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AGENDA

REGULAR MEETING OF THE BOARD OF DIRECTORS
WEDNESDAY, DECEMBER 21, 2022
5:30 PM

ON MARCH 4, 2020, CALIFORNIA GOVERNOR GAVIN NEWSOM DECLARED A STATE OF EMERGENCY IN CALIFORNIA AS A RESULT OF THE COVID-19 PANDEMIC, AN EMERGENCY THAT REMAINS IN EFFECT AND FROM WHICH OUTBREAKS AND EXPOSURE CONTINUES TO PRESENT AN IMMINENT THREAT FOR SOME ATTENDEES.

THIS MEETING WILL BE FULLY REMOTE.
YOU MAY JOIN BY PHONE AT 1 669 444 9171 OR VIA ZOOM AT
https://us02web.zoom.us/j/85803189002?pwd=VnNSUk04a3lFZitGZmpXczlzRWNhQT09
Meeting ID: 858 0318 9002 Passcode: 754533

OUR MISSION, VISION, AND VALUES

Mission Statement
To provide, protect, and maintain Joshua Tree's water - our vital community resource.

Vision Statement
To achieve excellence in all District endeavors.

Values
The community of Joshua Tree has entrusted the Board of Directors and employees of Joshua Basin Water District with its most valuable natural resource, its groundwater. As stewards of the community water supply, we oversee this critical natural resource to ensure current and future water reliability. Dedicated to this purpose, we embrace these important values:

- **Integrity** – To consistently earn our customers' trust by prioritizing the needs of the community…doing the right thing for the right reason.
- **Transparency** – To openly and honestly share information about our operations with the public.
- **Respect** – To treat the residents of Joshua Tree, and all those contacted in the course of business, with high esteem and regard.
- **Fiscal Responsibility** – To manage all resources as if they were our own, whether revenues, assets, or water supply, in a conscientious and appropriate manner.
- **Accountability** – To take responsibility for our decisions and actions in managing this essential resource.

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

2. **DETERMINATION OF A QUORUM**

3. **APPROVAL OF AGENDA**

4. **PUBLIC COMMENT**

   This is the time set aside for public comment on any District related matter, whether appearing on the agenda or not. Under provisions of the Brown Act, the Board is prohibited from taking action on items not listed on the agenda. At the discretion of the Board President, however, comments on a particular Agenized item may be deferred until that item is heard. Please state your name and limit your comments to 3 minutes.

5. **STATE OF EMERGENCY FINDINGS – GOVT. CODE § 54953(e)**

On October 6, 2021, the Board, by majority vote, adopted Resolution No. 21-1035, making certain findings that (1) the State of Emergency declared by California Governor Newsom on March 4, 2020, relative to the COVID-19 Emergency, remains in effect; and (2) due to existing rate of community transmission and the small meeting space available to the District for in-person attendance, the provision of a unrestricted physical location for the District's meetings could present imminent risks to the health and safety of attendees. It is recommended that the Board resolve by majority roll-call vote to extend the findings in Resolution No. 21-1035, modified to allow for optional in-person attendance for members of the Board and public, for an additional 30 days.

6. **CONSENT CALENDAR**

Consent calendar items are expected to be routine and non-controversial, to be acted upon by the Board at one time, without discussion. If a board member would like an item to be handled separately, it will be removed from the Consent Agenda for separate action.

A. NONE

7. **ACTION CALENDAR**

A. ELECTION OF OFFICERS

PRESENTED BY*:* General Manager, Sarah Johnson

RECOMMENDED ACTION: Board to nominate and elect a President and a Vice-President for 2023. Officers are to take their new positions immediately.

B. 2021/2022 AUDITED FINANCIAL STATEMENTS

PRESENTED BY*:* Anne Roman, Director of Finance and Jonathan Abadesco, CPA and Partner, of Fedak and Brown, LLP

RECOMMENDED ACTION: Receive the report, ask questions, and approve the report.

C. REVISION OF EXECUTIVE ASSISTANT JOB DESCRIPTION

PRESENTED BY: General Manager, Sarah Johnson

RECOMMENDED ACTION: For the Board to adopt the updated Executive Assistant Job Description

D. CONTRACT WITH GRANICUS

PRESENTED BY: General Manager, Sarah Johnson

RECOMMENDED ACTION: Receive presentation for information only.

E. PETTIBONE ACQUISITION

PRESENTED BY: Interim Director of Operations, Jeremiah Nazario

RECOMMENDED ACTION: Authorize the General Manager to execute a Purchase Agreement with West Coast Equipment in the amount of $175,208.68 for the acquisition of heavy equipment: Pettibone Tele Skytrack and Man Basket.

8. **INFORMATIONAL ITEMS AND REPORTS**

A. GENERAL MANAGERS REPORT

For informational purposes only on subjects not covered by the agenda. No action is to be taken.

B. DIRECTOR REPORTS AND COMMENTS

For informational purposes only on subjects not covered by the agenda and no action to be taken. The Board may provide staff with requests for specific agenda items.

9. **FUTURE DIRECTOR MEETINGS**

		DATE/TIME		**ATTENDEE(S)**
A.	JBWD – Board President to appoint Ad Hoc Committee for GM Evaluation			
B.	JBWD - Board of Directors Meeting	01/04/23	5:30 pm	CANCELLED
C.	JBWD - Citizens Advisory Council Meeting	01/10/23	5:00 pm	CAC & Public
	COMMUNITY WORKSHOP AT A SPECIAL LOCATION: 6171 Sunburst St, Joshua Tree, CA 92252			
D.	JBWD - Finance Committee	01/11/23	9:00 am	Floen, Delph
E.	JBWD - Water Resources Committee	01/11/23	10:30 am	Doolittle, Jarlsberg
F.	JBWD - Board of Directors Meeting	01/18/23	5:30 pm	All

10. **ADJOURNMENT**

INFORMATION

The public is invited to comment on any item on the agenda during the discussion of that item.

Availability of agenda materials: Materials related to any item on this Agenda submitted to the District Board of Directors of Committee Members after distribution of the agenda packet are available for public inspection at the District's office, 61750 Chollita Road, Joshua Tree, CA 92252, during normal business hours. All documents supporting this agenda are available on the District website www.jbwd.com, subject to the staff's availability to post the documents before the meeting.

Reasonable Accommodation: Any person with a disability, who requires accommodation to view the agenda or to participate in the public comment portion of the Board meeting, should direct such requests to Sarah Johnson, Secretary of the Board of Directors, at 760-366-8438. Please allow three business days for your request to be processed. Requests must be received at least seventy-two (72) hours before the scheduled meeting.

Disruptive Conduct: If any meeting of the District is willfully disrupted by a person or by a group of persons so as to render the orderly conduct of the meeting impossible, a meeting may be recessed or the person or persons willfully disrupting the meeting may be ordered to leave the meeting. Disruptive conduct includes addressing the Board or Committee without first being recognized, not addressing the subject before the Board or Committee, repetitively addressing the same subject, failing to relinquish the podium when requested to do so, or otherwise preventing the Board or Committee from conducting its meeting in an orderly manner. Your cooperation is appreciated.

JOSHUA BASIN WATER DISTRICT
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Agenda Item No: 7A

MOTION: ______/_____
VOTE: ___Y___N___A

Board of Directors Staff Report

MEETING DATE: 12/21/22
PRESENTED BY: Sarah Johnson, General Manager
TOPIC: **ELECTION OF OFFICERS**
RECOMMENDATION: Board to nominate and elect a President and a Vice-President for 2023. Officers are to take their new positions immediately.

ANALYSIS:
Per article 2 of the administrative code (Resolution No. 06-791), The Board of Directors shall elect at the last regular meeting of each calendar year the Officers of the Board. The Officers elected shall take office upon their election.

- 2.01.01 President. The President of the Board shall preside over all meetings. Also called the Presiding Officer.
- 2.01.02 Vice President. The Vice-President shall act in the President's absence or inability to act

STRATEGIC PLAN ITEM: N/A
FISCAL IMPACT: N/A

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Agenda Item No: 7B

MOTION: ______/_____
VOTE: ___Y___N___A

Board of Directors Staff Report

MEETING DATE: 12/21/22
PRESENTED BY: Anne Roman, Director of Finance
TOPIC: **2021/2022 AUDITED FINANCIAL STATEMENTS**
RECOMMENDATION: Receive report, ask questions, and approve report.

ANALYSIS:
Today we will receive the 2021/2022 Audited financial statement report from Jonathan Abadesco, CPA and partner at Fedak & Brown, LLP. Jonathan is Fedak's newest partner and returned to the firm after several years as the AGM-Administration at our neighboring HDWD.

After last year's delay, we are now back on track with our normal schedule of presenting and approving this report by calendar-year-end as required. We didn't quite have enough time to bring it to the Finance Committee first this year, but we intend to do so again beginning next year.

Please note that the unusual 20/21 circumstances extended into 21/22 before being discovered so the details appear again in this year's audit findings. Yet, the Auditor has again issued an unmodified opinion, meaning that the Auditor has confidence that the statements "present fairly, in all material respects, the respective financial position of the Joshua Basin Water District…".

