQUEST
9/11/2024	42247	BRYANT L. JOLLEY	\$ 2,000.00	PREP MD&A & RESEARCH PROP 218
9/11/2024	42248	FEDERAL EXPRESS	\$ 207.93	WATER SAMPLE SHIPPING - GBP
9/11/2024	42249	FENTON & KELLER	\$ 516.00	RESPONSE TO AUDIT REQUEST
9/11/2024	42250	GILTON SOLID WASTE INC.	\$ 405.22	AUGUST 2024 WASTE SERVICE
9/11/2024	42251	MIKE GONZALEZ	\$ 321.61	REIMBURSEMENT FOR FLOOR REPAIR SUPPLIES HOUSE #6
9/11/2024	42252	GRASSLAND BASIN AUTHORITY	\$ 43,270.71	PG&E METER REIMBURSEMENT
9/11/2024	42253	HOFFMAN SECURITY	\$ 347.40	DISTRICT SECURITY SERVICE SEPTEMBER 2024
9/11/2024	42254	LAW OFFICE OF PHILIP A. WILLIAMS	\$ 5,850.00	AUGUST 2024 LEGAL SERVICES
9/11/2024	42255	MCGUIRE BOTTLED WATER	\$ 243.85	AUGUST 2024 DRINKING WATER
9/11/2024	42256	NAPA AUTO PARTS	\$ 318.23	SERVICE # 3, SHOP SUPPLIES, GREASE/DEF FOR HEAVY EQUIPMENT & FILTERS FOR PTO (REBILL MAVERICK)
9/11/2024	42257	UNWIRED BROADBAND, INC.	\$ 779.98	INTERNET SERVICE (2 MONTHS)
9/11/2024	42258	UPL NA INC.	\$ 88,034.59	750 GALLONS TETON @ \$ 87.89 & 250 GALLONS CASCADE @ \$ 88.47
9/11/2024	42259	US BANK CORPORATE TRUST SERVICE	\$ 2,500.00	ADMINISTRATION FEE FOR BOND IN ADVANCE
9/11/2024	42260	VERIZON WIRELESS	\$ 942.84	AUGUST 2024 CELL PHONES
9/11/2024	42261	WESTSIDE WATER CONDITIONING	\$ 5,977.45	AUGUST 2024 DROUGHT REPORT, BACTERIA REPORT & WEEKLY SERVICE CHARGES
9/11/2024	42262	XEROX FINANCIAL SERVICES	\$ 635.65	COPIER LEASE
9/11/2024	42263	YOUNG'S AIR CONDITIONING	\$ 307.00	REPAIR AIR CONDITIONING HOUSE # 5
9/16/2024	42264	UC REGENTS	\$ 200.00	CONTINUING EDUCATION FOR PEST MANAGEMENT - A ZAVALA
9/24/2024	42265	AAA BUSINESS SUPPLIES	\$ 170.06	COPIER PAPER
9/24/2024	42266	APPL, INC.	\$ 285.00	WATER SAMPLES - GBP & IRRIGATION WATER SAMPLES
9/24/2024	42267	APPLIED EARTHWORKS, INC.	\$ 876.40	CULTURAL RESOURCE STUDY - CONTOUR CANAL PROJECT
9/24/2024	42268	APEX ANNEX HEALTH CENTER, INC.	\$ 250.00	DOT EXAM - A JORGE
9/24/2024	42269	BAKER SUPPLIES	\$ 27.21	CYCLE OIL MIX
9/24/2024	42270	BCT CONSULTING	\$ 1,843.02	AUGUST 2024 IT SERVICES
9/24/2024	42271	JUSTIN'S TIRE AND AUTO	\$ 1,069.34	CHANGE TIRE FROM #6B TO # 58, REPAIR # 13B & # 40 & OIL CHANGE # 40
9/24/2024	42272	EAST SIDE CANAL & IRRIGATION CO.	\$ 671,858.70	AUGUST 2024 1,279 AF WATER SALES @ \$ 525.30/AF
9/24/2024	42273	FEDERAL EXPRESS	\$ 347.17	WATER SAMPLE SHIPPING - GBP
9/24/2024	42274	CORELOGIC INFORMATION SOLUTION	\$ 206.00	APN RESEARCH FOR AUGUST 2024
9/24/2024	42275	GRASSLAND BASIN AUTHORITY	\$ 4,439.12	PG&E METER REIMBURSEMENT
9/24/2024	42276	HCL MACHINE WORKS INC.	\$ 147.92	PIPE FOR DOMESTIC SYPHON LINE
9/24/2024	42277	HOME DEPOT CREDIT SERVICES	\$ 994.25	SUPPLIES FOR HOUSE # 6, TOTES FOR # 52 & # 58 & NEW WATER DISPENSER FOR OFFICE
9/24/2024	42278	MARFAB	\$ 153.71	SUPPLIES FOR CHEMICALS
9/24/2024	42279	MANUEL'S TIRE SERVICE	\$ 1,634.03	NEW TIRES # 76T
9/24/2024	42280	PATRICK MCGOWAN	\$ 278.72	MILEAGE REIMBURSEMENT
9/24/2024	42281	MID VALLEY DISPOSAL	\$ 636.20	TRASH PICKUP - BONEYARD
9/24/2024	42282	MIZUNO CONSULTING, INC.	\$ 700.00	JULY - AUGUST 2024 CONSULTING
9/24/2024	42283	MOSS ADAMS	\$ 2,700.00	WORK ON 2023 COMPLIANCE REVIEW
9/24/2024	42284	PANOCHÉ DRAINAGE DISTRICT	\$ 113.62	2024-25 DRAINAGE SERVICE FEE 2ND INSTALLMENT
9/24/2024	42285	PEGBOARD	\$ 266.20	DAILY HERBICIDE REPORTS
9/24/2024	42286	PRICE PAIGE & COMPANY	\$ 3,775.00	WORK IN PROGRESS AUDIT FYE24

	CHECK		CHECK	
DATE	NUMBER	NAME	AMOUNT	NAME
9/24/2024	42287	SAFETY COMPLIANCE COMPANY	\$ 350.00	WORKPLACE VIOLENCE TRAINING & INDOOR HEAT ILLNESS
9/24/2024	42288	SAN LUIS CANAL COMPANY	\$ 125,179.51	1,279.3 AF @ \$ 97.85 WATER TRANSFER EASTSIDE CANAL COMPANY
9/24/2024	42289	SANTOS FORD	\$ 120.96	SERVICE # 46
9/24/2024	42290	SAVEMART SUPERMARKET	\$ 374.54	OFFICE SUPPLIES
9/24/2024	42291	WATER EDUCATION FOUNDATION	\$ 1,250.00	ASSOCIATION DUES 2024
9/24/2024	42292	WINDECKER INC.	\$ 7,992.76	700 GALS DIESEL @ \$ 3.65 & 1,260 GALS UNLEADED @ \$ 4.49
9/24/2024	42293	ZOOM IMAGING SOLUTIONS	\$ 16.20	WASTE TONER FREIGHT
9/24/2024	42294	YOUNG'S AIR CONDITIONING	\$ 1,390.00	OFFICE & DISTRICT HOUSES COOLING & FILTER SERVICE & REPAIRS ON HOUSE # 1
9/24/2024	42295	ALEX AUTO DIAGNOSTICS	\$ 90.00	REPAIR # 42
10/8/2024	42296	FIREBAUGH CANAL WATER DISTRICT	\$ 155,446.55	WELL WATER 415 AF @ \$ 374.57
10/8/2024	42297	GILTON SOLID WASTE INC.	\$ 405.22	SEPTEMBER 2024 WASTE SERVICE
10/8/2024	42298	HOFFMAN SECURITY	\$ 347.40	OFFICE & DISTRICT SECURITY
10/8/2024	42299	FERRELLGAS	\$ 65.00	TANK RENTAL HOUSE # 4
10/8/2024	42300	VERIZON WIRELESS	\$ 946.11	SEPTEMBER 2024 CELL PHONE SERVICE
10/8/2024	42301	XEROX FINANCIAL SERVICES	\$ 635.65	COPIER LEASE
10/15/2024	42302	ACWA/JPIA	\$ 34,233.87	NOVEMBER 24 INSURANCE - HEALTH \$ 31,705.84, DENTAL \$ 2,086.99, VISION \$ 352.64 & LIFE \$ 88.40
10/15/2024	42303	AAA BUSINESS SUPPLIES	\$ 14.58	LOCK FOR OFFICE DESK
10/15/2024	42304	A PLUS PLUMBING, LLC	\$ 555.00	REPAIR TOILET HOUSE # 2
10/15/2024	42305	AARON BARCELLOS	\$ 500.00	STIPEND SEPTEMBER 2024
10/15/2024	42306	BCT CONSULTING	\$ 1,843.02	IT SERVICES SEPTEMBER 2024
10/15/2024	42307	JUSTIN'S TIRE AND AUTO	\$ 535.28	REPAIR TIRE # 40 & OIL CHANGE # 44
10/15/2024	42308	EDWARD NEILL CALLIS	\$ 500.00	STIPEND SEPTEMBER 2024
10/15/2024	42309	BEAU CORREIA	\$ 500.00	STIPEND SEPTEMBER 2024
10/15/2024	42310	DATCO SERVICE CORPORATION	\$ 107.20	DRUG TESTING 4TH QTR 2024
10/15/2024	42311	EAST SIDE CANAL & IRRIGATION CO.	\$ 310,820.01	591.7 AF @ \$ 525.30 WATER
10/15/2024	42312	FEDERAL EXPRESS	\$ 388.17	WATER SAMPLE SHIPPING - GBP
10/15/2024	42313	STEVE FAUSONE	\$ 500.00	STIPEND SEPTEMBER 2024
10/15/2024	42314	PAUL FUJITANI	\$ 2,000.00	CONSULTANT OCTOBER 2024
10/15/2024	42315	MIKE GONZALEZ	\$ 150.00	ANNUAL BOOT REIMBURSEMENT
10/15/2024	42316	GRASSLAND BASIN AUTHORITY	\$ 1,846.05	PG&E METER REIMBURSEMENT
10/15/2024	42317	LAW OFFICE OF PHILIP A. WILLIAMS	\$ 5,325.00	SEPTEMBER 2024 LEGAL SERVICE
10/15/2024	42318	MARFAB	\$ 667.68	SHOP & DISTRICT SUPPLIES
10/15/2024	42319	MCGUIRE BOTTLED WATER	\$ 178.15	DRINKING WATER SEPTEMBER 2024
10/15/2024	42320	MC REGIONAL WASTE MANAGEMENT AUTHORITY	\$ 106.09	WASTE DISPOSAL - SLD
10/15/2024	42321	MERCED TRUCK & TRAILER	\$ 71.02	KING PIN WATER TANK
10/15/2024	42322	DIANA MOSES	\$ 34.64	MILEAGE REIMBURSEMENT
10/15/2024	42323	NAPA AUTO PARTS	\$ 1,690.75	SHOP SUPPLIES
10/15/2024	42324	NUTRIEN AG SOLUTIONS, INC.	\$ 7,111.51	2,000 LBS COPPER SULFATE @ 485.93
10/15/2024	42325	PACIFIC GAS & ELECTRIC	\$ 246,799.47	SEPTEMBER 2024 ELECTRICAL POWER
10/15/2024	42326	PROVOST & PRITCHARD	\$ 3,119.22	AUGUST 2024 SUMMER SUBSIDENCE SURVEY
10/15/2024	42327	SUMMERS ENGINEERING INC.	\$ 1,502.51	FILE NOE FOR DISTRICT SOLAR PANEL & RESEARCH CEQA OPTIONS FOR DOMESTIC WATER
10/15/2024	42328	UNWIRED BROADBAND, INC.	\$ 389.99	OCTOBER 2024 INTERNET SERVICE
10/15/2024	42329	VERIZON CONNECT	\$ 325.68	AUGUST & SEPTEMBER 2024 GPS SERVICE
10/15/2024	42330	VALLEY IRON INC.	\$ 3,568.43	IRON FOR SHOP
10/15/2024	42331	WATER RECLAMATION EQUIPMENT	\$ 6,232.65	PULL PUMP/MOTOR FOR KODA LIFT # 2, PARTS FOR TANK # 1 DOMESTIC PLANT, ADJUST SENSOR RL-1, PARTS FOR CONTOUR CANAL GATE, INSTALL PUMP/MOTOR T-1 PUMP # 2, PULL PUMP/MOTOR KL-1 & INSTALL NEW LED LIGHT IN SHOP
10/15/2024	42332	WAYNE WESTERN JR.	\$ 500.00	STIPEND SEPTEMBER 2024
9/5/2024	W000000953	SAN LUIS DELTA MENDOTA WATER AUTHORITY	\$ 126,449.44	WY22 FA TRUE-UP (1ST OF 3 INSTALLMENTS)
9/11/2024	W000000954	SAN LUIS DELTA MENDOTA WATER AUTHORITY	\$ 72,267.50	FY25 2ND INSTALLMENT MEMBERSHIP DUES
9/11/2024	W000000955	FRONTIER COMMUNICATIONS	\$ 459.69	AUGUST 2024 TELEPHONE CHARGES
9/11/2024	W000000956	PURCHASE POWER	\$ 300.00	REFILL POSTAGE
9/10/2024	W000000957	ISOLVED	\$ 106.49	SEPTEMBER 2024 SAGE TIME

