



**Southeast
Water Coalition**

A joint powers authority to protect the Central Groundwater Basin

AGENDA
SOUTHEAST WATER COALITION
REGULAR MEETING OF THE ADMINISTRATIVE ENTITY
THURSDAY, NOVEMBER 20, 2025, 12:00 p.m.

Norwalk Arts & Sports Complex
Hargitt Room
13000 Clarkdale Avenue
Norwalk, CA 90650

- 1. ROLL CALL**
- 2. PUBLIC COMMENTS**
- 3. CONSENT CALENDAR**
 - a. SEWC ADMINISTRATIVE ENTITY MINUTES OF SEPTEMBER 18, 2025
REGULAR MEETING**

Recommendation: Approve minutes as submitted.
- 4. DISCUSSION/ACTION REGARDING ANNUAL FINANCIAL AUDIT AND
PROFESSIONAL AUDIT SERVICES**

Albert Mendoza, AE Chair, City of Norwalk
Recommendation: Review and discuss the audit report of financial statements for
Fiscal Year 2023/24 and the proposal from Price Paige & Company to prepare the
audit of financial statements for Fiscal Year 2024/25.
- 5. DISCUSSION REGARDING REGULATORY UPDATES**

Albert Mendoza, AE Chair, City of Norwalk and Derek Nguyen, AE Member, City
of Lakewood
Recommendation: Review and discuss relevant regulatory updates.
- 6. DECEMBER 4, 2025 BOARD OF DIRECTORS AGENDA**

Albert Mendoza, AE Chair, City of Norwalk
Recommendation: Discuss the SEWC Board of Directors Agenda for December 4,
2025.
- 7. WRITTEN COMMUNICATIONS**
- 8. ADMINISTRATIVE ENTITY MEMBER COMMENTS**



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On November 14, 2025, the foregoing agenda was posted in accordance with the applicable legal requirements. Regular and Adjourned Regular meeting agendas may be amended up to 72 hours and Special meeting agendas may be amended up to 24 hours in advance of the meeting.

Disability-related services are available to enable persons with a disability to participate in this meeting, consistent with the Federal Americans with Disabilities Act of 1990. Please contact the City of Norwalk Public Services Department at least 24 hours in advance of the meeting at (562) 929-5511.

The next meeting of the Southeast Water Coalition Administrative Entity will be on Thursday, January 15, 2026, 12:00 p.m., at Norwalk Arts & Sports Complex, Hargitt Room, 13000 Clarkdale Avenue, Norwalk, CA 90650.



**Southeast
Water Coalition**

A joint powers authority to protect the Central Groundwater Basin

**MINUTES OF THE SOUTHEAST WATER COALITION
JOINT POWERS AUTHORITY
REGULAR MEETING OF THE ADMINISTRATIVE ENTITY**

**THURSDAY, SEPTEMBER 18, 2025
12:00 NOON**

The Regular Meeting of the Southeast Water Coalition Joint Powers Authority Administrative Entity was held on Thursday, September 18, 2025 at the Norwalk Arts & Sports Complex, Hargitt Room, 13000 Clarkdale Avenue, Norwalk, CA 90650. The meeting was called to order at 12:04 p.m. by Norwalk Staff member, Jacque Koontz. At the time the meeting was called to order, a quorum of members was present.

Ms. Madeline Gallagher took attendance, and the following Administrative Entity members were present:

ITEM 1 - ROLL CALL

Jose Arroyo-Gutierrez	City of Cerritos
Derek Nguyen	City of Lakewood
Michelle Tse	City of Paramount
Chris Castillo	City of South Gate
Joanna Moreno	City of Vernon
Ray Cordero	City of Whittier

STAFF AND GUESTS ON SIGN-IN SHEET:

Madeline Gallagher	SEWC Staff
Nicholas Ghirelli	RWG
Jacque Koontz	City of Norwalk (Staff)
Christopher Enriquez	City of Norwalk (Staff)

ITEM 2 – PUBLIC COMMENT

None.

ITEM 3 - CONSENT CALENDAR

A motion to approve the Consent Calendar was made by Mr. Cordero and seconded by Mr. Nguyen. The motion passed by the following voice vote:

AYES: **Arroyo-Gutierrez, Nguyen, Tse, Castillo, Cordero**
NOES: **None.**
ABSTAIN: **Moreno.**

ITEM 4 – DISCUSSION REGARDING PROGRAM MANAGEMENT SUPPORT PROPOSAL

Ms. Koontz noted that Koa Consulting, Inc. has provided services for 2 years and the contract expires in November. She reached out to legal counsel and confirmed there is no formal SEWC policy for procurement. She reported that AE members and legal counsel previously determined that with no renewal options in the original contract, an extension could be considered as an amendment with an updated cost and term.

Ms. Koontz noted that AE members requested that Koa Consulting Inc. provide an amendment proposal for consideration.

She noted that the proposed updated term was for 2 years 7 months to align with the fiscal year budget with an option to extend the contract for two additional years. She concluded her report by stating that the amendment proposal reflected a one-time 10% increase to cover costs.

After general discussion, Ms. Moreno moved to approve the following recommendation:

- a. Review the requested Amendment Proposal from Koa Consulting, Inc. and take it to the Board for approval.

The motion was seconded by Ms. Tse and was approved by the following voice vote:

AYES: **Arroyo-Gutierrez, Nguyen, Tse, Castillo, Cordero, Moreno**
NOES: **None.**
ABSTAIN: **None.**

ITEM 5 – DISCUSSION/ACTION REGARDING POTENTIAL NEW MEMBERSHIP OF SEWC

The discussion began with Mr. Cordero thanking Staff for working on the map and adding the requested updates, noting that it is really helpful for visualization. AE members then discussed which cities this membership invitation letter should be sent to.

It was agreed that initially, the invitation should be sent to cities located within the Central Basin service area that have their own water systems, due to SEWC's focus on groundwater contamination. Depending on the success of this initial round of invitations, AE members determined that the letter could be sent to the remaining cities located within the Central Basin service area.