Below are some points of interest from the attached **Financial Statements**:

- **Net position *increased*** by 9.51% or $3,814,252 to $43,908,730, mostly related to increased water revenues from increased consumption, scheduled rate increases, and capital contributions from development activities.
    - "Over time, *increases* or *decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating." In our case, net position is increasing/improving.

- **Total Revenues *increased*** by 13.79% or $1,200,735 to $9,909,519, mainly due to increased consumption, scheduled rate increases, and capital contributions from development activities. **Capital contributions increased** by 57.86% or $474,720. Capital contributions are primarily restricted.

- **Total Expenses *increased*** by 3.42% or $244,218 to $7,390,502 due to increases in general and administrative expenses and customer service costs.

Also attached is the **Management Report**, which contains recommendations made by the Auditor to the Board. Most of the recommendations are Prior Year Recommendations, carryovers from 20/21 and include updated Management responses. New recommendations for 21/22 only include the disclosure of adjusting entries made after the District has finalized its books at year end. Out of thousands of annual transactions, only five entries were made to correct reporting errors. Four additional entries, related to complex GASB68 Pension liability calculations, were made by the Auditors rather than the District, at the request of the District.

The annual audit is a 9 – 10 month task and a significant event for our Finance Department. The audit typically kicks off in the Spring with a multi-day site visit and continues in the Fall with another multi-day site visit. Each year's requirements seem to become more complex, as we keep up with new GASB changes. Our Finance Staff prepares year-round but devotes substantial overtime during each summer "audit season." Thank you to Autumn Rich, Kenia Hernandez, and Gail Emery for their valuable contributions to this task!

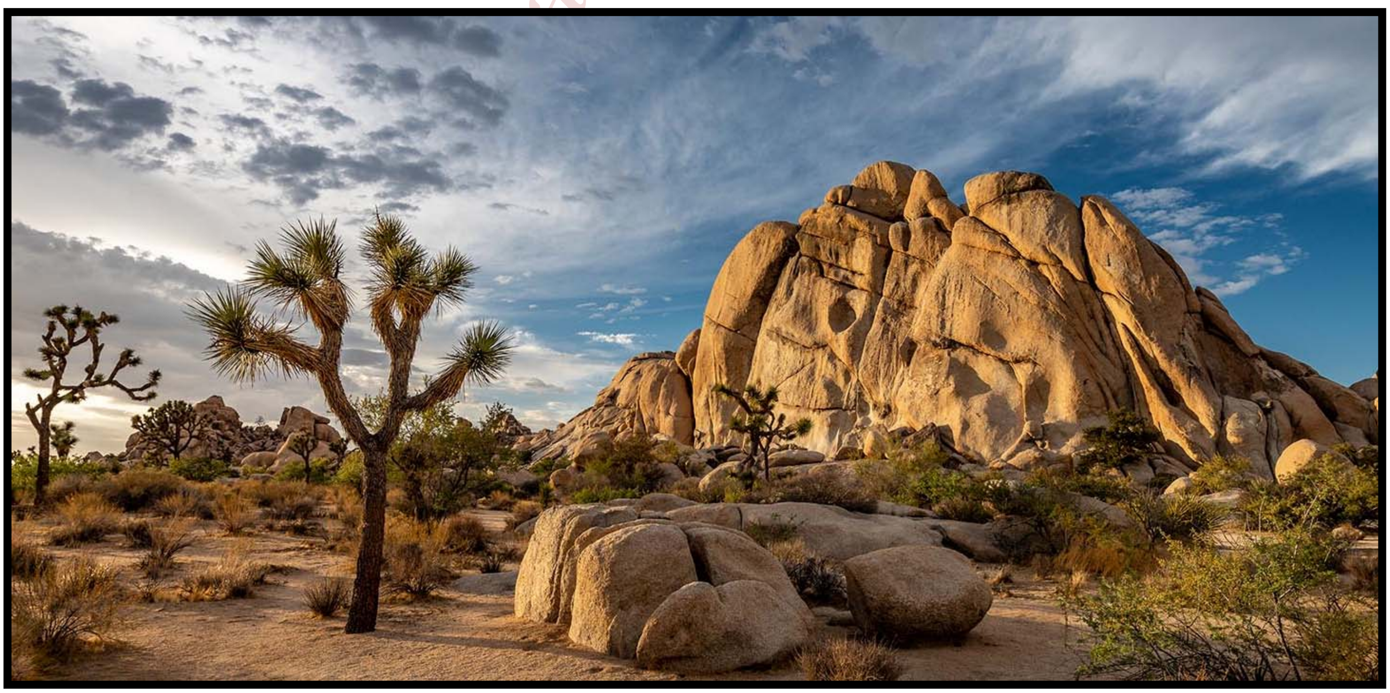
In addition, I would like to thank our auditors who have always been of great assistance to us, but especially so throughout the last few unusual years! This audit marks our final engagement under the current contract with Fedak and Brown, LLP so I will be bringing forth an audit engagement topic for Board consideration in January 2023.

STRATEGIC PLAN ITEM: 2.5 Conduct the Annual Audit
FISCAL IMPACT: None anticipated.

Joshua Basin Water District

Annual Financial Report

Fiscal Years Ended June 30, 2022 and 2021



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Our Mission Statement

"To provide, protect, and maintain Joshua Tree's water – our vital community resource."

Board of Directors as of June 30, 2022

Name	Title	Elected/ Appointed	Current Term
Tom Floen	President	Elected	12/20-12/24
Stacy Doolittle	Vice President	Elected	12/20-12/24
Barbara Delph	Director	Appointed	12/18-12/22
Jane Jarlsberg	Director	Elected	12/20-12/24
Open	Director	Open	Open

Joshua Basin Water District
Sarah Johnson, General Manager
61750 Chollita Road
Joshua Tree, California 92252-0675
(760) 366-8438
www.jbwd.com

Joshua Basin Water District

Annual Financial Report

Fiscal Years Ended

June 30, 2022 and 2021

Joshua Basin Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2022 and 2021

Table of Contents

Financial Section

Independent Auditor's Report

Board of Directors
Joshua Basin Water District
Joshua Tree, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Joshua Basin Water District (District), which comprises the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position for the fiscal years then ended, 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 Joshua Basin Water District as of June 30, 2022 and 2021, and the respective changes in net position, and, where applicable, cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 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.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Emphasis-of-Matter

Implementation of GASB Statement No. 87

As discussed in Note 15 to the financial statements, the District has adopted the provisions of GASB Statement No. 87 – Leases. As a result, the District has restated its net position to reflect the effects of the change in accounting policy. Our opinion is not modified with respect to this matter.

Waste, Abuse, and Misappropriation of Assets

As discussed in Note 12 to the financial statements, unusual transactions were investigated and determined that assets were misappropriated for the year ended June 30, 2022 and 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the required supplementary information on pages 42 through 44 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022, 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 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 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. This report can be found on pages 45 through 51.

Fedak & Brown LLP
Cypress, California
December 21, 2022

Joshua Basin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2022 and 2021

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Joshua Basin Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2022 and 2021. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2022, the District's net position increased 9.51% or $3,814,252 to $43,908,730 as a result of ongoing operations. In 2021, the District's net position increased 6.32% or $2,383,015 to $40,094,478 as a result of ongoing operations.
- Total revenues increased 13.79% or $1,200,735 to $9,909,519. In 2021, the District's total revenues increased 17.34% or $1,287,149 to $8,708,784.
- Operating revenues increased 8.55% or $651,415 to $8,272,429. In 2021, the District's operating revenues increased 19.21% or $1,228,341 to $7,621,014.
- Non-operating revenues increased 50.50% or $549,320 to $1,637,090. In 2021, the District's non-operating revenues increased 5.72% or $58,808 to $1,087,770.
- Total expenses increased 3.42% or $244,218 to $7,390,502. In 2021, the District's total expenses increased 5.32% or $360,879 to $7,146,284.
- Operating expenses increased 8.05% or $398,891 to $5,354,113. In 2021, the District's operating expenses increased 3.57% or $170,982 to $4,955,222.
- Non-operating expenses decreased 18.10% or $117,095 to $529,941. In 2021, the District's non-operating expenses increased 12.40% or $71,366 to $647,036.
- Capital contributions increased 57.86% or $474,720 to $1,295,235. In 2021, the District's capital contributions increased 60.97% or $310,779 to $820,515.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District's investments in resources (assets), deferred outflows of resources, obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in it. You can think of the District's net position – assets and deferred outflows of resources less liabilities and deferred inflows of resources – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation, such as changes in Federal and State water quality standards.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 15 through 41.