	CHECK		CHECK	
DATE	NUMBER	NAME	AMOUNT	NAME
9/17/2024	W000000958	SLDM WATER AUTHORITY	\$ 27,478.21	AUGUST 2024 LSDMWA CONVEYANCE COSTS DMC \$ 10,393.30 & SLC \$ 17,084.91
9/17/2024	W000000959	U.S. BUREAU OF RECLAMATION	\$ 314,649.07	AUGUST 2024 USBR WATER COSTS SLC \$ 302,690.91 & DMC \$ 11,958.16
9/20/2024	W000000960	WESTAMERICA VISA	\$ 1,769.70	BOARD MEETING LUNCH, DISTRICT SUPPLIES - AMAZON, DISTRICT EMAILS, VINEGAR FOR WEED CONTROL, ICE - GBP SAMPLES, BUSINESS LUNCH, CAR WASH # 18A, CHAT GPT & ACWA CONFERENCE
9/26/2024	W000000961	U.S. BUREAU OF RECLAMATION	\$ 69,790.00	AUGUST 2024 REVISION SLC USBR WATER COSTS
10/2/2024	W000000962	SLDM WATER AUTHORITY	\$ 112,399.50	WY22 FA TRUE-UP (2ND OF 3 INSTALLMENTS)
9/16/2024	JE-171	TRANSFER FUNDS FOR PAYROLL	\$ 70,000.00	PAYROLL DATED 9/20/2024
		<b>TOTAL</b>	<b>\$ 2,569,345.60</b>	

MECHANICS PAYROLL CHECKING # 7895				
	CHECK			
DATE	NUMBER	NAME	AMOUNT	MEMO
9/17/2024	PR-1514	NET PAYROLL	\$ 41,137.28	PAYROLL DATED 9/20/2024
9/17/2024	JE-173	EMPLOYMENT DEVELOPMENT DEPARTMENT	\$ 2,516.96	STATE PAYROLL TAX DEPOSIT
9/17/2024	JE-174	INTERNAL REVENUE SERVICE	\$ 13,692.92	FEDERAL PAYROLL TAX DEPOSIT
9/17/2024	JE-175	JOHN HANCOCK	\$ 6,753.82	401K RETIREMENT
9/17/2024	3386	PRINCIPAL LIFE INSURANCE	\$ 602.52	EMPLOYEE PAID INSURANCE
10/2/2024	JE-183	EMPLOYMENT DEVELOPMENT DEPARTMENT	\$ 2,609.84	STATE PAYROLL TAX DEPOSIT
10/3/2024	JE-184	INTERNAL REVENUE SERVICE	\$ 14,512.09	FEDERAL PAYROLL TAX DEPOSIT
10/3/2024	JE-185	JOHN HANCOCK	\$ 7,208.92	401K RETIREMENT
10/3/2024	PR-1515	NET PAYROLL	\$ 44,758.33	PAYROLL DATED 10/5/2024
		<b>TOTAL</b>	<b>\$ 133,792.68</b>	



**PANOCHÉ WATER DISTRICT  
TREASURER'S MONTHLY FINANCIAL REPORT  
BALANCE SHEET-CURRENT ASSETS & LIABILITIES**

	JULY INTEREST RATE	AUGUST INTEREST RATE	SEPTEMBER INTEREST RATE	September 30, 2024	August 31, 2024
<b>CURRENT LIABILITIES</b>					
ACCOUNTS PAYABLE				\$1,059,591	\$919,390
<b>TOTAL CURRENT LIABILITIES</b>				<b>\$1,059,591</b>	<b>\$919,390</b>
<b>CASH AND INVESTMENT ACCOUNTS</b>					
MECHANICS BANK O&M CHECKING				\$31,014	\$264,815
MECHANICS BANK PAYROLL CHECKING				\$19,435	\$15,969
MECHANICS BANK MONEY MARKET	4.70%	4.80%	4.80%	\$12,621,277	\$9,650,940
MECHANICS BANK CONTRACTUAL OBLIGATION FUND MM (OVERCOLLECTION)	4.70%	4.70%	4.80%	\$1,343,484	\$1,338,143
LAIF	4.52%	4.52%	4.56%	\$1,643	\$1,643
2021 REVENUE BONDS - LAIF RESTRICTED (RATE STABILIZATION FUND)	4.52%	4.52%	4.56%	\$1,180,610	\$1,180,610
<b>TOTAL CASH AND INVESTMENTS</b>				<b>\$15,197,463</b>	<b>\$12,452,120</b>
<b>ACCOUNTS RECEIVABLES</b>					
WATER				\$1,034,566	\$6,677,896
GROUNDWATER MANAGEMENT FEE				-	-
DELINQUENT ACCOUNT CHARGES				\$216,261	\$247,150
OTHER				\$18,848	\$519
GBA NOTE RECEIVABLE ( 5 YEARS @ 1.75%)				\$104,679	\$125,614
PDD NOTE RECEIVABLE (1/2 AR) \$ 716,521 ( 5 YEARS @ 3.00%)				\$64,375	\$77,250
PDD NOTE RECEIVABLE ON ORIGINAL \$ 712,930 (5 YEARS @ 3.00%)				\$50,923	\$63,577
CASH ADVANCE - PROP 84				\$2,057,186	\$1,874,186
<b>TOTAL ACCOUNTS RECEIVABLES</b>				<b>\$3,546,837</b>	<b>\$9,066,191</b>
<b>TOTAL CURRENT UNAUDITED ASSETS</b>				<b>\$18,744,300</b>	<b>\$21,518,311</b>
<b>NET CURRENT UNAUDITED ASSETS (NET CASH POSITION)</b>				<b>\$17,684,709</b>	<b>\$20,598,921</b>

**General Ledger Detail Report**  
**Summary Report for Period 01 Thru 07 Ending 9/30/2024**

**PANOCHÉ WATER DISTRICT (PWD)**

<b>Account Number/Description</b>	<b>Beginning Balance</b>	<b>Debit</b>	<b>Credit</b>	<b>Net Change</b>	<b>Ending Balance</b>
13112-000 MECHANIC CKNG #*****8566	257,503.70	20401633.73	20628123.18	226,489.45-	31,014.25
13132-000 MECHANIC MM # 2305	8,539,485.11	7,667,791.82	3,586,000.00	4,081,791.82	12621276.93
13412-000 MECHANIC PR#*****7895	17,066.88	1,000,294.80	997,926.85	2,367.95	19,434.83
13465-000 2021 REVENUE BONDS - LAIF	1,221,370.77	26,659.80	67,420.81	40,761.01-	1,180,609.76
13470-000 CONTRACTUAL OBLIGATION FUND #9745	1,252,391.59	747,591.51	656,499.26	91,092.25	1,343,483.84
13520-000 LOCAL AGENCY INVESTMENT FD	160,309.46	1,333.98	160,000.00	158,666.02-	1,643.44
<b>Report Total:</b>	<b>11448127.51</b>	<b>29845305.64</b>	<b>26095970.10</b>	<b>3,749,335.54</b>	<b>15197463.05</b>