AE members decided that Ms. Gallagher should create the draft membership invitation letter and send it to AE members along with the one-pagers to request any edits before bringing all documents to the Board for final approval.

ITEM 6 – DISCUSSION/ACTION REGARDING STRATEGIC PLAN REVIEW

Ms. Koontz noted that the Strategic Plan was brought up at both the latest Board and AE meetings and that the update to the Strategic Plan would also tie into the SEWC new membership efforts.

The Strategic Plan was updated based on Board member's direction, but the point of this item was to determine whether or not any additional edits should be made before taking it back to the Board for approval.

Mr. Nguyen requested to delete the text on the first page regarding who the AE consists of, noting that the original language is no longer relevant. Additionally, AE members agreed to update language regarding the date of the Strategic Plan revision.

Ms. Gallagher noted that she will make the two minor edits and include the Plan in the email to AE members with the draft letter and one-pagers.

ITEM 7 – OCTOBER 2, 2025 BOARD OF DIRECTORS AGENDA

Ms. Koontz opened up a discussion to confirm what items would be on the Board Agenda, and the following items were suggested:

1. The agenda items from this AE meeting (Project Management Extension, New Membership, and Strategic Plan)
2. PFAS Legislation Update by Nick

ITEM 8 – WRITTEN COMMUNICATIONS

None.

ITEM 9 - ADMINISTRATIVE ENTITY MEMBER COMMENTS

Ms. Koontz provided an update on the audit, noting that she has been in discussion with Price Paige & Company, so there should be an update and future agenda item that can be presented to the Board at a later date.

Ms. Koontz received a formal application of ACWA but noted that she needs the final draft of operational audit before we know the final cost of membership.

Ms. Koontz also mentioned that the Pure Water tour occurred on August 12th and that it was a great experience.

ITEM 10 - ADJOURNMENT

The meeting adjourned at 12:51 p.m.

The next regular Southeast Water Coalition Administrative Entity Meeting will be held on November 20, 2025 at 12:00 p.m. at the Norwalk Arts & Sports Complex, Hargitt Room, 13000 Clarkdale Avenue, Norwalk, CA 90650.

Chair

Date



**SOUTHEAST WATER COALITION
JOINT POWERS AUTHORITY
AGENDA REPORT**

Date: November 20, 2025
To: Southeast Water Coalition Administrative Entity
From: Albert Mendoza, AE Chair, City of Norwalk

Subject: DISCUSSION/ACTION REGARDING ANNUAL FINANCIAL AUDIT AND PROFESSIONAL AUDIT SERVICES

Discussion:

To retain the most cost-effective and independent auditing firm for SEWC, the City of Norwalk, as Lead Agency, prepared and posted a Request for Quotation "RFQ" on October 18, 2024. The RFQ was to solicit professional services for the annual audit of SEWC financial statements for fiscal year (FY) 2023/24. The AE Chair also reached out to various auditors recommended by AE Members to notify them of the opportunity. SEWC received one quotation via the solicitation process from Price Paige & Company (Price Paige). During the November AE Meeting, the SEWC members determined that Price Paige is suitable to bring to the Board as a recommendation. The SEWC Board approved a professional services agreement with Price Paige in the amount of \$8,280.

Price Paige has performed an audit, in accordance with the auditing standards accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Controller General of the United States. The audit of financial statements of SEWC for the FY ending June 30, 2024 has been issued in a report dated September 17, 2025.

Price and Paige's contract agreement will expire December 30, 2025. To maintain momentum and complete the annual audit of SEWC financial statements for FY 2024/25, the City of Norwalk requested a proposal from Price Paige.

Recommendation: Review and discuss the audit report of the SEWC financial statements for Fiscal Year 2023/24 and the proposal from Price Paige & Company to prepare the audit of SEWC financial statements for Fiscal Year 2024/25.

Attachments:

1. Financial Audit Report for FY 2023/24
2. Proposal from Price Paige & Company

Southeast Water Coalition | Vernon, CA

Financial Statements

For the Year Ended June 30, 2024



PRICE PAIGE & COMPANY
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southeast Water Coalition
c/o City of Vernon
Vernon, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Southeast Water Coalition (the Coalition), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Coalition'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 Coalition as of June 30, 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 Coalition 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 Coalition'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

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audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coalition'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 Coalition's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2025, on our consideration of the Coalition'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 Coalition'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 Coalition's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
September 17, 2025

BASIC FINANCIAL STATEMENTS

SOUTHEAST WATER COALITION | JUNE 30, 2024
Statement of Net Position

ASSETS	
Cash	\$ 200,822
Due from member agencies	<u>15,000</u>
 Total assets	 <u>215,822</u>
 LIABILITIES	
Accounts payable	<u>5,780</u>
 Total liabilities	 <u>5,780</u>
 NET POSITION	
Unrestricted	<u>210,042</u>
 Total net position	 <u><u>\$ 210,042</u></u>

SOUTHEAST WATER COALITION | FOR THE YEAR ENDED JUNE 30, 2024

Statement of Revenues, Expenses, and Change in Net Position

Operating revenues:	
Member contributions	\$ 44,000
Total operating revenues	<u>44,000</u>
Operating expenses:	
Contract services	36,930
Professional services	10,844
Policy board compensation	4,500
Meeting expense	3,037
Administration	<u>1,921</u>
Total operating expenses	<u>57,232</u>
Operating income (loss)	<u>(13,232)</u>
Nonoperating revenues (expenses):	
Investment income	<u>1,568</u>
Total nonoperating revenues (expenses)	<u>1,568</u>
Change in net position	(11,664)
Net position - beginning	<u>221,706</u>
Net position - ending	<u>\$ 210,042</u>

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

SOUTHEAST WATER COALITION | FOR THE YEAR ENDED JUNE 30, 2024Statement of Cash Flows