Statements of Net Position

Condensed Statements of Net Position

	2022	2021	Change	2020	Change
Assets:					
Current assets	$ 18,054,705	15,755,078	2,299,627	13,755,166	1,999,912
Non-current assets	373,052	447,663	(74,611)	522,273	(74,610)
Capital assets, net	31,444,843	30,625,293	819,550	30,218,418	406,875
Total assets	49,872,600	46,828,034	3,044,566	44,495,857	2,332,177
Deferred outflows of resources	463,928	459,615	4,313	454,533	5,082
Liabilities:					
Current liabilities	1,420,711	1,321,656	99,055	1,197,139	124,517
Non-current liabilities	4,935,928	5,866,719	(930,791)	6,031,930	(165,211)
Total liabilities	6,356,639	7,188,375	(831,736)	7,229,069	(40,694)
Deferred inflows of resources	71,159	4,796	66,363	9,858	(5,062)
Net position:					
Net investment in capital assets	26,396,099	25,273,455	1,122,644	24,610,852	662,603
Restricted	4,445,785	4,195,808	249,977	4,755,062	(559,254)
Unrestricted	13,066,846	10,625,215	2,441,631	8,345,549	2,279,666
Total net position	$ 43,908,730	40,094,478	3,814,252	37,711,463	2,383,015

Statements of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities and deferred inflows of resources by $43,908,730 and $40,094,478, as of June 30, 2022 and 2021, respectively.

Compared to prior year, net position of the District increased 9.51% or $3,814,252. The District's total net position is made up of three components: (1) net investment of capital assets, (2) restricted net position and (2) unrestricted net position.

By far the largest portion of the District's net position (60.12% and 63.03% as of June 30, 2022 and 2021, respectively) reflects the District's net investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2022 and 2021, the District showed a positive balance in its unrestricted net position of $13,066,846 and $10,625,215, respectively, which may be utilized in future years. See note 11 for further information.

Statements of Revenues, Expenses, and Changes in Net Position

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2022	2021	Change	2020	Change
Revenue:					
Operating revenue	$ 8,272,429	7,621,014	651,415	6,392,673	1,228,341
Non-operating revenue	1,637,090	1,087,770	549,320	1,028,962	58,808
Total revenue	9,909,519	8,708,784	1,200,735	7,421,635	1,287,149
Expense:					
Operating expense	5,354,113	4,955,222	398,891	4,784,240	170,982
Depreciation and amortization	1,506,448	1,544,026	(37,578)	1,425,495	118,531
Non-operating expense	529,941	647,036	(117,095)	575,670	71,366
Total expense	7,390,502	7,146,284	244,218	6,785,405	360,879
Net income before capital contributions	2,519,017	1,562,500	956,517	636,230	926,270
Capital contributions	1,295,235	820,515	474,720	509,736	310,779
Change in net position	3,814,252	2,383,015	1,431,237	1,145,966	1,237,049
Net position, beginning of period as restated (note 15)	40,094,478	37,711,463	2,383,015	36,565,497	1,145,966
Net position, end of period	$ 43,908,730	40,094,478	3,814,252	37,711,463	2,383,015

The statement of revenues, expenses, and changes in net position shows how the District's net position changed during the fiscal year. In the case of the District, net position increased 9.51% or $3,814,252 to $43,908,730, due to the change in net position of $2,519,017 from ongoing operations and $1,295,235 in capital contributions for the fiscal year ended June 30, 2022. For the fiscal year ended June 30, 2021, the District's net position increased 6.32% or $2,383,015 to $40,094,478, due to the change in net position of $1,562,500 from ongoing operations and $820,515 in capital contributions.

Statements of Revenues, Expenses, and Changes in Net Position, continued

A closer examination of the sources of changes in net position reveal that:

The District's total revenues (before capital contributions) increased 13.79% or $1,200,735 to $9,909,519. In 2021, the District's total revenues (before capital contributions) increased 17.34% or $1,287,149 to $8,708,784.

In 2022, the District's operating revenues increased 8.55% or $651,415 to $8,272,429, due primarily to increases of $293,297 in water consumption sales, $282,012 in water service charges, $42,636 in standby service charges, and $33,470 in other charges for services as compared to the prior year. In 2021, the District's operating revenues increased 19.21% or $1,228,341 to $7,621,014, due primarily to increases of $823,543 in water consumption sales, $277,831 in water service charges, $100,337 in other charges for services, and $26,630 in standby service charges as compared to the prior year.

In 2022, the District's non-operating revenues increased 50.50% or $549,320 to $1,637,090, due primarily to increases of $806,478 in non-operating revenues and $81,127 in property taxes; which were offset by decreases of $158,446 in investment returns, and $155,272 in HDMC operations revenue as compared to the prior year. In 2021, the District's non-operating revenues increased 5.72% or $58,808 to $1,087,770, due primarily to an increase of $47,108 in gain on disposal of assets as compared to the prior year.

The District's total expenses increased 3.42% or $244,218 to $7,390,502. In 2021, the District's total expenses increased 5.32% or $360,879 to $7,146,284

In 2022, the District's operating expenses increased 8.05% or $398,891 to $5,354,113 due to increases of $303,571 in general and administrative expenses and $80,397 in customer service costs. In 2021, the District's operating expenses increased 3.57% or $170,982 to $4,955,222, due primarily to an increase of $290,104 in pumping, production, and treatment, which was offset by decreases of $47,783 in general and administrative, and $43,278 in customer service costs as compared to the prior year.

In 2022, the District's non-operating expenses decreased 18.10% or $117,095 to $529,941, due primarily to decreases of $137,663 in HDMC project – District expense, $27,313 in debt administration charges, and $23,008 in interest expense; which were offset by an increase of $70,663 in waste and abuse as compared to the prior year. In 2021, the District's non-operating expenses increased 12.40% or $71,366 to $647,036, due primarily to increases of $150,906 in HDMC project – District expense, $68,102 in waste and abuse, $27,447 in debt administration charges; which were offset by a decrease of $169,597 in Morongo Basin Pipeline expenses as compared to the prior year.

In 2022, the District's capital contributions increased 57.86% or $474,720 to $1,295,235, due primarily to increases of $255,280 in state capital grant, $172,642 in water capacity charges, and $44,216 in wastewater capacity charges as compared to the prior year. In 2021, the District's capital contributions increased 60.97% or $310,779 to $820,515, due primarily to increases of $323,044 in water capacity charges, $183,776 in wastewater capacity charges, and $48,381 in state capital grant, which were offset by a decrease of $246,340 in capital contributions as compared to the prior year.

Capital Asset Administration

Changes in capital assets for 2022, were as follows:

		As restated Balance 2021	Additions	Transfers/ Deletions	Balance 2022
Capital assets:					
Non-depreciable assets	$	1,608,529	2,361,647	(907,081)	3,063,095
Depreciable assets		60,014,671	875,851	(84,339)	60,806,183
Accumulated depreciation		(30,997,907)	(1,506,448)	79,920	(32,424,435)
Total capital assets, net	$	30,625,293	1,731,050	(911,500)	31,444,843

Changes in capital assets for 2021, were as follows:

		As restated Balance 2020	Additions	Transfers/ Deletions	As restated Balance 2021
Capital assets:					
Non-depreciable assets	$	1,611,186	1,947,195	(1,949,852)	1,608,529
Depreciable assets		58,410,073	1,953,558	(348,960)	60,014,671
Accumulated depreciation		(29,802,841)	(1,544,026)	348,960	(30,997,907)
Total capital assets, net	$	30,218,418	2,356,727	(1,949,852)	30,625,293

At the end of fiscal year 2022 and 2021, the District's capital assets amounted to $30,601,826 and $30,212,198 (net of accumulated depreciation), respectively. These capital assets include land, transmission and distribution systems, buildings, equipment, vehicles, and construction-in-process.

See note 6 to the basic financial statements for further detailed information on the District's capital assets.

Debt Administration

Changes in long-term debt for 2022, were as follows:

		As restated Balance 2021	Additions	Payments	Balance 2022
Long-term debt:					
Bonds payable	$	2,622,000	-	(127,000)	2,495,000
Notes payable		2,705,988	-	(169,788)	2,536,200
Leases payable		23,850	-	(6,306)	17,544
Total long-term debt	$	5,351,838	-	(303,094)	5,048,744

Debt Administration, continued

Changes in long-term debt for 2021, were as follows:

	As restated Balance 2020	Additions	Payments	As restated Balance 2021
Long-term debt:				
Bonds payable	$ 2,743,000	-	(121,000)	2,622,000
Notes payable	2,857,994	-	(152,006)	2,705,988
Leases payable	6,572	20,536	(3,258)	23,850
Total long-term debt	$ 5,607,566	20,536	(276,264)	5,351,838

In 2022 and 2021, long-term debt decreased by $303,094 and $276,264, respectively, due to regular scheduled debt payments.

See further detailed information in Note 9.

Requests for Information

This financial report is designed to provide the District's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Director of Finance, Anne Roman at Joshua Basin Water District, 61750 Chollita Road, Joshua Tree, California, 92252 or (760) 366-8438.