INTER-DISTRICT ACCOUNT RECONCILIATION  
NON-AUDITED  
September 30, 2024

<b>PWD</b>	
<b>PANOCHÉ WATER DISTRICT ACCOUNTS/NOTES RECEIVABLE</b>	
GBA NOTE PAYABLE (1.75% INTEREST OVER 5 YEARS)	\$ 1,067,054
PANOCHÉ DRAINAGE DISTRICT OUTSTANDING INVOICES (AR)	\$ 704,847
PANOCHÉ DRAINAGE DISTRICT NOTE PAYABLE FOR 1/2 OUTSTANDING INVOICES (3.00% INTEREST OVER 5 YEARS)	\$ 638,352
PROP 84 CASH ADVANCES	\$ 2,057,186
PDD NOTE PAYABLE ON ORIGINAL \$ 712,930.00 (4 MONTHLY PYMTS LEFT - 3.00% INTEREST)	\$ 50,923
<b>Balance</b>	<b>\$ 4,518,361</b>

<b>PDD</b>	
<b>PANOCHÉ DRAINAGE DISTRICT ACCOUNTS/NOTES PAYABLE</b>	
PANOCHÉ DRAINAGE DISTRICT OUTSTANDING INVOICES (AP)	\$ 704,847
PANOCHÉ DRAINAGE DISTRICT NOTE PAYABLE FOR 1/2 OUTSTANDING INVOICES (3.00% INTEREST OVER 5 YEARS)	\$ 638,352
PDD NOTE PAYABLE ON ORIGINAL \$ 712,930.00 (4 MONTHLY PYMTS LEFT - 3.00% INTEREST)	\$ 50,923
<b>Balance</b>	<b>\$ 1,394,122</b>

<b>PDD/PROP 84</b>	
<b>PROP 84 ACCOUNTS PAYABLE</b>	
PANOCHÉ WATER DISTRICT	\$ 2,057,186
<b>Balance</b>	<b>\$ 2,057,186</b>

<b>PDD PROP 84 FUNDING STATUS</b>	
GRANT AMOUNT	\$ 34,162,400
REQUESTED FUNDS (THRU INVOICE # 25)	\$ 18,007,514
FUNDS AVAILABLE	\$ 16,154,886

Aaron Barcellos

October, 09, 2024

Review Period 08/08/2024 – 09/06/2024

Statement and documentation made available: 09/28/2024

I have reviewed the credit card documentation for the Westamerica Bank VISA account ending in 8512.

Included in the packet were credit card statement details and supporting documentation. Activity for this time include charges from the following cardholders:


Mr. Patrick McGowan – General Manager

Mr. Juan Cadena – Director of Operations

Mr. Chris Carlucci

All charges reviewed appear to be valid district related expenses complete with supporting documents.

Sincerely,

  
Aaron Barcellos

PANOCHE WATER DISTRICT  
FY 2024 - 2025  
BUDGET TO ACTUAL  
MARCH 1, 2024 - FEBRUARY 28, 2025

**WATER REVENUE**

Supplemental Water  
USBR Rescheduled Water (WY 24-25)  
CVP Ag Water Contract (35%)  
Other Revenue  
**TOTAL WATER REVENUE**

BUDGET	ACTUAL THRU 9.30.2024	% OF BUDGET TO DATE	ESTIMATE TO COMPLETE	ESTIMATED YEAR END 2/28/25	\$ DIFFERENCE (OVER)UNDER	ESTIMATED % OF BUDGET REMAINING
\$7,220,199	\$6,539,095	91%	\$681,104	\$681,104	\$681,104	9%
\$641,201	\$968,142	151%	\$1,000	\$1,000	(\$326,941)	51%
\$3,548,448	\$5,082,489	143%	\$108,000	\$108,000	(\$1,534,041)	43%
\$780,000	\$1,034,472	133%	\$140,000	\$140,000	(\$254,472)	33%
<b>\$12,189,848</b>	<b>\$13,624,198</b>	<b>112%</b>	<b>\$930,104</b>	<b>\$930,104</b>	<b>(\$1,434,350)</b>	<b>-12%</b>

**WATER EXPENSES**

Supplemental Water  
USBR Rescheduled Water (WY24-25)  
CVP Ag Water Contract (35%)  
Planning & Engineering  
Los Vaqueros Expansion  
**TOTAL WATER EXPENSES**

BUDGET	ACTUAL THRU 9.30.2024	% OF BUDGET TO DATE	ESTIMATE TO COMPLETE	ESTIMATED YEAR END 2/28/25	\$ DIFFERENCE (OVER)UNDER	ESTIMATED % OF BUDGET REMAINING
\$7,220,199	\$5,736,855	79%	\$1,483,344	\$1,483,344	\$1,483,344	21%
\$641,201	\$838,703	131%	-	-	(\$197,502)	-31%
\$3,548,448	\$2,032,534	57%	\$1,515,914	\$1,515,914	\$1,515,914	43%
\$85,000	\$15,734	19%	\$69,266	\$69,266	\$69,266	81%
\$250,952	\$3,152	1%	\$247,800	\$247,800	\$247,800	99%
<b>\$11,745,800</b>	<b>\$8,626,978</b>	<b>73%</b>	<b>\$3,316,324</b>	<b>\$3,316,324</b>	<b>\$3,118,822</b>	<b>27%</b>

**NET REVENUE/(DEFICIT)**

<b>\$444,048</b>	<b>\$4,997,220</b>		<b>(\$2,386,220)</b>	<b>(\$2,386,220)</b>	<b>(\$4,553,172)</b>	
------------------	--------------------	--	----------------------	----------------------	----------------------	--

**O & M REVENUE**

Operations & Maintenance  
Fresno/Merced Counties - 2021 CVP Bond  
Labor Reimbursement  
Reimbursed Expenses  
Domestic Water Treatment Plant  
Sustainable Groundwater Management  
Grant Revenue (Contour Canal)  
PWD Reserves (Contour Canal)  
PWD Reserves (Pumps & Structures Repairs)  
PDD Note Receivable \$ 712,930 2/1/2020 Less: Interest  
GBA Note Receivable \$ 1,201,924 3/1/2024 Less: Interest  
PDD Note Receivable \$ 716,521.50 2/29/2024 Less: Interest  
**TOTAL O & M REVENUE**

BUDGET	ACTUAL THRU 9.30.2024	% OF BUDGET TO DATE	ESTIMATE TO COMPLETE	ESTIMATED YEAR END 2/28/25	\$ DIFFERENCE (OVER)UNDER	ESTIMATED % OF BUDGET REMAINING
\$4,306,960	\$3,707,686	86%	\$599,274	\$599,274	\$599,274	14%
\$1,390,000	\$701,525	50%	\$688,475	\$688,475	\$688,475	50%
\$175,000	\$123,326	70%	\$51,674	\$51,674	\$51,674	30%
\$125,000	\$435,663	349%	\$50,000	\$50,000	(\$310,663)	249%
\$208,600	\$83,890	40%	\$124,710	\$124,710	\$124,710	60%
\$3,846	\$24,997	650%	-	-	(\$21,151)	550%
\$1,347,382	-	0%	-	-	\$1,347,382	100%
\$1,273,986	-	0%	-	-	\$1,273,986	100%
\$250,000	-	0%	\$250,000	\$250,000	\$250,000	100%
\$138,792	\$87,900	63%	\$50,892	\$50,892	\$50,892	37%
\$232,052	\$134,870	58%	\$97,182	\$97,182	\$97,182	42%
\$112,092	\$78,170	70%	\$33,922	\$134,848	\$33,922	30%
<b>\$9,563,710</b>	<b>\$5,378,027</b>	<b>56%</b>	<b>\$1,946,129</b>	<b>\$2,047,055</b>	<b>\$4,185,683</b>	<b>44%</b>

**ADMINISTRATION EXPENSES**

	BUDGET	ACTUAL THRU 9.30.2024	% OF BUDGET TO DATE	ESTIMATE TO COMPLETE	ESTIMATED YEAR END 2/28/25	\$ DIFFERENCE (OVER)UNDER	ESTIMATED % OF BUDGET REMAINING
Legal Costs	\$115,200	\$68,120	59%	\$47,080	\$47,080	\$47,080	41%
2021 Bond Payment	\$930,152	\$653,745	70%	\$276,407	\$276,407	\$276,407	30%
2021 CVP Bond Assessment Refund	-	-	0%	-	-	-	100%
Salaries and Wages	\$667,170	\$373,849	56%	\$293,321	\$293,321	\$293,321	44%
Employees' Benefits	\$206,026	\$129,395	63%	\$76,631	\$76,631	\$76,631	37%
Payroll Burden	\$76,535	\$46,009	60%	\$30,526	\$30,526	\$30,526	40%
SLDMWA Activity Agreements	\$151,820	\$126,674	83%	\$25,146	\$25,146	\$25,146	17%
SLDMWA DHCCP Bond Payment	\$134,347	\$21,765	16%	\$112,582	\$112,582	\$112,582	84%
Directors' Benefits	\$30,000	\$17,500	58%	\$12,500	\$12,500	\$12,500	42%
Insurance Costs	\$100,946	\$68,367	68%	\$32,579	\$32,579	\$32,579	32%
SWRCB Water Rights Fee	\$125,000	-	0%	\$125,000	\$125,000	\$125,000	100%
Other Supplies & Services	\$100,000	\$66,054	66%	\$33,946	\$33,946	\$33,946	34%
Professional Services	\$50,000	\$28,808	58%	\$21,192	\$21,192	\$21,192	42%
Annual Audits	\$40,000	\$38,740	97%	\$1,260	\$1,260	\$1,260	3%
Communication Costs	\$42,000	\$22,934	55%	\$19,066	\$19,066	\$19,066	45%
Conferences and Training Costs	\$25,500	\$7,066	28%	\$18,434	\$18,434	\$18,434	72%
Utilities	\$40,000	\$28,299	71%	\$11,701	\$11,701	\$11,701	29%
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>\$2,834,696</b>	<b>\$1,697,324</b>	<b>60%</b>	<b>\$1,137,372</b>	<b>\$1,137,372</b>	<b>\$1,137,372</b>	<b>40%</b>