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from member agencies	\$ 32,000
Cash paid to vendors and suppliers for materials and services	<u>(53,600)</u>
Net cash provided by (used for) operating activities	<u>(21,600)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>1,568</u>
Net cash provided by (used for) investing activities	<u>1,568</u>
Increase (decrease) in cash	(20,032)
Cash - beginning	<u>220,854</u>
Cash - ending	<u><u>\$ 200,822</u></u>

**Reconciliation of net operating income (loss) to net cash provided
by (used for) operating activities:**

Net operating income (loss)	\$ (13,232)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Change in due from member agencies	(12,000)
Change in accounts payable	<u>3,632</u>
Net cash provided by (used for) operating activities	<u><u>\$ (21,600)</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

On July 1, 1991, certain public agencies entered into a joint powers agreement to form the Southeast Water Coalition (the Coalition). Each member has one representative on the Policy Board and on the Administrative Entity. The purpose of the Coalition is to jointly exercise its powers for the purpose of improving the quality and quantity of potable water in the southeast area of Los Angeles County. The Coalition members are the cities of Downey, Whittier, Paramount, Pico Rivera, Lakewood, Norwalk, Commerce, Vernon, Cerritos, South Gate, and Santa Fe Springs.

It is the firm position of the Coalition that both the containment at Commerce Narrows and cleanup of the San Gabriel Basin are essential to the protection of the Central Basin. The containment program is the Coalition's primary short-term focus because the Commerce Narrows containment program serves primarily to protect the Central Basin.

In addition, the Coalition will work with communities and agencies in the San Gabriel Basin to expedite the cleanup of the San Gabriel Basin as a no less important, but longer term, focus. In addition, it is the goal of the Coalition to return the decision-making authority, both in terms of alternatives chosen and lead agency status with respect to the implementation of the containment program at Commerce Narrows and the cleanup of the San Gabriel Basin, to agencies at the local or state level while pursuing funds at the federal, state, and local levels.

B. Basis of Presentation

The financial statements of the Coalition are prepared in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the acknowledged standard-setting body for establishing accounting and financial reporting standards followed by the governmental entities in the United States.

C. Basis of Accounting and Measurement Focus

The Coalition uses the proprietary fund type (Enterprise Fund) to account for its operations. The financial statements (i.e., the Statement of Net Position, the Statement of Revenues, Expenses and Change in Net Position, and Statement of Cash Flows) report information on all of the activities of the primary government. The Coalition accounts for its operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses) of providing goods or services on a continuing basis be financed or recovered primarily through member contributions.

The Coalition's financial statements are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Change in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Coalition are member contributions. Operating expenses for enterprise funds include the cost of contract and professional services, policy board compensation, meeting and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash

For purposes of the Statements of Cash Flows, the Coalition considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 1 – FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Use of Estimates

The preparation of the basic financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Net Position

Net position is reported in three categories as follows:

Net Investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvements of the assets.

Restricted – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted – This amount is all net position that does not meet the definition of “net investments in capital assets” or “restricted net position”.

When an expense is incurred for a purpose for which both restricted and unrestricted net position are available, it is the Coalition's practice to apply restricted net position first.

NOTE 2 – CASH

The Coalition's cash was maintained in a deposit and investment pool managed by the City of Vernon during the year ended June 30, 2024. This pool is governed by and under the regulatory oversight of the investment policy adopted by the City Council of the City. The Coalition has not adopted a deposit and investment policy separate from that of the City of Vernon. The Coalition considers the pooled cash and investments with maturity of 3 months or less as cash equivalents.

Information regarding the City of Vernon's deposit and investment pool, including interest rate, credit, and custodial credit risks, can be found in the City of Vernon's Basic Financial Statements for the year ended June 30, 2024, located at City Hall and on the City of Vernon's website.

At June 30, 2024, the Coalition's cash balance was \$200,822.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

A. Litigation

In the ordinary course of operations, the Coalition is subject to claims and litigation from outside parties. In the opinion of the Coalition's management, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Coalition.



**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
Southeast Water Coalition
c/o City of Vernon
Vernon, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Southeast Water Coalition (the Coalition), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Coalition's basic financial statements, and have issued our report thereon dated September 17, 2025.

Report on Internal Control over Financial Reporting

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

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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 Pange & Company

Clovis, California
September 17, 2025



PRICE PAIGE & COMPANY
Certified Public Accountants

QUOTE FOR PROFESSIONAL AUDIT SERVICES

FOR

SOUTHEAST WATER COALITION

**FOR THE YEAR ENDED
JUNE 30, 2025**



**Southeast
Water Coalition**

A joint powers authority to protect the Central Groundwater Basin

Submitted
November 12, 2025

By

Fausto Hinojosa, CPA, CFE
Managing Partner/Audit Partner
Price Paige & Company
Certified Public Accountants

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November 12, 2025

Glen W.C. Kau, P.E., Director of Public Services/City Engineer
City of Norwalk
c/o Southeast Water Coalition
12700 Norwalk Boulevard
Norwalk, CA 90650

Dear Mr. W.C. Kau, P.E. and Auditor Selection Committee:

Thank you for considering Price Paige & Company for your audit services. It is our pleasure to present to you our quote to provide professional audit services to the Southeast Water Coalition (the Coalition) for the year ended June 30, 2025, with one potential one-year extension. When presented with viable alternatives, it is not always easy for entities such as the Coalition to identify the accounting firm that can best meet their overall auditing needs. Over the past 45 years, we have developed significant expertise in governmental accounting. Our knowledge of the governmental environment and operations has allowed us to develop more robust audit procedures that enhance the quality of our audits.

Our audit professionals are highly qualified and have extensive experience and expertise in governmental auditing and accounting. The firm has been a member of the AICPA Government Audit Quality Center for several years, and all our accountants take a minimum of 80 hours of continuing professional education every two years specifically related to the auditing and accounting services we provide. This commitment to learning yields a direct benefit to the clients we work with. Additionally, our firm has a well-earned reputation for ensuring audit engagements are performed in accordance with professional standards and, just as importantly, on time. We are committed to communicating effectively to ensure that we address your questions comprehensively. As demonstrated by our resumes and considerable involvement by the firm's audit principal, we feel that our firm has the resources, knowledge and expertise to meet and service the needs of the Coalition. We can assure you that we fully understand the scope of work to be performed, and we wish to emphasize our commitment to meeting and exceeding all your expectations. We are committed to providing these services in accordance with the Coalition's required timelines. Additional information about our firm's audit department and the services we offer can be found on our website, www.ppc.cpa.