Basic Financial Statements

Joshua Basin Water District
Statements of Net Position
June 30, 2022 and 2021

		2022	As restated 2021
Current assets:			
Cash and cash equivalents (note 2)	$	11,706,220	9,518,160
Cash and cash equivalents - restricted (note 2)		4,000,405	3,677,054
Accrued interest receivable		28,165	10,051
Accrued interest receivable - restricted (note 5)		1,406	2,553
Accounts receivable - water sales and services, net (note 3)		1,641,452	1,566,070
Property taxes receivable		8,063	7,851
Special assessments receivable – restricted		70,922	68,538
Grants receivable (note 4)		5,874	33,087
Accounts receivable - other		52,115	127,555
Materials and supplies inventory		324,185	631,455
Prepaid expenses and other deposits		215,898	112,704
Total current assets		18,054,705	15,755,078
Non-current assets:			
Note receivable - restricted (note 5)		373,052	447,663
Capital assets - not being depreciated (note 6)		3,063,095	1,608,529
Capital assets, net - being depreciated (note 6)		28,381,748	29,016,764
Total non-current assets		31,817,895	31,072,956
Total assets		49,872,600	46,828,034
Deferred outflows of resources:			
Deferred pension outflows (note 10)		463,928	459,615
Total deferred outflows of resources	$	463,928	459,615

Continued on next page

See accompanying notes to the basic financial statements

Joshua Basin Water District
Statements of Net Position, continued
June 30, 2022 and 2021

		2022	2021
Current liabilities:			
Accounts payable and accrued expenses	$	206,898	175,470
Accrued wages and related payables		90,904	82,143
Customer deposits and unearned revenue		662,139	429,014
Accrued interest payable		114,726	121,628
Long-term liabilities - due within one year:			
Compensated absences (note 7)		37,928	46,562
IDM pipeline liability (note 8)		-	169,597
Bonds payable (note 9)		132,000	127,000
Notes payable (note 9)		170,247	163,936
Leases payable		5,869	6,306
Total current liabilities		1,420,711	1,321,656
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 7)		113,783	139,687
Bonds payable (note 9)		2,363,000	2,495,000
Notes payable (note 9)		2,365,953	2,542,052
Leases payable		11,675	17,544
Net pension liability (note 10)		81,517	672,436
Total non-current liabilities		4,935,928	5,866,719
Total liabilities		6,356,639	7,188,375
Deferred inflows of resources:			
Deferred pension inflows (note 10)		71,159	4,796
Total deferred inflows of resources		71,159	4,796
Net position: (note 11)			
Net investment in capital assets		26,396,099	25,273,455
Restricted		4,445,785	4,195,808
Unrestricted		13,066,846	10,625,215
Total net position	$	43,908,730	40,094,478

See accompanying notes to the basic financial statements

Joshua Basin Water District
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2022 and 2021

	2022	2021
Operating revenues:		
Water consumption sales	$ 3,859,322	3,566,025
Water service charges	2,794,295	2,512,283
Standby service charges	1,259,906	1,217,270
Other charges for services	358,906	325,436
Total operating revenues	8,272,429	7,621,014
Operating expenses:		
Pumping, production, and treatment	1,587,251	1,584,678
Transmission and distribution	852,955	840,605
Customer service	807,781	727,384
General and administrative	2,106,126	1,802,555
Total operating expenses	5,354,113	4,955,222
Operating income before depreciation and amortization expense	2,918,316	2,665,792
Depreciation and amortization expense	(1,506,448)	(1,544,026)
Operating income	1,411,868	1,121,766
Non-operating revenue (expense):		
Property taxes	659,325	578,198
Special assessments for debt service	283,780	256,820
Investment returns	(143,043)	15,403
Morongo Basin pipeline (note 8)	-	-
Interest expense	(206,938)	(229,946)
Debt administration charges	(29,509)	(56,822)
Property tax administration charge	(1,659)	(1,433)
HDMC operations revenue (note 5)	193,101	348,373
HDMC project – District expense (note 5)	(153,070)	(290,733)
Waste and abuse (note 12)	(138,765)	(68,102)
Gain on disposition of assets	(4,419)	47,108
Other non-operating revenues (expenses), net	648,346	(158,132)
Total non-operating revenue, net	1,107,149	440,734
Net income before capital contributions	2,519,017	1,562,500
Capital contributions:		
Water capacity charges	667,035	494,393
Wastewater capacity charges	306,256	262,040
State capital grant	314,944	59,664
Local capital grant - Mojave Water Agency	7,000	4,418
Total capital contributions	1,295,235	820,515
Change in net position	3,814,252	2,383,015
Net position, beginning of year, as restated (note 15)	40,094,478	37,711,463
Net position, end of year	$ 43,908,730	40,094,478

See accompanying notes to the basic financial statements

Joshua Basin Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2022 and 2021

		2022	2021
Cash flows from operating activities:			
Cash receipts from customers for water sales and services	$	8,505,612	7,459,189
Cash paid to employees for salaries and wages		(2,660,772)	(1,704,422)
Cash paid to vendors and suppliers for materials and services		(3,012,483)	(3,442,331)
Net cash provided by operating activities		2,832,357	2,312,436
Cash flows from non-capital financing activities:			
Property taxes		458,348	522,759
Waste and abuse		(138,765)	(68,102)
Other non-operating expenses, net		648,346	(158,132)
Net cash provided by non-capital financing activities		967,929	296,525
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets		(2,325,998)	(1,950,901)
Gain on disposition of assets		(4,419)	47,108
HDMC project expense		40,031	57,640
Capital contributions		980,291	760,851
Payments received for note receivable		74,611	74,610
Proceeds from capital grants		342,157	31,019
Special assessments for debt service		281,396	280,498
Principal paid on long-term debt		(303,094)	(255,728)
Interest paid on long-term debt		(213,840)	(236,572)
Net cash used in capital and related financing		(1,128,865)	(1,191,475)
Cash flows from investing activities:			
Investment returns		(160,010)	52,352
Net cash (used in) provided by investing activities		(160,010)	52,352
Net increase in cash and cash equivalents		2,511,411	1,469,838
Cash and cash equivalents, beginning of year		13,195,214	11,725,376
Cash and cash equivalents, end of year	$	15,706,625	13,195,214

Reconciliation of cash and cash equivalents to the statements of net position:			
Cash and cash equivalents	$	11,706,220	9,518,160
Cash and cash equivalents - restricted		4,000,405	3,677,054
Total cash and cash equivalents	$	15,706,625	13,195,214

Continued on next page

See accompanying notes to the basic financial statements

Joshua Basin Water District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2022 and 2021

	2022	2021
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 1,411,868	1,121,766
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,506,448	1,544,026
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in assets:		
Accounts receivable – water sales and services, net	(75,382)	(193,892)
Accounts receivable – other	75,440	(37,999)
Materials and supplies inventory	307,270	(300,647)
Prepaid expenses and other deposits	(103,194)	(32,334)
(Increase) decrease in deferred outflows of resources:		
Deferred pension outflows	(4,313)	(5,082)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	31,428	43,317
Accrued wages and related payables	8,761	2,341
Customer deposits and unearned revenue	233,125	70,066
Compensated absences	(34,538)	(2,645)
Net pension liability	(590,919)	108,581
Increase (decrease) in deferred inflows of resources		
Deferred pension inflows	66,363	(5,062)
Total adjustments	1,420,489	1,190,670
Net cash provided by operating activities	$ 2,832,357	2,312,436
Non-cash investing, capital, and financing transactions:		
Changes in fair value of funds deposited with LAIF	$ (198,844)	1,079

See accompanying notes to the basic financial statements

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Joshua Basin Water District (District) was organized in January 1963, under provisions of Division 12 of the Water Code of the State of California. The purpose of the District is to finance, construct, operate, and maintain a water and wastewater system to serve properties within the District's boundaries. The District services approximately 96 square miles in the unincorporated area of Joshua Tree, located in the Morongo Basin of San Bernardino County. The District is governed by a five-member Board of Directors who are elected by qualified voters in the District. The District conducts general meetings of the Board of Directors twice per month, held on the first and third Wednesday's of the month, at the District's administration office.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity*. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The Joshua Basin Water District Copper Mountain Mesa Assessment District (Assessment District) was formed in 1996 to finance the improvements and construction of the potable water system facilities, including pipelines, booster pumping station, water storage reservoir, and the necessary appurtenances. The bonds were sold to the United States Department of Agriculture, who is the sole bondholder. The District's directors serve as directors of the Assessment District; the District's General Manager serves as its executive officer. The assets, deferred outflows, liabilities, and deferred inflows of the Assessment District are blended with those of the District in the financial statements.

B. Basis of Accounting and Measurement Focus

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

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal value. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses. Non-operating revenues and expenses, such as grant funding, investment income, and interest expense, result from non-exchange transactions in which the District receives value without directly giving value in exchange.

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

C. Financial Reporting, continued

The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

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

In June 2017, the GASB issued Statement No. 87 – *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

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

C. Financial Reporting, continued

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

In October 2021, the GASB issued Statement No. 98 – *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur.

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

1. Use of Estimates

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

2. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

3. Investments and Investment Policy

The District has adopted an investment policy as written in Article 8 of the District's Administration Code. Any surplus funds or funds held for any length of time for special projects shall only be invested with reputable institutions.

The District's investment policy authorizes investments in as certificates-of-deposit and the California Local Agency Investment Fund (LAIF). The District's investment policy does contain specific provisions intended to limit its exposure to interest rate risk, credit risk, custodial risk, and concentration of credit risk.