**OPERATIONS & MAINTENANCE EXPENSES**

	BUDGET	ACTUAL THRU 9.30.2024	% OF BUDGET TO DATE	ESTIMATE TO COMPLETE	ESTIMATED YEAR END 2/28/25	\$ DIFFERENCE (OVER)UNDER	ESTIMATED % OF BUDGET REMAINING
Energy Costs	\$1,416,000	\$1,514,458	107%	\$325,000	\$325,000	(\$98,458)	-7%
Salaries and Wages	\$847,882	\$475,807	56%	\$372,075	\$372,075	\$372,075	44%
Employees' Benefits	\$300,504	\$164,684	55%	\$135,820	\$135,820	\$135,820	45%
Payroll Burden	\$127,054	\$58,557	46%	\$68,497	\$68,497	\$68,497	54%
Reimbursable Expenses	\$125,000	\$131,616	105%	\$70,000	\$70,000	-\$6,616	-5%
Chemical Application	\$128,000	\$111,086	87%	\$16,914	\$16,914	\$16,914	13%
Domestic Water Treatment Plant	\$208,600	\$113,189	54%	\$95,411	\$95,411	\$95,411	46%
Fuel & Oil costs	\$100,000	\$77,301	77%	\$22,699	\$22,699	\$22,699	23%
Capital Cost - Depreciation	-	-	0%	-	-	-	100%
Equipment leases & rental (Ford Ranger & F150)	\$90,000	\$95,447	106%	-	-	(\$5,447)	-6%
Pumps & Structures Repairs	\$282,960	\$149,003	53%	\$133,957	\$133,957	\$133,957	47%
Equipment repairs	\$85,000	\$35,688	42%	\$49,312	\$49,312	\$49,312	58%
Vehicle repairs & Maintenance	\$45,000	\$18,266	41%	\$26,734	\$26,734	\$26,734	59%
Buildings Repairs & Maintenance	\$60,000	\$47,862	80%	\$12,138	\$12,138	\$12,138	20%
Sustainable Groundwater Management	\$3,846	\$14,717	383%	-	-	(\$10,871)	-283%
Laboratory - Water Testing	\$22,000	\$7,790	35%	\$14,210	\$14,210	\$14,210	65%
Grant Expenses (Contour Canal)	\$1,347,382	-	0%	-	-	\$1,347,382	100%
PWD Expenses (Contour Canal)	\$1,273,986	\$67,988	5%	\$20,000	\$20,000	\$1,205,988	95%
PWD Reserves (Pumps & Structures Repairs)	\$250,000	-	0%	\$250,000	\$250,000	\$250,000	100%
<b>TOTAL OPERATIONS &amp; MAINTENANCE EXPENSES</b>	<b>\$6,713,214</b>	<b>\$3,083,460</b>	<b>46%</b>	<b>\$1,612,766</b>	<b>\$1,612,766</b>	<b>\$3,629,754</b>	<b>54%</b>

**TOTAL EXPENSES**

<b>\$9,547,910</b>	<b>\$4,780,784</b>	<b>\$2,750,138</b>	<b>\$2,750,138</b>	<b>\$4,767,126</b>
--------------------	--------------------	--------------------	--------------------	--------------------

**NET REVENUE/(DEFICIT)**

<b>\$15,800</b>	<b>\$597,243</b>	<b>-\$804,009</b>	<b>-\$703,083</b>	<b>-\$581,443</b>
-----------------	------------------	-------------------	-------------------	-------------------

**PANOCHÉ WATER DISTRICT**  
**AGED ACCOUNTS RECEIVABLE, BY DUE DATE**  
 As of 9/30/2024

**Delinquency Notification Steps**

Name	L Day + 1 Month 31-60 Days	L Day + 2 Months 61-90 Days	L Day + 75 Days	L Day + 3 Months Over 90 Days	Total A/R
Carrillo, Jose		114.95 ✓			114.95
Carter, Raymont & Shelley	294.74 ✓	31.05 ✓		97.37 Pd	423.16
Cecilia Echeveste Survivor's Trust	6,406.81 ✓	332.77 ✓		652.86 Pd	7,392.44
Correia, Beau and Katherine	776.34 ✓	7.31 ✓		5,166.25	5,949.90
Correia 2015 Living Trust	283.94 ✓	4,165.54 ✓		9,470.96	13,920.44
Creekside Farming Co., Inc.	34.56 ✓				34.56
Hanna M&M Family Trust			Hanna Paid for the Water Cost for the water he has used to date	53,141.40	53,141.40
Harvest Point, LLC				34,430.40	34,430.40
Helena Agri Enterprises, LLC		127.64 ✓			127.64
Imperial Merchants				31.85	31.85
John S. Diedrich Farms	13,096.50 ✓				13,096.50
KB Family Farm	4,306.25 ✓	3,006.25 ✓		22,680.00	29,992.50
LAT Farming Trust	13,878.00 ✓				13,878.00
Nyman Family	1,710.52 ✓	1,335.04 ✓			3,045.56
Nyman, Brad & Kristi	1,626.03 ✓	6,130.73 ✓			7,756.76
Nyman, Ms. Rebecca	338.50 ✓	5,166.40		442.89	5,947.79
S3 Group, LLC				6,273.71	6,273.71
SHS Family Limited Partnership				72.91	72.91
Turner Island Water District	900.00				900.00
WMD Farming, Et Al #1	19,731.00 ✓				19,731.00
<b>Total:</b>	<b>63,383.19</b>	<b>20,417.68</b>		<b>132,460.60</b>	<b>\$ 216,261.47</b>

Re-Issue Invoice	Re-Issue Invoice	Re-Issue Invoice	Re-Issue Invoice
Send Copy of Policy	Send Copy of Policy	Send Copy of Policy	Send Copy of Policy
	Notify Owner & Wtr User	Notify Owner & Wtr User	Notify Owner & Wtr User
	Deny New Wtr Orders	Deny New Wtr Orders	Deny New Wtr Orders
	GM to call	GM to call	GM to call
	15 Day Notice to Service	15 Day Notice to Service	15 Day Notice to Service
	Assign 1.5% Interest	Assign 1.5% Interest	Assign 1.5% Interest
		Discontinue Wtr Service	Discontinue Wtr Service
		May Discontinue Drainage	May Discontinue Drainage
		May Lien Property	May Lien Property

**NOTES:**

Nyman (All Entities) has made the 1st, 2nd, & 3rd Installment of their Payment Plan  
 Carrillo came 10/3 and made his payment.  
 Carter made a payment of \$ 821.85 on 10/7  
 Creekside Farming made a payment of \$ 13,162.50 10/7  
 Echeveste made a payment of \$8,000 on 10/3.  
 Hanna mailed in a payment of \$51,732 towards his account for water cost he's used to date. 10/1  
 E-mailed Creekside statement and delinquency policy / They mailed check for \$ 13,000  
 Talked to Jennifer/DelDon's Office and sent her invoicing she didn't have / Remittance is on it's way (LAT & WMD)  
 E-mailed Denae/Helena statement and delinquency policy  
**E-mailed Diedrich statement and delinquency policy / Sent Payment 10/11**  
 Patrick has talked with Beau and we should receive payment by Nov. 1st.  
 Patrick and Phil are mailing out a letter to S3.  
 Need to reverse the Interest Charge on the account / No balance owed



# PANOCHÉ WATER DISTRICT

52027 WEST ALTHEA AVE, FIREBAUGH, CA 93622  
TELEPHONE (209) 364-6136 • FAX (209) 364-6122

## BOARD MEETING MEMORANDUM

**TO:** BOARD OF DIRECTORS

**FROM:** SANDRA REYES, WATER MASTER

**SUBJECT:** SEPT. DIVISION REPORT – WATER DEPARTMENT

**DATE:** 10/09/2024

**CC :** JUAN CADENA, WATER RESOURCES MANAGER  
PATRICK MCGOWAN, GENERAL MANAGER

### Water Supply as of October 1, 2024:

San Luis Reservoir Total Storage	<u>1,011,194 AF</u>
San Luis Reservoir Federal Storage	<u>371,392 AF</u>
San Luis Reservoir % of Total Capacity	<u>50 % (100% = 2,041,000 AF)</u>
San Luis Reservoir Federal % Share	<u>36 %</u>

### Panoche Water Supply as of October 1, 2024:

USBR 2024 Water Balance	<u>21,824 AF</u>
USBR Resch. Water Balance	<u>0 AF</u>
September, 2024 Grower Deliveries	<u>4,062 AF</u>
Total Deliveries to Date (Mar-Sept)	<u>46,061 AF</u>

### Water Department Updates:

The August O&M, Interest, and M&I billings were completed & mailed out mid-Sept. September's Billings will go out 10/16/2024 due to board meeting schedule. Colored and reported Sept's Water, M&I, and Transfer Usage for PWD for the DMC & DLC to SJRECWA/SLDMWA/USBR

Need to allocate Grower transfer and well water for September billings

Working on the Water Payment Summaries to the USBR& SLDMWA for Sept

Finalized the PDD and PWD Board Meeting Minutes for last month's meeting.

Reconciled all the bank statements for the month of Sept. for all Districts..

Processed the Board Meeting AR Reports.