We trust that this quote to provide professional audit services will adequately summarize our approach to client service and identify those attributes that set Price Paige & Company apart from others. We appreciate the opportunity to submit this quote application to serve you and would be pleased to furnish any additional information regarding our firm or answer any other specific questions or concerns you may have. I am an audit principal for our firm, and I am authorized to make representations regarding this quote. I may be reached at (559) 299-9540 or via email at fausto@ppcpas.com.

Sincerely,

Fausto Hinojosa, CPA, CFE
Managing Partner/Audit Partner
Price Paige & Company
Certified Public Accountants

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FIRM HISTORY AND QUALIFICATIONS

Established in 1976 and located in Clovis, California, Price Paige & Company consists of five owners (partners) each of whom is a Certified Public Accountant. The partners of the firm have more than 90 years of combined experience in public accounting. Our firm is comprised of over 50 professional, paraprofessional and administrative staff. More than 50% of Price Paige & Company's practice is in auditing and attestation services, primarily in the governmental and not-for-profit sectors. In addition, we provide services to many businesses in accounting, tax and management consultation in all areas.

Price Paige & Company is recognized in the community and by our peers as experts in the areas of governmental and not-for-profit auditing, attestation and accounting. Our proven commitment to excellence allows us to work with clients in the timeliest and most cost-effective manner possible. Our auditors are not seasonal; that is, they are not "tax accountants" who perform audits in the "off-season." They focus exclusively on providing audit services, and they receive over 80 hours of continuing education every two years, specifically related to improving their audit skills. The experience of our team allows us to conduct very efficient and effective audits.

We currently provide auditing, attestation and accounting services to more than 60 governmental agencies and 75 not-for-profit organizations annually, many of which are federal single audits. The breadth and scope of single audits we have conducted is significant, and we have experience auditing organizations with an excess of \$100 million dollars of federal funding.

We will assign a team of personnel from our firm to your account to provide the range of services you have requested. This team is kept abreast of any significant developments that arise through our normal association with you. The most important aspect of this approach is to provide continuity to the engagement. We understand that the audit process requires two-way communication, and we accept our responsibility to listen to our client's concerns and deliver timely and effective solutions.

Proactive Rather than Reactive Approach to Client Service

A primary objective of our client service is to make positive contributions to our client's profitable operations, organizational efficiency and productivity. We work hard at anticipating problems and ensuring there are no surprises. We are creative and will always present alternatives for our client's evaluation rather than relying on the "textbook" solution. We will schedule frequent meetings and utilize our management recommendation letters as tools for communication with you.

Smart Technologies

We use sophisticated data analysis software (IDEA) that allows us to perform specific fraud-detection tests on large amounts of data; in some cases, testing 100% of the transaction population. Some of the specific tests we perform include the following: duplicate payment tests, matching of employee and vendor addresses to identify potential conflicts and review of purchase orders to identify potential bid splitting. We believe our creative use of this value-added software tool allows us to perform more effective audits and gives our clients increased confidence in their financial reporting. For example, we have successfully implemented this data analysis software and testing at Fresno Unified School District, which is the third largest school district in the state, with a budget in excess of two billion dollars.

All our audit engagements are performed utilizing a paperless and digital approach. Our auditing software allows us to increase our efficiency and provide a streamlined workflow. Documents and files can easily be retrieved and forwarded to our clients without the need for photocopying.

External Peer Review

The successful peer reviews our firm has received and our Engagement Quality Control Review program serve as evidence of our commitment to meeting the standards of care and performance applicable to our auditing, attestation and accounting practice, which demonstrate the extra measures we take to ensure continued successful compliance with our client's expectations about our quality and competence.

For your consideration, a copy of the firm's Peer Review Report is included in this quote as listed on the table of contents. The firm received a "pass" report, and the review included specific not-for-profit, governmental and Uniform Guidance engagements.

We Conduct Peer Reviews

In addition to receiving successful peer reviews, **Price Paige & Company also conducts peer reviews** of other accounting firms. Essentially, we "audit" other auditors to ensure auditing and accounting standards are met. Being a peer reviewer requires us to understand the technical accounting rules, especially in the governmental and not-for-profit environments. We leverage our experience as technical peer reviewers in our audit engagements so that we can perform effective and efficient audits for all our clients.

Mandatory Qualifications

Licensure and Certification — The associates of Price Paige & Company are licensed Certified Public Accountants, certified by the California State Board of Accountancy (License #PART 8241). All team members assigned to the engagement comply with the 80-hour continuing education requirements promulgated by *Government Auditing Standards* issued by the U.S. Government Accountability Office.

Independence — Our firm is independent with respect to the Coalition defined by applicable standards generally acceptable in the United States as well as *Government Auditing Standards* issued by the U.S. Government Accountability Office.

No Conflict of Interest — Our firm's established policy is that we do not submit quotes for auditing, attestation or accounting services if there is a known conflict of interest with the potential client. There are no current or potential conflicts of interest with anyone (employees, management, officers or directors) within the Coalition.

No Disciplinary Actions — Price Paige & Company has **never had any disciplinary actions** taken nor are any pending with the Federal or State regulatory bodies or professional organizations. In addition, we are pleased to affirm that we have never had an unresolved dispute related to accounting or auditing matters that resulted in disengagements. We work closely with our clients to develop solutions that are consistent with the accounting rules and auditing standards issued by the U.S. Government Accountability Office.

Additional Confirmations of Understanding

File Retention — We will retain working papers for seven (7) years following the completion of the audit.