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

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

3. Investments and Investment Policy, continued

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

4. Accounts Receivable and Allowance for Uncollectible Accounts

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

5. Property Taxes and Assessments

The San Bernardino County Assessor's Office assesses all real and personal property within the County each year. The San Bernardino County Tax Collector's Office bills and collects the District's share of property taxes and assessments. The San Bernardino County Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the San Bernardino County which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

6. Materials and Supplies Inventory

Materials and supplies inventory consists primarily of water meters, pipe, and pipefittings for construction and repair to the District's water transmission and distribution system. Inventory is valued at cost using the "First-In, First-Out" (FIFO) method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

7. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

8. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Lease asset are measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

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

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

8. Capital Assets, continued

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Transmission and distribution system – 3 to 50 years
- Structures and improvements – 10 to 30 years
- Vehicles and large equipment – 5 to 10 years
- Office furniture and equipment – 5 to 10 years
- Water rights – 25 years
- Wastewater system in development – 15 years
- Surveys and plans – 2 to 5 years

Lease asset are amortize in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

9. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources applicable to future periods.

10. Compensated Absences

The District's policy is to permit employees to accumulate up to two times their annual vacation accrual rate with amounts exceeding the limit being forfeited. Upon termination of employment, employees are paid all unused vacation, floating holiday, and management/administrative leave. The accrual for sick leave does not have a cap and upon termination, sick leave may be converted to CalPERS service credit, based on eligibility. Sick leave not converted is forfeited.

11. Lease Payable

Lease liability are measured at the present value of payments expected to be made during the lease term.

12. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation dates: June 30, 2020 and 2019
- Measurement dates: June 30, 2021 and 2020
- Measurement periods: July 1, 2019 to June 30, 2020 and July 1, 2020 to June 30, 2021

13. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources applicable to future periods.

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

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

14. Water Sales and Services

Water sales are billed on a monthly cyclical basis and the respective revenues recognized when they are earned.

15. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies, or real estate developers desiring services that require capital expenditures or capacity commitment.

16. Net Position

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

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

17. Budgetary Policies

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

18. Reclassification

The District has reclassified certain prior year information to conform to current year presentation.

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30 are classified in the Statements of Net Position as follows:

		2022	2021
Cash and cash equivalents	$	11,706,220	9,518,160
Cash and cash equivalents – restricted		4,000,405	3,677,054
Total cash and investments	$	15,706,625	13,195,214

(2) Cash and Cash Equivalents, continued

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

		2022	2021
Cash on hand	$	2,201	2,300
Deposits held with financial institutions		458,593	184,492
California Local Agency Investment Fund:			
Unrestricted		11,245,426	9,331,368
Restricted		4,000,405	3,677,054
Total cash and investments	$	15,706,625	13,195,214

As of June 30, the District's authorized deposit had the following maturity:

	2022	2021
California Local Agency Investment Fund	311 days	291 days

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations – CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Collateralize Bank Deposits	5 years	None	None
Corporate debt – Short and Long Term	5 years	None	None
Commercial Paper – Pooled Funds Commercial Paper – Non-Pooled Funds	270 days	40% of the District's money	10%
Repurchase agreements	1 year	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 and is under the management of the Treasurer of the State of California with oversight provided by the Local Agency Investment Advisory Board. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

(2) Cash and Cash Equivalents, continued

Investment in State Investment Pool, continued

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio matures, or comes close to maturity, evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations.

Credit Risk

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

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits, or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for *investments* is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to $250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Concentration of Credit Risk

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The District's deposit portfolio with governmental agencies, LAIF, is 97% and 99% as of June 30, 2022 and 2021, respectively, of the District's total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5% or more of the District's total investments.

(3) Accounts Receivable – Water Sales and Services, net

The balance at June 30 consists of the following:

		2022	2021
Accounts receivable – water sales	$	1,096,517	907,968
Unbilled water sales receivables		611,123	623,466
Standby charges receivables		231,323	206,984
Property liens		29,601	138,311
Allowance for doubtful accounts		(327,112)	(310,659)
Total accounts receivable, net	$	1,641,452	1,566,070

(4) Grants Receivable

Integrated Regional Water Management Plan

The balance at June 30 consists of the following:

		2022	2021
Prop 1 DWR grant – project	$	-	27,213
Prop 1 DWR grant – retention		5,874	5,874
Total grants receivable	$	5,874	33,087

On June 18, 2018, the Coachella Valley Water District and the State of California, Department of Water Resources (DWR), entered into a grant agreement to assist in financing projects associated with the Integrated Regional Water Management Plan (IRWMP) pursuant to Chapter 7 of Division 26.7 of the California Water Code. The maximum amount payable by the State under this grant agreement is not to exceed $2,636,488. The grant agreement consists of twelve separate IRWMP projects for various local sponsors with different allocation amounts – one of which being Joshua Basin Water District for $130,000. The District has utilized grant revenue for the Saddleback Pipeline Project. As of June 30, 2022, all projects associated with the grant agreement are completed, and the remaining retention balance awaiting release from the State amounted to $5,874.

(5) Note Receivable – Hi-Desert Medical Center

On July 1, 2012, the District executed a note receivable with the Hi-Desert Medical Center for $1,119,156 for capacity charges due for sanitary sewer service to the Hi-Desert Medical Center Wastewater Treatment Plant. The note is to be repaid over a 15-year period ($74,610 principal payment per year) with interest charged at the quarterly LAIF interest earnings rate. As of June 30, 2022 and 2021, the remaining principal balance was $373,052 and $447,663, respectively. At June 30, 2022 and 2021, accrued interest receivable on the note was $1,406 and $2,553, respectively, and is included as part of the accrued interest receivable balance in the statements of net position.

Hi-Desert Medical Center Project

In fiscal year 2013, the District was engaged by the Hi-Desert Medical Center (HDMC) to construct and operate the HDMC's Wastewater Treatment Plant (Plant). Please see note 6 for more details of the District's agreement with HDMC. During the construction phase, HDMC made capital contributions to the District for the construction of the Wastewater Treatment Plant in the amount of $2,901,551. Upon completion, it was agreed that HDMC would continue to own the Plant, while the District would be contracted to operate and maintain the Plant.

(5) Note Receivable – Hi-Desert Medical Center, continued

Hi-Desert Medical Center Project, continued

For the fiscal years ended June 30, 2022 and 2021, the District received $193,101 and $348,373, respectively, in reimbursement revenue from HDMC. For the fiscal years ended June 30, 2022 and 2021, the District incurred $153,070 and $290,733, respectively, in reimbursable costs towards the project.

(6) Capital Assets

Changes in capital assets for the year ended June 30, 2022, were as follows:

	As restated Balance 2021	Additions/ Transfers	Deletions/ Transfers	Balance 2022
Non-depreciable assets:				
Land and land rights	$ 636,822	-	-	636,822
Construction-in-process	971,707	2,361,647	(907,081)	2,426,273
Total non-depreciable assets	1,608,529	2,361,647	(907,081)	3,063,095
Depreciable assets:				
Transmission and distribution system	43,376,036	473,101	(54,275)	43,794,862
Recharge facilities	9,108,029	-	-	9,108,029
Structures and improvements	1,343,365	18,256	(13,277)	1,348,344
Vehicles and large equipment	3,458,288	313,439	-	3,771,727
Office furniture and equipment	1,259,078	15,157	(16,787)	1,257,448
Wastewater system	22,419	-	-	22,419
Studies and reports	1,415,610	55,898	-	1,471,508
Leased equipment	31,846	-	-	31,846
Total depreciable assets	60,014,671	875,851	(84,339)	60,806,183
Accumulated depreciation:				
Transmission and distribution system	(25,346,150)	(888,446)	54,275	(26,180,321)
Recharge facilities	(1,199,903)	(182,171)	-	(1,382,074)
Structures and improvements	(609,086)	(33,910)	8,858	(634,138)
Vehicles and large equipment	(1,448,475)	(256,420)	-	(1,704,895)
Office furniture and equipment	(947,884)	(70,281)	16,787	(1,001,378)
Wastewater system	(22,419)	-	-	(22,419)
Studies and reports	(1,415,611)	(68,851)	-	(1,484,462)
Leased equipment	(8,379)	(6,369)	-	(14,748)
Total accumulated depreciation	(30,997,907)	(1,506,448)	79,920	(32,424,435)
Total depreciable assets, net	29,016,764	(630,597)	(4,419)	28,381,748
Total capital assets, net	$ 30,625,293	1,731,050	(911,500)	31,444,843

Major depreciable capital asset additions during the fiscal year ended 2022, include upgrades and extensions of the District's water transmission and distribution systems of $473,101, purchases of vehicles and large equipment of $313,439, and studies and reports of $55,898. During the year, the District's deletions included: transmission and distribution replacements of $54,275, office furniture and equipment disposals of $16,787, and structures and improvements of $13,277.