Have Collected the Tier 3 water costs from everyone who had applied for it. (Updated spreadsheet attached)

Still need to work on crediting growers prior to Prop 218 that are past due



**PANOCHÉ WATER DISTRICT WATER ACCOUNTING**

**Month: September, 2024**

10/7/2024

<b>Water Supply</b>																		
<b>District Water</b>	Annual	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2025	2025	YTD	Transfers	Not	Stored	Remaining
<b>March, 2024 - Feb, 2025</b>	AF	March	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Usage	Out	Pumped		Balance
Grower Transfer Ins	615		175				400	40						615				0
Transfer 1	3,000			800	1,100	1,100								3,000				0
Transfer 2	3,590			146	682	1,154	1,414	194						3,590				0
Transfer 4	1,415			185	270	355	415	190						1,415				0
Transfer 5	2,150			287	232	327	51							897		(1,253)		0
Grower Well Water	1,281			58	272	280	408	263						1,281				0
Gains or Losses	4,371	(164)	90	747	1,028	1,787	609	274						4,371	Add'l 3,271 AF - Est. 1,100 AF for Suppl			0
<b>District Water Total</b>	<b>16,422</b>	<b>(164)</b>	<b>265</b>	<b>2,223</b>	<b>3,584</b>	<b>5,003</b>	<b>3,297</b>	<b>961</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,169</b>		<b>(1,253)</b>		<b>0</b>
<b>Bureau Water</b>	Annual	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2025	2025	YTD	Transfers	Loss	Stored	Remaining
<b>March, 2024 - Feb, 2025</b>	AF	March	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Usage	Out			Balance
Rescheduled Water	9,400	2,156	3,425	3,710										9,291		(109)		0
2024-2025 50% USBR	47,000			247	2,620	5,477	4,074	2,858						15,276	9,900			21,824
USBR Drought Program	2,350													0		(116)		2,234
Transfer 2	1,410			485	677	227		21						1,410				0
Transfer 3	2,500				2,500									2,500				0
Transfer 4	85							85						85				0
Grower Transfers In	3,255			648	638	1,479	353	137						3,255				0
<b>Bureau Water Total</b>	<b>66,000</b>	<b>2,156</b>	<b>3,425</b>	<b>5,090</b>	<b>6,435</b>	<b>7,183</b>	<b>4,427</b>	<b>3,101</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31,817</b>	<b>9,900</b>	<b>(225)</b>	<b>0</b>	<b>24,058</b>
<b>Total Water Supply</b>	<b>82,422</b>	<b>1,992</b>	<b>3,690</b>	<b>7,313</b>	<b>10,019</b>	<b>12,186</b>	<b>7,724</b>	<b>4,062</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>46,986</b>	<b>9,900</b>	<b>(1,478)</b>	<b>0</b>	<b>24,058</b>
<b>Usage</b>																		
Growers		1,992	3,690	7,313	10,019	12,186	7,724	4,062						46,986				
Grower Transfers Out							500							500				
District Transfers/Sales					1,731		6,000	1,669						9,400				
<b>Total Usage/Transfers</b>		<b>1,992</b>	<b>3,690</b>	<b>7,313</b>	<b>11,750</b>	<b>12,186</b>	<b>14,224</b>	<b>5,731</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>56,886</b>				
<b>Diff/Losses: % of Supply</b>	<b>%</b>	<b>-7%</b>	<b>3%</b>	<b>11%</b>	<b>11%</b>	<b>15%</b>	<b>8%</b>	<b>7%</b>						<b>10%</b>				
<b>Budget to Actual - AF</b>	<b>48,000</b>	<b>1,992</b>	<b>3,690</b>	<b>7,259</b>	<b>9,891</b>	<b>11,990</b>	<b>7,381</b>	<b>3,858</b>						<b>46,061</b>				<b>1,939</b>

\* Water Supply Numbers are estimates of known Transfers at this time - Deliveries are Actual \* / \* USBR Allocation Increased from 40% to 50% / \* Maverick reached Total AF - Agreement \*

# Panoche Water District

## DELIVERIES, RECYCLED, POWER CHARGES REPORT

DISTRICT DELIVERIES					RETURN FLOWS					RUSSELL RECIRCULATION Energy Charges					PG&E CHARGES					
2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2023	
MAR	2,964	1,610	982	978	1,992	38	(102)	130	3	(164)	\$ 126	\$ 61	\$ 63	\$ 49	\$ 104	\$ 83,213	\$ 45,539	\$ 38,061	\$ 20,336	\$ 30,342
APR	3,657	2,773	2,303	2,980	3,690	42	(123)	556	85	90	\$ 99	\$ 5,811	\$ 128	\$ 920	\$ 236	\$ 75,857	\$ 115,722	\$ 95,409	\$ 60,283	\$ 100,923
MAY	6,681	5,082	3,839	6,411	7,313	12	811	728	538	747	\$ 2,851	\$ 16,042	\$ 1,413	\$ 1,266	\$ 24,408	\$ 130,817	\$ 92,000	\$ 103,548	\$ 76,265	\$ 131,564
JUN	9,767	6,871	5,434	9,792	10,019	584	976	782	566	1,028	\$ 22,899	\$ 21,611	\$ 27,615	\$ 11,491	\$ 54,027	\$ 194,558	\$ 150,006	\$ 148,032	\$ 115,412	\$ 182,855
JUL	10,140	6,251	5,612	11,545	12,186	231	249	83	650	1,787	\$ 24,811	\$ 36,326	\$ 46,544	\$ 12,039	\$ 74,553	\$ 216,355	\$ 191,489	\$ 209,145	\$ 213,325	\$ 332,340
AUG	5,985	3,953	4,165	8,888	7,724	20	541	(253)	862	463	\$ 41,688	\$ 39,615	\$ 36,685	\$ 28,407	\$ 65,701	\$ 201,997	\$ 181,291	\$ 179,674	\$ 203,428	\$ 258,161
SEP	3,328	2,764	2,790	4,724	4,062	504	862	(240)	37	274	\$ 48,288	\$ 25,346	\$ 22,748	\$ 39,151	\$ 49,877	\$ 168,372	\$ 125,375	\$ 143,734	\$ 163,960	\$ 196,922
OCT	2,695	1,141	1,693	2,790		219	121	(171)	223		\$ 18,975	\$ 186	\$ 8,034	\$ 2,365		\$ 107,389	\$ 103,445	\$ 82,107	\$ 119,971	
NOV	742	469	266	1,134		111	119	(161)	(107)		\$ 108	\$ 6,239	\$ 7,014	\$ 202		\$ 65,990	\$ 57,789	\$ 202,938	\$ 86,638	
DEC	119	85	89	1,223		(47)	34	(15)	(58)		\$ 72	\$ 116	\$ 113	\$ 211		\$ 25,942	\$ 32,400	\$ 33,649	\$ 64,191	
JAN	211	291	15	1,860		(58)	261	(83)	98		\$ 70	\$ 105	\$ 93	\$ 222		\$ 16,234	\$ 23,831	\$ 25,041	\$ 70,825	
FEB	1,121	1,668	743	1,827		(102)	558	137	16		\$ 70	\$ 125	\$ 101	\$ 311		\$ 35,030	\$ 73,629	\$ 31,647	\$ 54,764	
<b>Total</b>	<b>47,410</b>	<b>32,958</b>	<b>27,931</b>	<b>54,152</b>	<b>46,986</b>	<b>1,554</b>	<b>4,307</b>	<b>1,493</b>	<b>2,913</b>	<b>4,225</b>	<b>\$ 160,058</b>	<b>\$ 151,583</b>	<b>\$ 150,552</b>	<b>\$ 96,633</b>	<b>\$ 268,907</b>	<b>\$ 1,321,754</b>	<b>\$ 1,192,517</b>	<b>\$ 1,292,985</b>	<b>\$ 1,249,397</b>	<b>\$ 1,233,107</b>
<b>YEAR TO DATE</b>	<b>42,522</b>	<b>29,304</b>	<b>25,125</b>	<b>45,318</b>	<b>46,986</b>	<b>1,431</b>	<b>3,214</b>	<b>1,786</b>	<b>2,741</b>	<b>4,225</b>	<b>\$ 140,762</b>	<b>\$ 144,812</b>	<b>\$ 135,198</b>	<b>\$ 93,322</b>	<b>\$ 268,907</b>	<b>\$ 1,071,170</b>	<b>\$ 901,422</b>	<b>\$ 917,603</b>	<b>\$ 853,008</b>	<b>\$ 1,233,107</b>

Water Year	2020-21	2021-22	2022-23	2023-24	2024-25	5 Yr. Average
USBR Allocation	20.00%	0.00%	0.00%	80.00%	35.00%	<b>27%</b>
Total Alloc. Acreage	37,442	37,442	38,202	38,317	38,317	<b>37,944</b>
A/F / acre	1.27	0.88	0.73	1.41	1.23	<b>1.10</b>
Effective Precip.	0.28	0.13	0.31	0.41	0.08	<b>0.24</b>
<b>Total Applied af</b>	1.54	1.01	1.04	1.82	1.31	<b>1.34</b>

Total Precip. Inches    6.69    3.17    7.34    9.73    1.93    (From 3/1 thru 9/5)

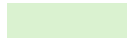
Total rainfall /2/12

**Total Rainfall from Oct. 2023 to today is 8.79 inches.**

**PANOCHÉ WATER DISTRICT**  
**WY 2024-25 Tier 3 Supplemental Water**

10/7/2024  
 11:09 AM

<b>Tier 3 Supplemental Water Total</b>	<b>7,077</b>	<b>\$140/AF</b>	
<b>District USBR Water Supply Remaining</b>	<b>4,739</b>		
<b>Purchaser's Name</b>	<b>Total AF</b>	<b>Total Billed</b>	<b>Remainder</b>
A-Bar Ag Enterprises	400	\$ 56,000.00	11,416
Dehbala Orchards, LLC	50	\$ 7,000.00	11,366
Fadak Orchards	50	\$ 7,000.00	11,316
Gopher Ridge I	200	\$ 28,000.00	11,116
Gopher Ridge II	200	\$ 28,000.00	10,916
Grandland Pistachio, LLC	615	\$ 86,100.00	10,301
Green Nut, LLC	400	\$ 56,000.00	9,901
Hugh Bennett Ranch, Inc.	1,500	\$ 210,000.00	8,401
JFB Ranch, Inc.	1,500	\$ 210,000.00	6,901
Kariz, LP	312	\$ 43,680.00	6,589
LAT Farming Trust	750	\$ 105,000.00	5,839
Pardis Orchards	477	\$ 66,780.00	5,362
Yazd, LP	598	\$ 83,720.00	4,764
Zagros Farms, LLC	300	\$ 42,000.00	4,464
<b>Total AF Amount Sold &amp; Collected</b>	<b>7,352</b>	<b>\$ 1,029,280.00</b>	<b>\$624,960.00</b>

 Entities that have already paid and been allocated their water.