Equal Opportunity Employer — Price Paige & Company is an equal opportunity employer. All employees are treated on their merits, without regard to race, age, sex, marital status or other factors not applicable to their position. Employees are valued according to how well they perform their duties, their demonstrated abilities and their enthusiasm toward maintaining the firm's standards of service.

Liability Coverage — Price Paige & Company maintains comprehensive General Liability Coverage and Errors and Omissions Insurance with a limit of at least \$3,000,000. All required certificates of insurance will be provided to the Coalition's management, should our firm be the successful bidder.

VALUE-ADDED SERVICES AND SUPPORT

The role of accountants has evolved over time in response to the client's needs. Our firm has made it a practice to be proactive with clients by providing value-added services, all of which are included as part of our audit engagement. Below are some of the value-added benefits that we provide to our clients at **no additional charge**.

Consultation on Accounting Matters

We provide our clients with guidance on technical accounting matters. We encourage our clients to communicate with us regarding any technical accounting matter, as it allows us to be proactive in the audit process. If the technical accounting questions are outside the scope of the audit or require significant research, we will communicate with management the appropriate cost for their approval before proceeding with any additional services.

Client Training

We believe it is important to give our clients access to a full range of information to help them stay aware of current accounting developments and financial reporting issues. As part of our client service program, we will periodically hold client training seminars and summary courses aimed at providing our clients with an understanding of relevant accountancy issues. Training sessions we have offered included the following topics: understanding and mitigating the risk of fraud, reading and understanding governmental and non-profit financial statements and understanding the impact of unrelated business taxable income activities.

At the request of our clients, we expect to offer more client training sessions on some of the following topics in the future:

- current and pending government accounting pronouncements,
- differences in grant accounting vs. GAAP accounting,
- understanding the risk of fraud in an organization.

As part of the value-added service included in our client engagements, we invite our clients and their board members to attend the training sessions, which we anticipate offering remotely through webinar or digital conferences.

Approach to Communication and Expectations of Our Clients

In order to meet and exceed your expectations, we are diligent about maintaining open communication throughout the entire engagement. In our experience, this results in a more effective engagement. Our approach depends on the timely response and assistance of the Coalition. This cooperation will further ensure our work is completed in an efficient and cost-effective manner.

Additional Services Provided

In addition to financial statement audits, we also offer the following services: Internal Control Reviews, Forensic Accounting, Fraud Investigations, Agreed-Upon Procedures, Financial Statement Reviews and Financial Statement Compilations.

TEAM QUALIFICATIONS AND EXPERIENCE

We have an outstanding team of professionals who have established themselves as qualified competent individuals. We can assure you that each of our professionals is experienced in governmental accounting and GASB accounting pronouncements. Following is a brief overview of their experience. Detailed experience for each of these professionals can be found in Team Resumes as listed on the table of contents.

Years of Auditing / Accounting Experience

Managing Partner/Audit Partner Fausto Hinojosa, CPA, CFE	35
Quality Control Partner Joshua Giosa, CPA	18
Audit Manager Kristin Torres, CPA	10

Availability of Personnel and Time Requirements

Our level of staffing is more than sufficient to ensure that you receive a timely, efficient service. Should any of the above members of our team become unavailable, we will provide another equally qualified individual from our firm.

Continuity of Professional Staff and Succession Planning

Continuity of staff on engagements is as important to us as it is to our clients. Continuity promotes a thorough understanding of your needs and goals and helps us help you. A smooth transition from your existing firm to our firm will be accomplished as follows:

Communication — We stress communication early on with your staff to determine expectations, time frame for delivery of information and our extent and availability of assistance. We provide a written list of detailed information needed during our engagement, including critical due dates.

Experience — Members of our engagement team are very experienced in the operational, administrative and accounting and compliance issues related to governmental entities.

Quality — The firm maintains a rigorous quality control review process that includes not only a detailed review by a quality control manager and engagement partner but also an Engagement Quality Control Review (EQCR) as defined by AICPA standards.

Audit Approach — Our audit approach emphasizes effective up-front planning to identify issues for timely resolution.

TEAM RESUMES



FAUSTO HINOJOSA

Certified Public Accountant
Certified Fraud Examiner
California License # 66479

Present Position

Managing Partner/Audit Partner

Education and Experience

Fausto is Audit Partner in charge of audit and forensic consulting engagements for Price Paige & Company. For over thirty years his practice has focused on audit and accounting, fraud investigation, forensic consulting, and litigation support services. Fausto serves as the Managing Partner for the Firm and is responsible for providing strategic leadership. He has worked professionally in the accounting field since graduating from California State University, Fresno, in 1990. He became a Certified Public Accountant in 1994 and a shareholder with Price Paige & Company in 1997. A Certified Fraud Examiner, Fausto has investigated numerous allegations of fraud and has been designated a fraud expert in various legal proceedings.

After more than 30 years in the profession, Fausto has developed significant expertise specifically in the areas of audit risk assessment, governmental and not-for-profit auditing, fraud detection and prevention, federal/state grant compliance and internal controls.

Fausto currently serves as Chair of the California State Board of Accountancy Peer Review Oversight Committee. The committee oversees statewide peer review monitoring and enforcement to ensure CPA firms maintain high standards of audit quality, ethics, and compliance. Mr. Hinojosa is also the former Chair of the local Government Accounting and Auditing Committee for the California Society of CPAs. In addition, Fausto is a reviewer for the Government Finance Officers Association "Certificate of Achievement for Excellence in Financial Reporting" program. As the former Chair for the State Board of Accountancy Qualifications Committee, Fausto conducted audit workpaper reviews of CPA candidates in order to make licensure recommendations to the Committee.

Fausto is a former Adjunct Professor at Fresno Pacific University, where he taught an upper-division auditing course. He is a frequent lecturer to the California Society of CPAs and other professional organizations, business and civic groups on governmental and not-for-profit accounting and auditing, preventative fraud measures and the unique audit requirements for federal award programs under the Single Audit Act.