(6) Capital Assets, continued

Changes in capital assets for the year ended June 30, 2021, were as follows:

		As restated Balance 2020	Additions/	Deletions/ Transfers	As restated Balance 2021
Non-depreciable assets:					
Land and land rights	$	551,019	85,803	-	636,822
Construction-in-process		1,060,167	1,861,392	(1,949,852)	971,707
Total non-depreciable assets		1,611,186	1,947,195	(1,949,852)	1,608,529
Depreciable assets:					
Transmission and distribution system		41,915,426	1,648,340	(187,730)	43,376,036
Recharge facilities		9,108,029	-	-	9,108,029
Structures and improvements		1,343,365	-	-	1,343,365
Vehicles and large equipment		3,543,705	52,008	(137,425)	3,458,288
Office furniture and equipment		1,155,237	127,646	(23,805)	1,259,078
Wastewater system		22,419	-	-	22,419
Studies and reports		1,310,582	105,028	-	1,415,610
Leased equipment		11,310	20,536	-	31,846
Total depreciable assets		58,410,073	1,953,558	(348,960)	60,014,671
Accumulated depreciation:					
Transmission and distribution system		(24,669,424)	(864,456)	187,730	(25,346,150)
Recharge facilities		(1,017,734)	(182,169)	-	(1,199,903)
Structures and improvements		(570,919)	(38,167)	-	(609,086)
Vehicles and large equipment		(1,313,820)	(272,080)	137,425	(1,448,475)
Office furniture and equipment		(911,719)	(59,970)	23,805	(947,884)
Wastewater system		(22,419)	-	-	(22,419)
Studies and reports		(1,291,716)	(123,895)	-	(1,415,611)
Leased equipment		(5,090)	(3,289)	-	(8,379)
Total accumulated depreciation		(29,802,841)	(1,544,026)	348,960	(30,997,907)
Total depreciable assets, net		28,607,232	409,532	-	29,016,764
Total capital assets, net	$	30,218,418	2,356,727	(1,949,852)	30,625,293

Major depreciable capital asset additions during the fiscal year ended 2021, include upgrades and extensions of the District’s water transmission and distribution systems of $1,648,340, purchases of vehicles and large equipment of $52,008, purchases of office furniture and equipment of $127,646, and studies and reports of $105,028. During the year, the District’s deletions included: transmission and distribution replacements of $187,730, vehicle surpluses of $137,425, and office furniture and equipment disposals of $23,805.

Construction-In-Process

The District is involved in construction projects throughout the year. Once completed, projects are capitalized and depreciated over the life of the asset.

As of June 30, 2022 and 2021, the balance of construction-in-process was $2,426,273 and $971,707, respectively.

(6) Capital Assets, continued

Construction-in-process consisted of the following projects:

Project Description		2022	2021	2020
Well 14 – 4 log treatment	$	1,154,539	580,959	-
Tilford Way Pipeline project		990,080	254,628	170,330
Urban Water Management Plan		96,972	-	-
D-1 Booster Design		92,262	-	-
Building/Customer Service Area		57,167	-	-
Various other minor projects < $50,000		35,253	136,120	113,201
Total construction-in-process	$	2,426,273	971,707	1,060,167

(7) Compensated Absences

Changes to compensated absences for 2022 were as follows:

	Balance 2021	Earned	Taken	Balance 2022	Due within one year	Due in more than one year
$	186,249	192,433	(226,971)	151,711	37,928	113,783

Changes to compensated absences for 2021 were as follows:

	Balance 2020	Earned	Taken	Balance 2021	Due within one year	Due in more than one year
$	188,894	272,768	(275,413)	186,249	46,562	139,687

(8) Morongo Basin – IDM Pipeline Liability

During the year ended June 30, 1991, the District executed an agreement for construction, operation, and financing of the Morongo Basin Pipeline project with the Mojave Water Agency (Agency). Pursuant to this Agreement, the Agency has constructed a pipeline to supply, on a wholesale basis, certain areas of San Bernardino County, including the Joshua Basin Water District, with water from the State Water Project. Voters within the area to be served by the pipeline project approved the issuance of $66,500,000 in general obligation bonds to finance the pipeline project. This resulted in the formation of Improvement District M of the Mojave Water Agency. The District has agreed to make certain payments to the Agency to cover the District's share of fixed project costs, including debt service.

The District is obligated to pay 27% of the debt service on Improvement District M's general obligation bonds. Improvement District M bonds are general obligations of the Mojave Water Agency and are secured by and payable from the taxes levied upon the taxable property in Improvement District M. As part of the agreement, approximately 70% of the debt service will be derived from the levy of taxes on properties within Improvement District M, and 30% of the debt service will be derived from payments to be made by the Mojave Water Agency participants.

During fiscal year 2020, the District was notified by the Agency that it maintained sufficient debt service reserves and further tax apportionments would be terminated. The Agency projected the final debt service payment that would be required in May 2022 for each IDM pipeline participant based on the percentage share of the pipeline. Of the total final projected payment totaling $628,136, the District's is responsible for a 27% share or $169,597 as of June 30, 2021.

Of the total June 30, 2021 balance, the District made final payments amounted to $77,361 and the remaining balance of $92,236 was forgiven by the Agency.

(9) Long-Term Debt

Changes in long-term debt amounts for 2022 were as follows:

		As restated Balance 2021	Additions	Payments	Balance 2022	Current Portion	Long Term Portion
Bonds payable:							
1996 Bond	$	2,622,000	-	(127,000)	2,495,000	132,000	2,363,000
Note payable:							
Installment Sale #18-012		2,705,988	-	(169,788)	2,536,200	170,247	2,365,953
Leases payable:							
Xerox C8170		19,581	-	(3,894)	15,687	4,012	11,675
Xerox C8035		4,269	-	(2,412)	1,857	1,857	-
Total long-term debt	$	5,351,838	-	(303,094)	5,048,744	308,116	4,740,628

Changes in long-term debt amounts for 2021 were as follows:

		As restated Balance 2020	Additions	Payments	As restated Balance 2021	Current Portion	Long Term Portion
Bonds payable:							
1996 Bond	$	2,743,000	-	(121,000)	2,622,000	127,000	2,495,000
Note payable:							
Installment Sale #18-012		2,857,994	-	(152,006)	2,705,988	163,936	2,542,052
Leases payable							
Xerox C8170		-	20,536	(955)	19,581	3,894	15,687
Xerox C8035		6,572	-	(2,303)	4,269	2,412	1,857
Total long-term debt	$	5,607,566	20,536	(276,264)	5,351,838	297,242	5,054,596

1996 Limited Obligation Improvement Bond

In March 1996, the District authorized the issuance of $4,551,389 in Copper Mountain Mesa limited obligation improvement bonds pursuant to the provisions of the Municipal Improvement Act of 1913. The bonds are payable and secured solely by special assessments on property parcels and amounts are collected and paid by the District. The District is not obligated to, but may in its sole discretion, advance available surplus funds from the District treasury. The bonds bear an interest of 4.5% per annum. Principal and interest are payable on March 2nd and September 2nd of each year.

(9) Long-Term Debt, continued

1996 Limited Obligation Improvement Bond, continued

Future principal and interest obligations on the bonds as of June 30, are as follows:

Year		Principal	Interest	Total
2023	$	132,000	109,305	241,305
2024		138,000	103,230	241,230
2025		145,000	96,862	241,862
2026		150,000	90,225	240,225
2027		157,000	83,318	240,318
2028-2032		899,000	301,296	1,200,296
2033-2036		874,000	80,775	954,775
Total		2,495,000	865,011	3,360,011
Current		(132,000)		
Long-term	$	2,363,000		

2018 Installment Sale Agreement #18-012

On September 1, 2018, the District entered into an agreement with the Municipal Finance Corporation ("Corporation") whereas the District purchases the 2018 Project ("Project") from the Corporation. The Project refers to any additions, betterments, extensions, or improvements to the Water System designated by the Board of the District as the Project, of which is to be paid by the proceeds of any contract.

The agreement provides for a total funding of $3,010,000 for the Capital Infrastructure Replacement Program ("CIRP") as well as the initial project associated with the CIRP – the replacement of approximately 23,500 feet of existing watermains with poly-vinyl chloride watermains, called the Saddleback Project. A substantial portion of startup costs are for purchase of large pipelaying and asphalt equipment that will be utilized over a 10-year period to complete additional CIRP pipeline replacement projects. Funding may also cover new appurtenances related to the new watermains, as well as other related expenditures.

Future principal and interest obligations on the agreement as of June 30, are as follows:

Year		Principal	Interest	Total
2023	$	170,247	97,644	267,891
2024		176,802	91,089	267,891
2025		183,609	84,282	267,891
2026		190,678	77,213	267,891
2027		198,019	69,872	267,891
2028-2032		1,110,491	229,143	1,339,634
2033-2034		506,354	29,426	535,780
Total		2,536,200	678,669	3,214,869
Current		(170,247)		
Long-term	$	2,365,953		

(9) Long-Term Debt, continued

Xerox Financial Services, LLC – C8170

On April 8, 2021, the District entered into an agreement with Xerox Financial Services, LLC for the purpose of acquiring a Xerox copier for its Administrative Office. Terms of the agreement commenced in April 2021 and matures in March 2026. As of June 30, 2022 and 2021, rental payments amounted to $3,894 and $955, respectively.