**TURLOCK FRUIT HAS 200 - 300 AF MORE IT CAN TURN BACK TO DISTRICT**

**LITTLE GREEN NUT HAS 200 AF IT CAN TURN BACK**

**Panoche Water District**  
**Water Year 2024-2025**  
 Water Forecast

10/7/2024 10:04 AM

**PWD Forecasted Water Usage**

District Direct Delivery	AF	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
CCID/FCWD	3,000			800	1,100	1,100							
SLCC Eastside Water	3,590			146	682	1,154	1,414	194					
FCWD Conserved Wtr	1,415			185	270	355	415	190					
Grower Transfer Ins	615		175				400	40					
Maverick Well 43	897			287	232	327	51						
Grower Well Water	1,281			58	272	280	408	263					
Gains	4,371	(164)	90	747	1,028	1,787	609	274					
<b>Total</b>	<b>15,169</b>	<b>(164)</b>	<b>265</b>	<b>2,223</b>	<b>3,584</b>	<b>5,003</b>	<b>3,297</b>	<b>961</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

0  
0  
0  
0  
0  
0  
0  
0

Bureau CVP Delivery	AF	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Rescheduled Water 23-24	9,400	2,156	3,425	3,710									
WY24-25 50% USBR Allocation	47,000			247	2,620	5,477	4,074	2,858	2,404	1,185	1,000	1,700	1,800
SLCC Eastside Water	1,410			485	677	227		21					
FCWD Conserved Wtr	85							85					
West Stanislaus ID	2,500				2,500								
Grower Transfers In	3,366			648	638	1,479	353	137	96	15			
<b>Total</b>	<b>63,761</b>	<b>2,156</b>	<b>3,425</b>	<b>5,090</b>	<b>6,435</b>	<b>7,183</b>	<b>4,427</b>	<b>3,101</b>	<b>2,500</b>	<b>1,200</b>	<b>1,000</b>	<b>1,700</b>	<b>1,800</b>

(109)  
23,635 (9,400)  
0  
0  
0  
0  
23,635

USBR Surplus
14,235
(1,731)
(2,600)
(5,069)
(116)
(500)
<b>4,219</b>
<b>USBR Surplus</b>

WWD  
WWD  
KTWD  
Drought Pr  
Grower Tra

<b>Totals</b>	<b>78,930</b>	<b>1,992</b>	<b>3,690</b>	<b>7,313</b>	<b>10,019</b>	<b>12,186</b>	<b>7,724</b>	<b>4,062</b>	<b>2,500</b>	<b>1,200</b>	<b>1,000</b>	<b>1,700</b>	<b>1,800</b>
---------------	---------------	--------------	--------------	--------------	---------------	---------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------

USBR Rescheduled Wtr Losses	(109)	(72)	(37)
USBR Drought Program Wtr Losses	(116)		

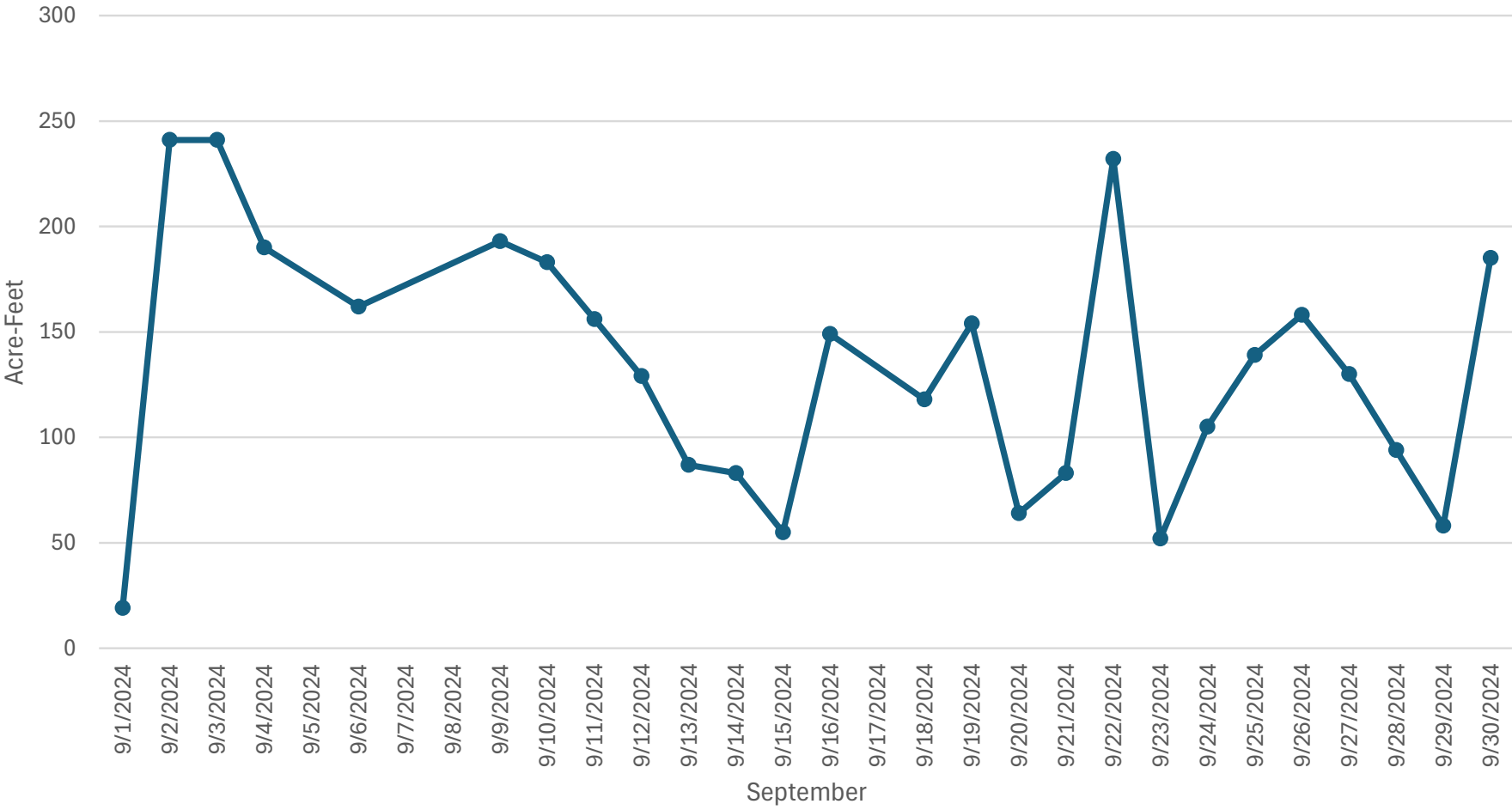
**PWD Estimated Grower Usage**

Water Year 2024-2025	AF	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Grower Deliveries	55,186	1,992	3,690	7,313	10,019	12,186	7,724	4,062	2,500	1,200	1,000	1,700	1,800
Grower Transfers Out	500	0	0	0	0	0	500	0	0	0	0	0	0
District Transfers / Sales	9,400	0	0	0	1,731	0	6,000	1,669	0	0	0	0	0
<b>Totals</b>	<b>13,619</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

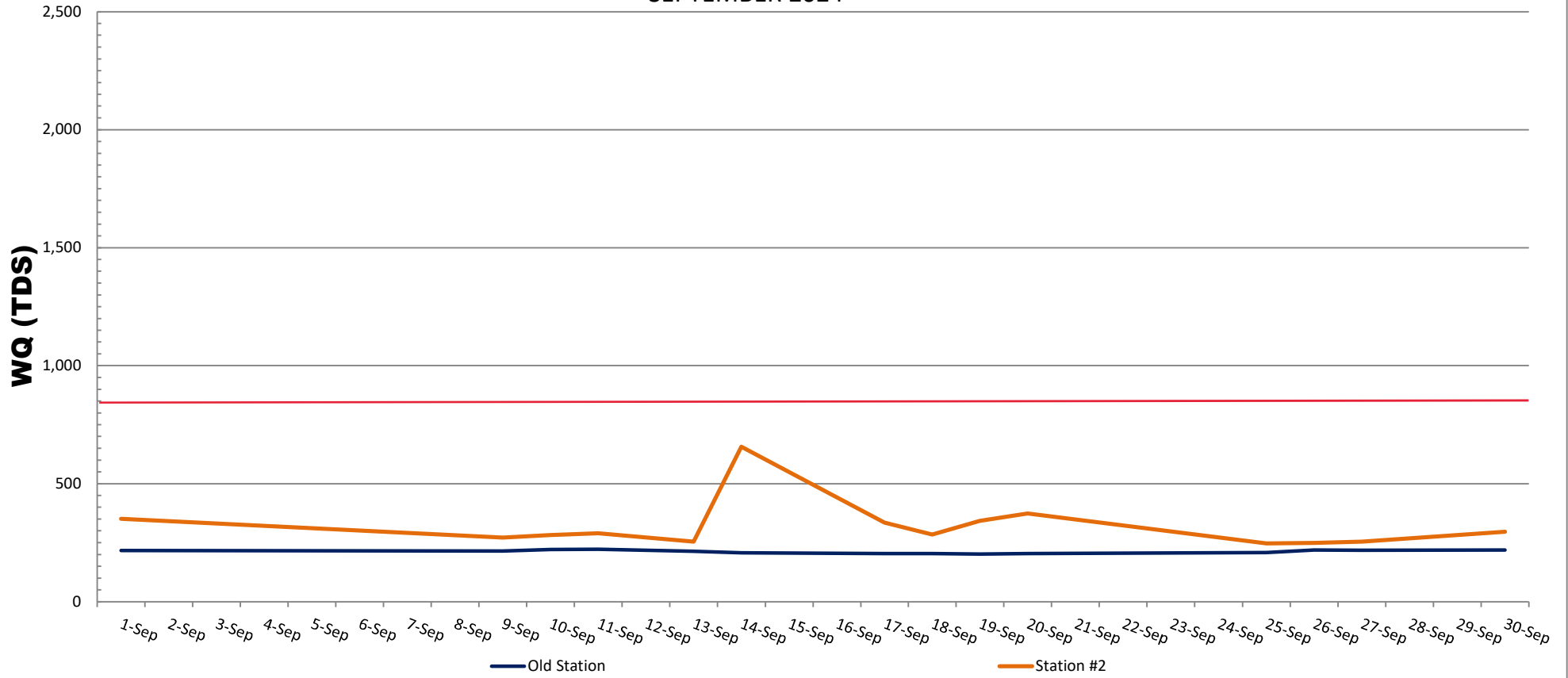
**PWD Grower Deliveries For Water Year 2023-24**