Professional Organizations and Community Involvement

- California Board of Accountancy Peer Review Oversight Committee — Chair
- State Board of Accountancy Qualifications Committee — Past Chair
- Fresno Chapter of California Society of CPAs — Past President
- Association of Certified Fraud Examiners — Member
- American Institute of Certified Public Accountants — Member
- Government Accounting and Auditing Committee of the Fresno Chapter — Past Chair
- State Government Accounting and Auditing Committee of the California Society of CPAs — Past Member
- Government Finance Officers Association — ACFR Reviewer



JOSHUA GIOSA

Certified Public Accountant
California License # 119801

Present Position

Quality Control Partner

Education and Experience

Joshua began his accounting career at Price Paige & Company in January 2007 after graduating from California State University, Fresno. In June 2005, he received a Bachelor of Science in Business Administration with an option in Accountancy and became a Certified Public Accountant in 2013.

Joshua is a partner for many of the firm's municipal audits and all its consultation clients. Although his governmental auditing background dates to 2007, since 2011 he has worked almost exclusively with governmental agencies, including the planning, performing, and reviewing of financial statement audits, which often also includes the compilation of their financial statements. He has performed and overseen substantial grant compliance work on both federal and state programs, has conducted several single audits, and has prepared numerous State Controller reports.

Beginning in 2017, Joshua shifted his focus from auditing to consulting governmental agencies, including counties, municipalities, and special districts. During this time, he has worked very closely with finance department personnel to support their primary objective of providing timely and accurate information to the decision-makers of a given entity. Responsibilities have included assisting clients with closing their financial records and preparing audit schedules in preparation for their annual audits, preparing monthly bank reconciliations and any other reconciliations requested by management for internal purposes, providing guidance for implementing new accounting pronouncements, and providing guidance for improving internal controls. Additionally, he has assisted municipalities in implementing new accounting software and developing a new chart of accounts and fund structures. Joshua has extensive knowledge of the Government Accounting Standards Board pronouncements and has assisted his clients in the most complex of transactions. His background also includes significant experience auditing not-for-profit entities and 401(k) pension plans. Joshua has expertise in the use of IDEA data analysis software and has used this software to conduct fraud detection procedures as a part of the many municipal audits he manages.

Community and Affiliations

Joshua is a member of the American Institute of Certified Public Accountants, the California Society of CPAs and the Government Finance Officers Association. He is currently serving on the Board of Directors as the Treasurer for North Fresno Rotary Endowment and president of Bullard Youth Softball League. He was formerly on the Board of Directors as the Treasurer for Big Brothers Big Sisters of Central California and Fresno's Rotary Storyland/Playland. Joshua is also an honorary member of the North Fresno Rotary Club.

Continuing Education

Joshua is in compliance with the continuing education requirements of the AICPA and Government Auditing Standards. Josh recently developed a training program for PPC staff and conducted training in courses such as *Accounting and Auditing of GASB 54*, *Auditing Enterprise Revenue and Receivables*, and *Risk Assessment for Government Agencies*. Recently attended courses include: *Governmental Auditing and Accounting Update*, *Advanced Financial Report*, and *Advanced Governmental Accounting*.



KRISTIN TORRES

Certified Public Accountant
California License # 142761

Present Position

Audit Manager

Education and Experience

Kristin began her accounting career after receiving a Bachelor of Science in Business Administration with an option in Accountancy and graduating from California State University, Fresno. Kristin received her Certified Public Accountant license in February of 2020.

Kristin was hired in December 2014 and has provided invaluable assistance on numerous governmental, and not-for-profit audits (county and municipal), which includes single audit compliance and preparation of financial statements that comply with required GASB standards. Since joining our audit team, she has been the in-charge auditor for County of Mono, County of Inyo, and the City of Mendota, along with other various audit projects for transportation agencies and other governmental audits.

Her background as in-charge auditor includes assessing and evaluating the risks of material misstatements unique to an entity's activity and environment, developing audit procedures, providing guidance to the audit team to effectively and efficiently complete audits, and effectively communicating the audit results with management and those charged with governance in accordance with Generally Accepted Auditing Standards, OMB Uniform Guidance 2 CFR 200 Subpart F, and GAAP.

Community and Affiliations

Kristin is a member of the American Institute of Certified Public Accountants, California Society of CPAs, Treasurer of the Fresno Chapter of the California Society of CPAs and is currently serving on the Board of Directors as the Treasurer for Arte Americas. She formerly served on the State-Wide California Society of CPAs Committee for Young and Emerging Professionals.

Continuing Education

Kristin is in compliance with the continuing education requirements of the AICPA and Government Auditing Standards. Continuing professional education courses and seminars recently attended include: *SAS 145 Update*, *GASB 96 Update*, *GASB 87 Leases*, and *Yellow Book & Single Audit Deficiencies*. She also served as an instructor for *Accounting for Governmental Assets & Liabilities* during an in-house continuing education seminar.

RELEVANT PRIOR EXPERIENCE

After evaluating our relevant experience, we are certain you will agree that Price Paige & Company is highly qualified to serve you. We have been successfully performing audit and attestation engagements since 1976. We have since continued to build on our reputation as a well-respected firm in and around the San Joaquin Valley and throughout California, with the qualifications and experience necessary to provide unequalled performance. Following is a list of several of our clients for whom we have provided similar services and our primary contact for each:

Reference Name: Kings River Conservation District
Contact: Binu Brar, Director of Finance
Address: 52027 W. Althea Avenue, Firebaugh, CA 93622
Phone: (559) 237-5567 x128
Email: bbrar@krcd.org
Service Provided: Financial Statement Audit (GAAS) and Advisory Services
Dates: June 30, 2003 through Present

Reference Name: Panoche Water District
Contact: Marlene Brazil, Accounting Supervisor
Address: 52027 W. Althea Avenue, Firebaugh, CA 93622
Phone: (209) 364-6136
Email: mbrazil@panochewd.org
Service Provided: Financial Statement Audit (GAS) and Advisory Services
Dates: February 29, 2016 through Present

Reference Name: South San Joaquin Irrigation District
Contact: Sonya Williams, Finance and Administration Manager
Address: 11011 E. Highway 120, Manteca, CA 95336
Phone: (209) 249-4600
Email: swilliams@ssjid.com
Service Provided: Financial Statement Audit (GAS) and Advisory Services
Dates: December 31, 2023 through Present

SCOPE OF SERVICES

As our experience indicates, we clearly understand the scope of services to be provided. You can be assured that we will design a service-specific approach to ensure compliance with all applicable standards and ensure that the Coalition receives high-quality, efficient and effective service.