Following the guidelines of *GASB Statement No. 87*, the District recorded a right-to-use asset and a lease payable at present value using an interest rate of 3%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease payments are as follows:

Year		Principal	Interest	Total
2023	$	4,012	416	4,428
2024		4,134	294	4,428
2025		4,260	168	4,428
2026		3,281	41	3,322
Total		15,687	919	16,606
Current		(4,012)		
Long-term	$	11,675		

Xerox Financial Services, LLC – Xerox C8035

On April 1, 2018, the District entered into an agreement with Xerox Financial Services, LLC for the purpose of acquiring a Xerox copier for its Shop Building Office. Terms of the agreement commenced in April 2018 and matures in March 2023. As of June 30, 2022 and 2021, rental payments amounted to $2,412 and $2,303, respectively.

Following the guidelines of *GASB Statement No. 87*, the District recorded a right-to-use asset and a lease payable at present value using an interest rate of 3%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease payments are as follows:

Year		Principal	Interest	Total
2023	$	1,857	23	1,880
Total		1,857	23	1,880
Current		(1,857)		
Long-term	$	-		

(10) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Risk Pool, cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on CalPERS website or may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2013. All employees hired after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The Plans' provision and benefits in effect as of June 30, 2022 and 2021, are summarized as follows:

	Miscellaneous Risk Pool	
	Classic	**PEPRA**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
2022:		
Required employee contribution rates	6.910%	7.250%
Required employer contribution rates	11.600%	7.730%
2021:		
Required employee contribution rates	6.908%	7.250%
Required employer contribution rates	11.746%	7.874%

(10) Defined Benefit Pension Plan, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1, following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal years ended June 30, the contributions to the Plan were as follows:

		2022	2021
Contributions – employer	$	262,145	238,632

Net Pension Liability

As of June 30, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

		2022	2021
Proportionate share of net pension liability	$	81,517	672,436

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. As of June 30, 2021 and 2020, the net pension liability of the Plan is measured as of June 30, 2020 and 2019, respectively, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and 2018, respectively, rolled forward to June 30, 2020 and 2019, respectively, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's change in the proportionate share of the net pension liability for the Plan as of the fiscal years end June 30, was as follows:

	Miscellaneous
Proportion – June 30, 2019	0.00550%
Increase in proportion	0.00068%
Proportion – June 30, 2020	0.00618%
Increase in proportion	-0.00467%
Proportion – June 30, 2021	0.00151%

For the fiscal years ended June 30, 2022 and 2021, the District recognized pension (credit) expense of $(266,724) and $337,069, respectively.

(10) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources

As of June 30, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description		2022 Deferred Outflows of Resources	2022 Deferred Inflows of Resources	2021 Deferred Outflows of Resources	2021 Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$	262,145	-	238,632	-
Differences between actual and expected experience		9,141	-	34,653	-
Changes in assumptions		-	-	-	(4,796)
Net difference between projected and actual earnings on plan investments		-	(71,159)	19,976	-
Differences between actual contribution and proportionate share of contribution		67,386	-	75,889	-
Net adjustment due to differences in proportions of net pension liability		125,256	-	90,465	-
Total	$	463,928	(71,159)	459,615	(4,796)

As of June 30, 2022 and 2021, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement dates of $262,145 and $238,632, respectively, will be recognized as a reduction of the net pension liability in the fiscal years ended June 30, 2023 and 2022, respectively.

As of June 30, 2022, other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,		Deferred Net Outflows/(Inflows) of Resources
2023	$	91,571
2024		56,806
2025		11,252
2026		(29,005)
2027		-
Remaining		-

(10) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2020 and 2019, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation dates	June 30, 2020 and 2019
Measurement dates	June 30, 2021 and 2020
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period upon which actuarial experience survey assumptions were based	1997 – 2015
Post retirement benefit increase	Contract COLA up to 2.50% until Purchasing Power applies, 2.50% thereafter

* The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2021 and 2020, for the PERF C CalPERS Plan was 7.15%. This discount rate is not adjusted for administrative expenses.

The PERF C fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for those pension plan's investments were applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

(10) Defined Benefit Pension Plan, continued

Discount Rate

As of June 30, 2022, the table below reflects the target allocation and the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate.

Asset Class	New Strategic Allocation	Real Return Years 1-10	Real Return Year 11+
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	77.00%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following tables present the District's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

As of June 30, 2022, the discount rate comparison was the following:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
District's net pension liability	$ 753,947	81,517	(474,370)

As of June 30, 2021, the discount rate comparison was the following:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
District's net pension liability	$ 1,266,900	672,436	181,249

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 42 and 44 for the Required Supplementary Information.

Payable to the Pension Plan

As of June 30, 2022 and 2021, the District reported no payables for the outstanding amount of contribution to the pension plan.

(11) Net Position

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

	2022	2021
Net investment in capital assets:		
Capital assets, not being depreciated	$ 3,063,095	1,608,529
Depreciable capital assets, net	28,381,748	29,016,764
Current:		
Bonds payable	(132,000)	(127,000)
Notes payable	(170,247)	(157,858)
Leases payable	(5,869)	(6,306)
Non-current:		
Bonds payable	(2,363,000)	(2,622,000)
Notes payable	(2,365,953)	(2,700,136)
Leases payable	(11,675)	(17,544)
Total net investment in capital assets	26,396,099	24,994,449
Restricted net position:		
Cash and cash equivalents – restricted	4,000,405	3,677,054
Accrued interest receivable – restricted	1,406	2,553
Special assessments receivable – restricted	70,922	68,538
Note receivable – Hi-Desert Medical Center, restricted	373,052	447,663
Total restricted net position	4,445,785	4,195,808
Unrestricted net position		
Non-spendable net position:		
Materials and supplies inventory	324,185	631,455
Prepaid expenses and other deposits	215,898	112,704
Total non-spendable net position	540,083	744,159
Spendable net assets are designated as follows:		
Unrestricted	12,526,763	10,160,062
Total spendable net position	12,526,763	10,160,062
Total unrestricted net position	13,066,846	10,904,221
Total net position	$ 43,908,730	40,094,478

(12) Misappropriation, Waste, and Abuse

In fiscal year 2022 and 2021, certain purchases of equipment were identified as unusual transactions. Upon investigation, it was discovered that approximately $138,765, and $68,102 was misappropriated as of June 30, 2022 and 2021. The District has initiated and cooperated with a criminal investigation with local law enforcement. In addition, the District plans to recover its loss using any measures available.

(13) Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of the Program is to provide deferred compensation for public employees that elect to participate. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. At June 30, 2022 and 2021, the market value of all plan assets held in trust by MissionSquare was $915,814 and $1,038,638, respectively.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statements of net position.

(14) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2021, the District participated in the liability, property, and worker' compensation programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of $5,000,000, combined single limit at $5,000,000 per occurrence. The JPIA purchases additional excess coverage up to $55 million per occurrence for general, auto, and public officials' liability, which increases the limits on the insurance coverage noted above.

- Cyber liability coverage is included for all Agencies participating in the Liability Program. It protects the District from risks relating to information technology infrastructure and activities by first and third parties. The limit is $3,000,000 per loss/$5,000,000 program annual aggregate. The retention is based on total insurable value – the District's retention is $100,000 per loss.

- Employee dishonesty coverage up to $1,000,000 per loss includes public employee dishonesty, forgery or alteration, and computer fraud, subject to a $1,000 deductible per loss. JPIA pools for the first $100,000; excess coverage is purchased through National Union Fire Insurance Company of Pittsburgh.

- Property loss, including boiler and machinery coverage is paid at the replacement cost for buildings, fixed equipment, and personal property of $22,265,520 subject to a $5,000 deductible per occurrence. Repairs or replacement must be completed within two years, otherwise loss is valued on an actual cash value basis. Mobile equipment and vehicles are valued based on actual cash value at time of loss, subject to a $5,000 deductible per occurrence. ACWA JPIA has purchased excess coverage up to $500 million.

(14) Risk Management, continued

- Workers' compensation insurance up to California statutory limits for all work-related injuries/illnesses covered by California law, and employer's liability limit of $4 million. The ACWA JPIA is self-insured up to $2 million and excess insurance coverage has been purchased.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the fiscal years ended June 30, 2022, 2021, and 2020 Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There was no IBNR claims payable as of June 30, 2022, 2021, and 2020.

(15) Prior Period Adjustment

In 2022, the District implemented GASB Statement No. 87, Leases. The nature, justification, and an explanation of the change are included in note 1.C. As a result of the implementation, the District recognized the leased assets, leased amortization and leases payable and recorded prior period adjustments of $1,910, to establish beginning balances as of July 1, 2019.

The adjustment to net position is as follows:

Net position at July 1, 2019, as previously stated	$	36,563,587
Effect of adjustment to record leased assets		11,310
Effect of adjustment to record leased amortization		(2,828)
Effect of adjustment to record leases payable		(6,572)
Total adjustments		1,910
Net position at July 1, 2019, as restated	$	36,565,497

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2022 that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 91

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

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

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

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

Governmental Accounting Standards Board Statement No. 96

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

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

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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

Governmental Accounting Standards Board Statement No. 97, continued

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

Governmental Accounting Standards Board Statement No. 99

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

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 100

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

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change.