Last Year Delivery Comparison	AF	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Grower Deliveries	54,152	978	2,980	6,411	9,792	11,545	8,888	4,724	2,790	1,134	1,223	1,860	1,827
Transfers Out	2,000	0	0	0	0	0	1,400	0	600	0	0	0	0
<b>Totals</b>	<b>56,152</b>	<b>978</b>	<b>2,980</b>	<b>6,411</b>	<b>9,792</b>	<b>11,545</b>	<b>10,288</b>	<b>4,724</b>	<b>3,390</b>	<b>1,134</b>	<b>1,223</b>	<b>1,860</b>	<b>1,827</b>

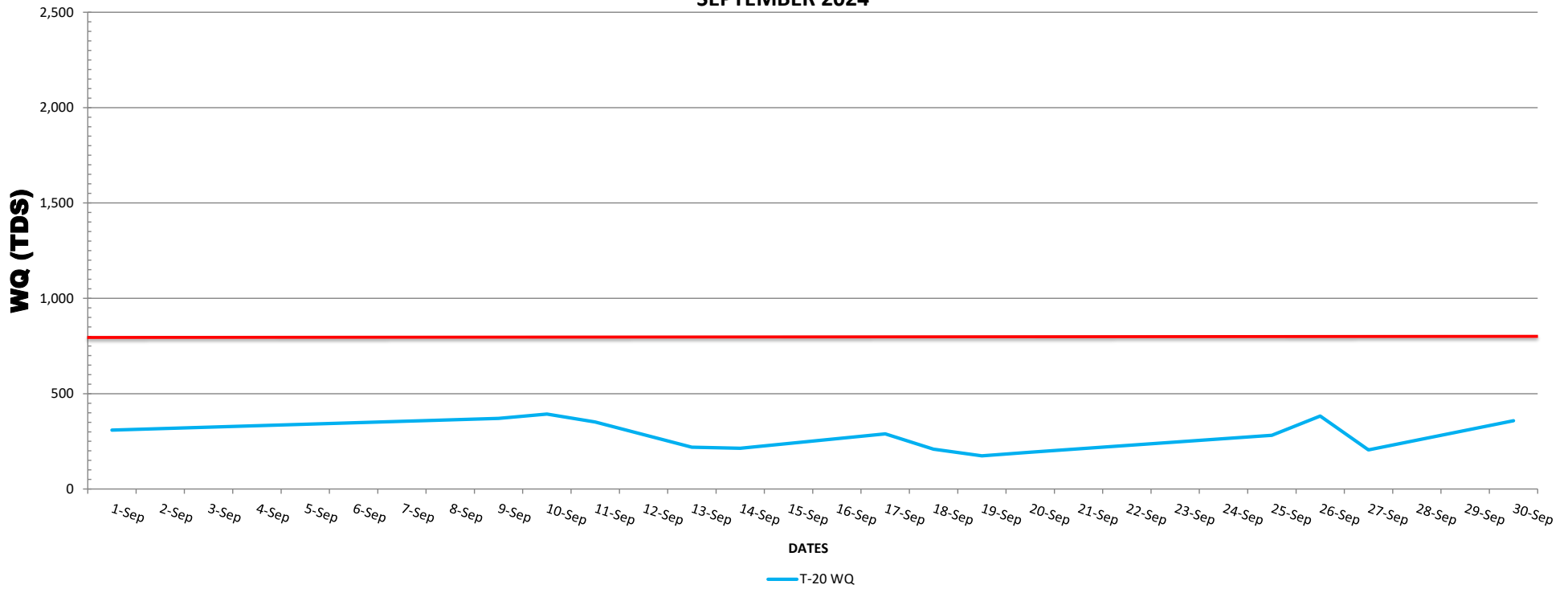
# Panoche Water District Water Deliveries



Panoche Water District  
Main Canal Water Quality  
SEPTEMBER 2024



Panoche Water District  
T-20 Water Quality  
SEPTEMBER 2024



# PANOCHÉ WATER DISTRICT

52027 WEST ALTHEA AVE, FIREBAUGH, CA 93622  
TELEPHONE (209) 364-6136 • FAX (209) 364-6122



---

---

## BOARD MEETING MEMORANDUM

---

---

**TO:** BOARD OF DIRECTORS

**FROM:** CHRIS CARLUCCI, OPERATIONS & MAINTENANCE MANAGER

**SUBJECT:** DIVISION REPORT – OPERATIONS & MAINTENANCE

**DATE:** OCTOBER 15<sup>TH</sup>, 2024

**CC:** PATRICK MCGOWAN, GENERAL MANAGER

---

**For the month of September, the following operations and maintenance activities occurred as follows:**

- General Maintenance.
- Staff replaced 3 air vents on the Recirculation Plant pipeline.
- Staff made repairs to 10E-2 Domestic Pipeline on Russell Ave and Shaw Ave.
- Staff made pipe lid covers for overflow for PWD main canal at station #3 & #4.
- Weed Control- Staff sprayed PWD Main Canal, T- Canal, Contour Canal, Lateral 2 & 3 ditch, 11-E ditch and 34 ditch. For Canal Water Treatment, 11E ditch and T-Canal station 3.
- Preventative Pump Maintenance Plan. (work in progress)
- Equipment Replacement Forecast Plan. (work in progress)
- Started working on Winter Project list.
- Started working on Chemical Budget for 25/26.
- I would like to purchase some chemicals through the EOP through Clear ChannelVM and SePRO. I would like to increase the Chemical budget for 25/26. PDD will be taking over approximately six miles of drainage ditch next year. The chemicals I would like to purchase are little more per gallon than what the district has been purchasing. By using a better chemical, we should be able to cut the cost of weed control and canal treatment by 30% or more. This year we had to do a lot more spraying. In some cases, we had to spray some locations 2-3 times just to kill the weeds. For canal treatment it was the same. We are using more chemical and more man hours on the cheaper product. I've talked with multiple water districts about what chemicals they are using



for weed control and water treatment. They are all using the same product. I would like to use the same products.

- Started pulling Recirculation pumps for yearly maintenance & repairs.
- Maintenance and Chemical Staff have attended Cal/OSHA 10 Hour Construction Safety class.



# *PANOCHÉ WATERDISTRICT*

52027 WEST ALTHEA AVE., FIREBAUGH, CA 93622  
TELEPHONE (209) 364-6136 • FAX (209) 364-6122

---

---

## OCTOBER 15, 2024 BOARD MEETING MEMORANDUM

---

---

**TO:** BOARD OF DIRECTORS

**FROM:** JOSH MARQUEZ, ETHICS & COMPLIANCE / RISK MANAGEMENT/  
CONTRACTS ADMINISTRATOR

**SUBJECT:** SEPTEMBER 2024 UPDATE

**DATE:** OCTOBER 15, 2024

**CC:** PATRICK MCGOWAN, GENERAL MANAGER

---

### **ETHICS & COMPLIANCE:**

- No calls were reported to the hotline for the month of September.
- Compliance training of all employees conducted for the 2hr Ethics & Compliance and Code of Conduct Training.

### **RISK MANAGEMENT:**

- Safety Compliance Company conducted safety training on Basic First Aid and Covid-19. This month's training will focus on safety practices during wintertime operations.

### **CONTRACT ADMIN:**

- Contour Canal – No significant updates. Monthly call with USBR, Applied Earthworks, and Chris Linneman was attended. Mr. Linneman urged USBR it is necessary to stay on track in order to ensure construction will be completed in 2025 given logistical and hydrological constraints.
- Forefront – Monthly meeting attended; Forefront estimates Phase 1 project completion by December 2025. Phase 1 switchgear will be ordered this month with up to 52 week delivery. Phase 2 (Linneman Site): Interconnection study results delayed by PG&E estimated to be received by 10/31/24.
- WaterSMART Grant Opportunities– No response from Taylor Blakslee. Will research Grant and other consultants.

# PANOACHE WATER DISTRICT

52027 WEST ALTHEA AVE, FIREBAUGH, CA 93622  
TELEPHONE (209) 364-6136 • FAX (209) 364-6122



---

---

## BOARD MEETING MEMORANDUM

---

---

**TO:** BOARD OF DIRECTORS

**FROM:** DIANA MOSES, RISK MANAGEMENT ASSISTANT

**SUBJECT:** DIVISION REPORT – HUMAN RESOURCES

**DATE:** OCTOBER 2024

**CC:** PATRICK MCGOWAN, GENERAL MANAGER

---

**For the month of September, the following risk management and human resources activities occurred as follows:**

YTD we have six open workers compensation claims:

- All employees have returned to work
- One employee continues to be on modified duties & hours
- The other employees have returned to work with no restrictions but are still under medical care.
- 3 Claims should close by Late November, Early December.
- There were no new claims in September.

During our monthly Safety Meeting held On September 26<sup>th</sup>, 2024, the following information was communicated to the staff.

- Employees received a copy of the Board Approved Employee Handbook.
- Employees were made aware that our Open Enrollment for 2025 will begin October 1<sup>st</sup>, 2024 – November 8th, 2024. Employees were also given copies of our Summary Benefits and other information pertinent to Open Enrollment

Employee Anniversary / Recognition:

- Carl Westbrook 46 years. Carl was hired on September 11, 1978
- Arnold Jorge 38 years. Arnold was hired on September 29, 1986
- Sandra Reyes 24 years, Sandra was hired on September 27, 2000
- Juan Cadena 16 years. Juan was hired on September 22, 2008
- Patrick McGowan 1 year. Patrick was hired on September 5, 2023