Standards/Publications to be Followed

The financial and compliance audits will be performed in accordance with the following auditing standards:

- ♦ Generally Accepted Auditing Standards (AICPA)
- ♦ *Government Auditing Standards* (U.S. Comptroller General)
- ♦ United States General Accounting Office's (GAO) Standard for Audit of Governmental Organizations, Programs, Activities, and Functions
- ♦ Local Governments and Governmental Accounting Standards Board (GASB) Pronouncements
- ♦ All other applicable federal, state and local laws and regulations

Services to be Performed

The following services will be provided to the Coalition for the year ended June 30, 2025.

1. We will audit the Coalition's basic financial statements in accordance with Generally Accepted Auditing Standards (GAAS) in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.
2. We will express an opinion on the financial statements as to whether they present fairly, in all material respects, the financial position of the Coalition and the changes in financial position in conformity with generally accepted accounting principles (GAAP), and issue an independent auditor's report stating this opinion.
3. We will test internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, in accordance with *Government Auditing Standards*.
4. We will apply limited procedures related to the Required Supplementary Information (RSI), Management's Discussion and Analysis (MD&A), budgetary comparison information, and the supplementary information.
5. We will prepare and present to the Board of Directors and Management a report that identifies control deficiencies, significant deficiencies and material weaknesses, if any, and your recommendations for improvements in accounting and administrative controls.
6. We will prepare a written letter of communication to the Audit Committee that will include the following:
 - 1) auditor's responsibility under generally accepted auditing standards, 2) significant accounting policies, 3) management judgments and accounting estimates, 4) significant audit adjustments, 5) disagreements with management, 6) management consultation with other accountants and 7) difficulties encountered in performing the audit.
7. We will prepare and submit the State Controller's Report for the Coalition.

AUDIT APPROACH

We are confident that we will provide high-quality services based on our experience in working with governmental entities of similar size and scope to yours. Our high client satisfaction rate can be attributed to our effective communication and our efficient proprietary audit methodology.

Audit Procedures and Phases of the Engagement

Price Paige & Company provides value to our clients by creating a custom audit approach that is based on a client's specific needs, risks and opportunities. Our audit approach under generally accepted audit standards is depicted in the graphic below.

Our professional responsibility is to obtain sufficient audit evidence before an opinion is rendered on any financial statement. To achieve this, we will conduct our work in the following phases:

- ♦ Audit Planning and Risk Assessment
- ♦ Year-End Fieldwork
- ♦ Reporting
- ♦ Audit Focus
- ♦ Closing Conferences and Formal Presentation

Details about each of these phases are listed on the on the following pages.

Audit Planning and Risk Assessment

No other phase of the process affects the success of an engagement more than the time spent on planning the general scope and direction of the audit, including assessing the risks of financial statement misstatements. We will schedule audit planning and interim fieldwork to be done prior to final fieldwork with your personnel.

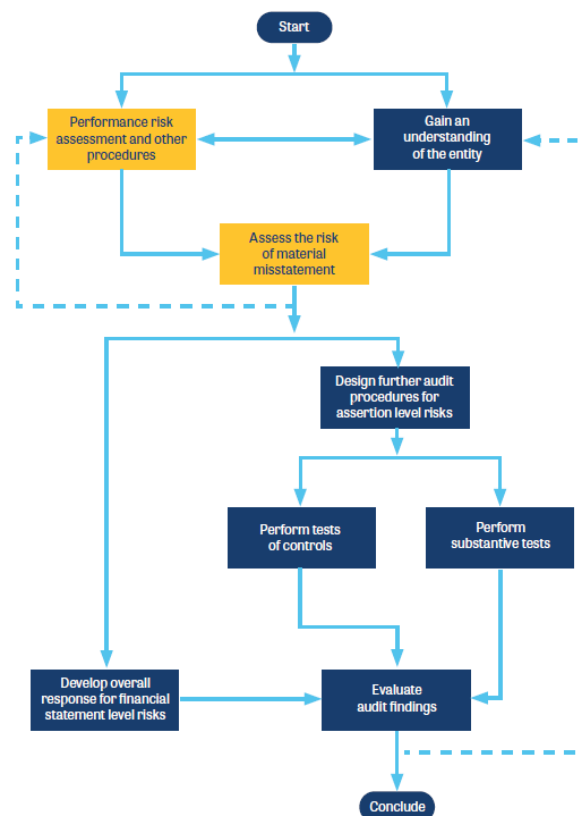
We will hold a planning session with the key members of our engagement team and your personnel.

During our planning session with management, we will also address AU-C Section 240, "Consideration of Fraud in a Financial Statement Audit." This auditing standard requires that we conduct certain meetings and interviews and perform and document certain procedures for identifying and responding to fraud risks.

As part of the audit planning and risk assessment phase of the audit, we will request a meeting with management to discuss our planned audit approach and any significant audit and accounting issues, as well as address any concerns.

As part of that process, we will conduct a pre-audit conference with appropriate management personnel to discuss the scope and timing of the audit.

The risk assessment audit standards require assessments based on an understanding of the internal controls over your financial reporting and our determination of the areas that present risks of material misstatement to your financial statements. We will then design our audit approach to include tests of the specific internal controls and substantive audit procedures that are tailored to the identified risks. Our risk assessment includes consideration of the factors depicted on the chart below.





Year-End Fieldwork

During the year-end phase of our audit, we will complete our audit work based on the audit programs designed specifically for the Coalition. This will include the results of our risk assessment and interim testing results, and we will issue a report on the financial statements in a timely and efficient manner.

Reporting

This phase will include the following:

- ♦ reviewing the financial statements and reconciling them to underlying audited records,
- ♦ evaluating the financial statements for compliance with GAAP requirements,
- ♦ formulating an opinion as to the fair presentation of the financial statements and
- ♦ preparing management letter with recommendations and communication letter to management.

We will immediately submit to management a written report of all irregularities and illegal acts, or indications of illegal acts, of which we become aware.

Audit Focus

Based on our audit experience with similar governmental entities, the primary areas of the audit on which we will focus include:

- ♦ Cash and investments
- ♦ Inventory
- ♦ Capital assets
- ♦ Accounts payable and expenditures
- ♦ Compliance with laws and regulations
- ♦ Commitments and contingencies
- ♦ Implementation of pronouncements of the Governmental Accounting Standards Board (GASB)

Closing Conferences and Formal Presentation

We believe regular communication with management will be a critical part of the success of our audit engagement. Therefore, we will provide regular updates to management regarding the progress of the audit during meetings with key personnel.

Additionally, the engagement partner will meet with management to review any potential adjusting journal entries, drafts of the management comment letter, communication with those charged with governance (AU-C 260) letters and a draft of the financial statements.

We will complete our work in sufficient time to meet the applicable deadlines. If required, we will make a formal presentation of the audit results and reports to management and will remain available to respond to their questions.

COST QUOTE

Description of Services	Total \$ FY 2024-25	(Optional) Total \$ FY 2025-26
Financial Statement Audit	\$ 7,480	\$ 7,480
State Controller's Report	800	800
Total All-Inclusive Maximum Fee	<u>\$ 8,280</u>	<u>\$ 8,280</u>

Staff Classification	Quoted Hourly Rate (FY 2024-25)	Hours	Total
Partner	400	2	\$ 800
Manager	300	-	-
Supervisor	235	8	1,880
Senior	200	10	2,000
Audit Staff	135	15	2,025
Support Staff	105	15	1,575
Total			<u>\$ 8,280</u>

Our proposed fees are based upon our current understanding of the work to be performed as outlined under the Scope of Services, and we give you a "Total All-Inclusive Maximum Fee" for these services. These fees are made with the following assumptions: 1) the Coalition's books will be properly closed and reconciled, 2) records will be complete and readily available at the start of the engagement and 3) representations made to us during this quote process will remain effective throughout the engagement.

In the event disclosures in the audit engagement indicate extraordinary circumstances that warrant more intensive and detailed services, we will provide to management in writing and in advance the reasons for the additional services together with the firm's estimate of costs, and a statement that no work will be performed without advance approval by the Auditor. Any and all additional work as agreed in advance by the Auditor will be compensated for at the same rate quoted in this cost quote.

PEER REVIEW REPORT



Report on the Firm's System of Quality Control

To the Partners of
PRICE PAIGE & COMPANY
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Price Paige & Company (the firm) in effect for the year ended April 30, 2024. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

CPAs ■ Advisors

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Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Price Paige & Company in effect for the year ended April 30, 2024, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Price Paige & Company has received a peer review rating of *pass*.

GYL LLP

Ontario, California
October 17, 2024





**SOUTHEAST WATER COALITION
JOINT POWERS AUTHORITY
AGENDA REPORT**

Date: November 20, 2025
To: Southeast Water Coalition Administrative Entity
From: Albert Mendoza, AE Chair, City of Norwalk
Submitted By: Derek Nguyen, AE Member, City of Lakewood

Subject: DISCUSSION/ACTION REGARDING REGULATORY UPDATES

Discussion:

Two regulatory updates were brought forward for discussion: the revised Notification Levels and Response Levels for PFAS and the proposed Personal Health Goals (PHGs) for 1,4-Dioxane.

Revised Notification Levels and Response Levels for PFAS

The Division of Drinking Water (DDW) officially issued new and revised Notification Levels (NLs) and Response Levels (RLs) for four specific PFAS compounds. These changes, finalized after a period of proposal and presentation, aim to update public water system monitoring requirements.

For perfluorooctanoic acid (PFOA) and perfluorooctane sulfonate (PFOS), the NLs were lowered from previous values. The RL for perfluorohexane sulfonic acid (PFHxS) was significantly reduced from 20 nanograms per liter (ng/L) to 10 ng/L, while its NL remains at 3.0 ng/L. Additionally, perfluorohexanoic acid (PFHxA) now has established NLs and RLs of 1,000 ng/L and 10,000 ng/L, where none existed before.

PFAS	New (ng/L)	NL	New (ng/L)	RL	Previous (ng/L)	NL	Previous (ng/L)	RL
PFOA	4.0		10*		5.1		10	
PFOS	4.0		40*		6.5		40	
PFHxS	3.0*		10		3		20	
PFHxA	1,000		10,000		None		None	

**No change from previous values.*

Proposed PHG for 1,4-Dioxane

The Office of Environmental Health Hazard Assessment (OEHHA) is currently seeking public comment on a draft technical support document for a proposed PHG of 0.04 micrograms per liter or parts per billion (ppb) for 1,4-dioxane in drinking water. A PHG represents the concentration of a contaminant at which adverse health effects are not expected over a lifetime of exposure, and OEHHA is legally mandated to develop these goals based exclusively on public health considerations. These PHGs serve as a critical scientific basis for the State Water Resources Control Board when they set legally enforceable Maximum Contaminant Levels (MCLs) for California.

The proposed PHG of .04 ppb is determined by calculating health-protective concentrations for both cancer and noncancer effects and selecting the lowest, or most health-protective, value. Given that the United States Environmental Protection Agency (EPA) has classified 1,4-dioxane as a likely human carcinogen, the cancer risk drives this proposed goal.

To accommodate public review of this scientific documentation, OEHHA has extended the public comment deadline from November 10, 2025, to November 25, 2025.

Recommendation: Review and discuss relevant regulatory updates.