**PWD**  
**September 10th, 2024**  
**BOARD MEETING ACTION ITEMS**

1. Distribute revised employee handbook to all employees for review & signature. DIANA  
**COMPLETE**
2. Plan, design, and estimate Nyman manifold upgrade per AWWA standards. CHRIS & TOM  
**IN PROGRESS**
3. Audit presentation for Board of Directors in October meeting. MARLENE  
**COMPLETE**
4. Separate Transfer Out & Sales on water accounting sheet. SANDRA  
**COMPLETE**
5. Schedule site visit with Dairy to identify potable treated and raw water use. JUAN & CHRIS  
**COMPLETE**
6. Work with grower on transitioning from potable treated water to raw water & installation of backflow assemblies. CHRIS & JUAN  
**IN PROGRESS**
7. Review and discuss PWD Well fee. JUAN & SANDRA  
**COMPLETE**
8. Identify emergency medical services flag person for all job sites. CHRIS & JOSH  
**COMPLETE**
9. Notify grower of board approval for additional turnout. PATRICK  
**COMPLETE**
10. Investigate Direct Connect energy use. JUAN  
**IN PROGRESS**
11. Average pump efficiency criteria breakdown and pump horsepower added to AgMonitor weekly report, beginning November. JUAN & CHRIS  
**COMPLETE**
12. Finalize crop analysis for distribution to Board of Directors. JUAN & ROGER  
**IN PROGRESS**
13. Follow up on USDA emergency assistance for vertical water storage tank replacement. JUAN  
**IN PROGRESS**
14. Finalize all information for Prop 218 overcollection with county to distribute.  
JUAN/MARLENE/DARRYL  
**IN PROGRESS**
15. Amend SLDMWA O&M rate charged to Growers. SANDRA  
**IN PROGRESS**
16. Research and develop potable new potable water agreements with residents, along with 218.  
PATRICK & PHIL  
**IN PROGRESS**
17. GBA well completion reports. JUAN  
**COMPLETE**
18. Electrical usage information to Chris L for modernization plan. JUAN  
**COMPLETE**

# PANOCHÉ WATER DISTRICT

52027 WEST ALTHEA AVE, FIREBAUGH, CA 93622  
TELEPHONE (209) 364-6136 • FAX (209) 364-6122



---

---

## BOARD MEETING MEMORANDUM

---

---

**TO:** BOARD OF DIRECTORS

**FROM:** JUAN CADENA WATER RESOURCES MANAGER

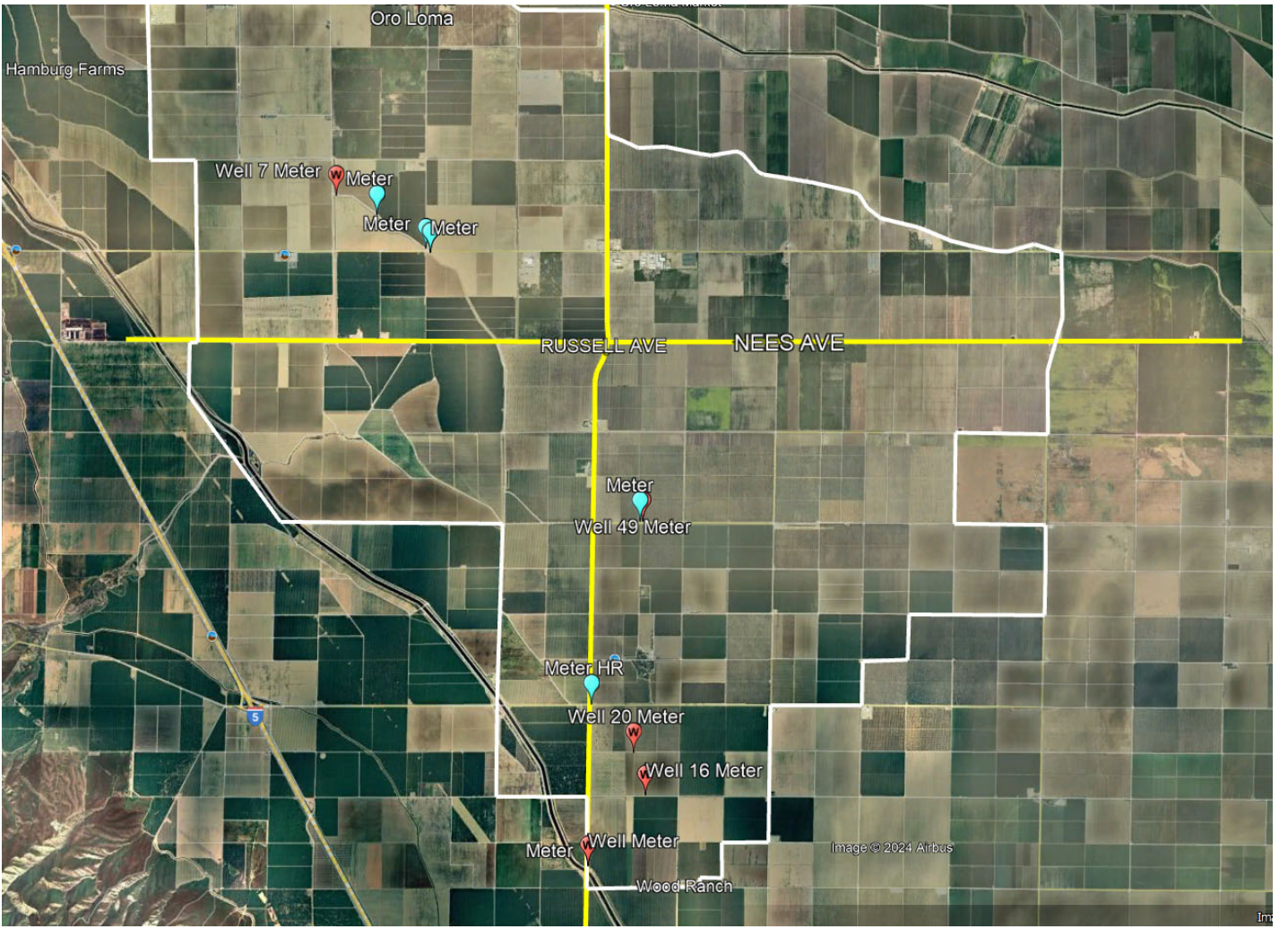
**SUBJECT:** \$5 O&M WELL WATER CHARGE PER ACRE FOOT PUMPED

**DATE:** OCTOBER 15<sup>TH</sup>, 2024

**CC:** PATRICK MCGOWAN, GENERAL MANAGER

---

Multiple growers have wells and they convey their well water through our system. The regular O&M is charged to the wells that convey their well water through the district's pump system. The \$5 O&M charge is applied to the wells that convey their well water through our system by gravity or the well discharge is next to their turnout. Below is a District map with some well locations and filter stations meters. All the laterals east of Russell are conveyed by gravity.





# PANOCHÉ WATER DISTRICT

52027 WEST ALTHEA AVE, FIREBAUGH, CA 93622  
TELEPHONE (209) 364-6136 • FAX (209) 364-6122

---

---

## 10/15/24, REGULAR BOARD MEETING MEMORANDUM

---

---

**TO:** BOARD OF DIRECTORS

**FROM:** PATRICK MCGOWAN, GENERAL MANAGER

**SUBJECT:** HEALTHY RIVERS & LANDSCAPES \$10 ACRE FOOT FEE

**DATE:** 10/15/24

**CC:**

---

### **Background Information**

#### **What is the Healthy Rivers & Landscapes Program?**

The State Water Resources Control Board (“State Water Board”) is currently considering updates to its 2006 Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary (“Bay Delta Plan”) in two phases (the “Plan amendments”). The State Water Board has proposed an “unimpaired flow” approach that would have an estimated two-million-acre-foot (“AF”) water cost to cities and farms. The unimpaired flow approach has the potential to cause a significant reduction in exports south-of-Delta.

To avoid such reduction, water users, including CVP contractors, have worked with state agencies since 2018 to develop an alternative watershed-wide approach to flows, ecosystem restoration, and water supply reliability. This effort was originally termed the “Voluntary Agreements,” and is now referred to as the Healthy Rivers & Landscapes Program (“HRL Program”).

#### **Why will the Water Authority be collecting \$10/acre-foot?**

Through the HRL Program, water users have committed to certain flows and funds. Flow commitments borne by south-of-Delta CVP contractors will be met by (1) CVP export cuts, and (2) flow contributions to a water purchase program. In addition, to fund both the water purchase program and science component of the HRL Program, Reclamation and CVP south-of-Delta water agencies have committed to paying \$10/AF of exported water.

The State Water Board is expected to consider action on Phase 2 of the update to the Bay Delta Plan in early 2025. In advance of that time, to ensure the ability of the HRL Program to be successfully implemented, **HRL Parties have committed to collecting one year of advance funding. Reclamation will need Congressional authority to collect HRL funds from CVP contractors; federal legislation will be sought. In the interim, the Water Authority will be collecting the \$10/AF charge.**

**What is an Activity Agreement, and do I need to participate?**

Through an “OM&R Transfer Agreement” between the Water Authority and Reclamation, the Water Authority is authorized to collect OM&R water rates from CVP contractors for water delivered or moved using certain CVP facilities. **Because the \$10/AF charge will not be associated with OM&R of CVP facilities, the Water Authority will not utilize the Transfer Agreement mechanism to collect the \$10/AF charge. Instead, the Water Authority intends to collect the charge via an “Activity Agreement.”**

The Water Authority frequently uses Activity Agreements with its members and other entities to provide for undertaking and sharing costs and benefits of authorized activities, e.g. for transfer programs, SGMA activities, etc. **To collect the \$10/AF charge, the Water Authority will draft an Activity Agreement that will be provided to all south-of-Delta CVP contractors with anticipated payment obligations.**

**CVP contractors will need to participate in the HRL Program to be considered a “Covered Entity.” Non-covered entities may face stricter regulatory requirements to be established by the State Water Board to comply with the Bay-Delta Water Quality Control Plan.**





# PANOCHÉ WATER DISTRICT

52027 WEST ALTHEA AVE, FIREBAUGH, CA 93622  
TELEPHONE (209) 364-6136 • FAX (209) 364-6122

---

---

---

---

## OCTOBER 15<sup>TH</sup>, 2024, BOARD MEETING MEMORANDUM

---

---

**TO:** PWD BOARD OF DIRECTORS

**FROM:** PATRICK MCGOWAN, GENERAL MANAGER

**SUBJECT:** PROPOSITION 218 BOND RECONCILIATION

**DATE:** 10/15/24

**CC:**

---

Staff have been given direction by the Panoche Board of Directors to move forward with retaining Fresno County Tax Assessor to process the refund of the over collection of Proposition 218 WINN ACT assessments collected and paid to Panoche Water District by Fresno County.

Fresno County will charge a fee of \$18.60 per 300 APNs to process the correction totaling \$5,580. Additionally, Fresno County will also pay interest to the landowners in the amount of \$63,000. We have earned the interest in the over collection to date, so we will simply be passing this amount to our respected landowners.

We are currently working with Fresno County and are uncertain about when the refunds will be processed at this time.