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

Governmental Accounting Standards Board Statement No. 100, continued

That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

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

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

Governmental Accounting Standards Board Statement No. 101

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

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

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

(17) Commitments and Contingencies

Grant Awards

Grant funds received by the District are subject to audit by grantor agencies. Such audit could lead to requests for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

(17) Commitments and Contingencies, continued

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement, or modification of water and wastewater facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves and capital contributions.

Litigation

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

(18) Subsequent Events

Events occurring after June 30, 2022, have been evaluated for possible adjustment to the financial statements or disclosure as of December 21, 2022, which is the date the financial statements were available to be issued.

Required Supplementary Information

Joshua Basin Water District
Schedules of the District's Proportionate Share of Net Pension Liability
As of June 30, 2022
Last Ten Years*

	Measurement Dates							
Description	**6/30/2021**	**6/30/2020**	**6/30/2019**	**6/30/2018**	**6/30/2017**	**6/30/2016**	**6/30/2015**	**6/30/2014**
District's proportion of the net pension liability	0.00151%	0.00618%	0.00550%	0.00490%	0.00495%	0.00439%	0.00394%	0.00475%
District's proportionate share of the net pension liability	$ 81,517	672,436	563,855	472,046	490,750	379,802	270,679	288,403
District's covered payroll	$ 1,963,492	1,950,376	1,743,402	1,467,121	1,462,157	1,344,686	1,384,706	1,385,361
District's proportionate share of the net pension liability as a percentage of its covered payroll	4.15%	34.48%	32.34%	32.17%	33.56%	28.24%	19.55%	20.82%
District's proportionate share of fiduciary net position as a percentage of total pension liability	98.40%	84.95%	85.77%	85.56%	82.83%	83.60%	87.09%	83.03%

Notes to the Schedules of the District's Proportionate Share of Net Pension Liability

Changes in Benefit Terms

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Change of Assumptions and Methods

In fiscal year 2021, there were no changes to actuarial assumptions or methods.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting. In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

Notes to the Schedules of the District's Proportionate Share of Net Pension Liability

Change of Assumptions and Methods, continued

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses.

* The District has presented information for those years for which information is available until a full 10- year trend is compiled.

Joshua Basin Water District
Schedules of Pension Plan Contributions
As of June 30, 2022
Last Ten Years*

Description		Fiscal years ended 6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarially determined contribution	$	270,609	243,362	189,373	170,464	144,890	145,219	143,957	148,451
Contributions in relation to the actuarially determined contribution		(270,609)	(243,362)	(189,373)	(170,464)	(144,890)	(145,219)	(143,957)	(148,451)
Contribution deficiency (excess)	$	-	-	-	-	-	-	-	-
District's covered payroll	$	1,963,492	1,950,376	1,743,402	1,467,121	1,462,157	1,344,686	1,384,706	1,385,361
Contributions as a percentage of covered payroll		13.78%	12.48%	10.86%	11.62%	9.91%	10.80%	10.40%	10.72%

Notes to the Schedule of Pension Plan Contributions

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Report on Internal Controls and Compliance

Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Joshua Basin Water District
Joshua Tree, 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 business-type activities of Joshua Basin Water District (District) as of and for the fiscal years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated December 21, 2022

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. For the year ended June 30, 2021, we identified certain deficiencies in internal control, as described in the accompanying schedule of findings and responses as items 2021-001, 2021-002, 2021-003, 2021-004, and 2021-005 that we consider to be material weaknesses.

Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards,* (continued)

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*, and which are described in the accompanying schedule of findings and responses.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses.

The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Fedak & Brown LLP
Cypress, California
December 21, 2022

Joshua Basin Water District
Schedule of Findings and Responses
For the Year Ended June 30, 2021

Material Weakness in Internal Control over Financial Reporting - Misappropriation of Assets

Reference Number: 2021-001

Criteria:

Proper Board adopted policies, internal controls, communication, and oversight will reduce the risk of misappropriation of assets.

Condition:

During our audit, we noted unusual purchases of electronic assets which were determined to be a misappropriation of District funds through fraudulent transactions made on the District's credit card by the former General Manager.

Cause of Condition:

We noted the District does not have board adopted polices, internal controls, communication, and oversight in place to prevent and deter the risk of misappropriation.

Effect or Potential Effect of Condition:

Without board adopted policies, internal controls, communication, and oversight will reduce the risk of misappropriation of assets.

Recommendation:

We recommend the District adopt a formal board approved policies over purchasing and credit cards, strengthen related internal controls, improve communication channels between employees, management, and the board, and add oversight controls to reduce the risk of financial misappropriation.

Views of Responsible Official(s):

Management agrees with the audit finding. The District will be reviewing and amending its existing policies and procedures to ensure that its internal controls over purchasing are sound. In addition, the District will improve communication channels between employees, management, and the board, and add oversight controls to reduce the risk of financial misappropriation. This will allow for a clear process and ensure timely mitigation to reduce the risk of waste and abuse.

Planned Corrective Action:

The Administrative Code is under review for revision of the General Manager's purchasing authority and a Purchasing Policy is being drafted for board approval. A newly updated Purchasing Procedure, upon which the board approved Purchasing Policy will be based, was enacted. Several policies are under review and additional policies are scheduled for review. Staff responsibilities are being modified and/or positions added, which will improve internal controls.

Material Weakness in Internal Control over Financial Reporting - Purchasing Policy

Reference Number: 2021-002

Criteria:

Good internal control requires that procedures be documented and performed in a consistent manner in accordance with approved District policy.

Condition:

We noted written policies and procedures for current financial processes for payables have not been developed or approved by the Board of Directors.

Cause of Condition:

The District does not have clear guidelines and processes for matching purchases to controls. As such, there is a lack of sufficient controls to ensure that misappropriation can be properly identified, flagged so that it can be properly addressed in a timely manner.

Effect or Potential Effect of Condition:

Without written procedures, tasks may not be performed in a consistent manner. Written procedures are helpful if someone else has to perform duties that he/she normally would not perform.

Recommendation:

We recommend that the District develop written policies and procedures for financial processes for payables. We further recommend that the District review, amend, and develop written policies and procedures for all current financial processes including cash and investments, receivables, capital assets, and fund balance.

Views of Responsible Official(s):

Management agrees with the audit finding. The District will develop written policies and procedures for financial processes for payables. The District will consider the development of written policies and procedures for all current financial processes including cash and investments, receivables, capital assets, and fund balance.

Planned Corrective Action:

A newly updated Purchasing Procedures, upon which the board approved Purchasing Policy will be based was enacted. Additional policies have been selected for review.

Material Weakness in Internal Control over Financial Reporting - Credit Card Policy

Reference Number: 2021-003

Criteria:

Good internal control requires that procedures be documented and performed in a consistent manner in accordance with approved District policy.

Condition:

We noted requires a Credit Card Issuance and Acknowledgement Form for employee's who have custody of District credit cards. As part of our procedures, we noted that the former General Manager's acknowledgment form was not signed, however, the form was signed for issuance approval.

Cause of Condition:

The District has missing substantive documentation that the former General Manager is aware of policy existence, usage limits, required reconciliation process, and necessary approvals.

Effect or Potential Effect of Condition:

Without the signed form, the District cannot confirm that employee is substantive documentation that the employee is aware of policy existence, usage limits, required reconciliation process, and necessary approvals

Recommendation:

We recommend that the District review all existing Credit Card Issuance and Acknowledgment Forms and audit whether signatures have been obtained by all employees which have custody of District issued credit cards. We further recommend the District add controls to ensure that District credit cards are not issued prior to obtaining signed agreements. We recommend the District require monthly reconciliations from the employees which document the propriety and necessity of the charges. We recommend the District consider reviewing the necessity for the number of issued cards it has, the limits and controls over how each of the cards are monitored by position, and consider using expense reimbursement in certain circumstances as an alternative to issued credit cards.

Views of Responsible Official(s):

Management agrees with the audit finding. The District will review all existing Credit Card Issuance and Acknowledgment Forms and audit whether signatures have been obtained by all employees which have custody of District issued credit cards. The District will add controls to ensure that District credit cards are not issued prior to obtaining signed agreements. The District will require monthly reconciliations from the employees which document the propriety and necessity of the charges. The District will consider reviewing the necessity for the number of issued cards it has, the limits and controls over how each of the cards are monitored by position, and consider using expense reimbursement in certain circumstances as an alternative to issued credit cards.

Planned Corrective Action:

The signed Credit Card Issuance and Acknowledgment form was, in fact, on file and later located as a back page of a scanned document. A Credit Card log, requiring certification of purpose, is being attached to each statement and is signed by both the cardholder, the Supervisor, and reviewed by a Director. Additionally, a more comprehensive Credit Card Policy is in process of being reviewed and implemented.

Material Weakness in Internal Control over Financial Reporting - Internal Communication Policy

Reference Number: 2021-004

Criteria:

Good internal communication policy encourages open communication about all matters to ensure that issues are properly addressed in a timely manner.

Condition:

We noted the District does not have a clear process of communication between members of management and the Board. Based on interviews of staff, our conclusion is that personnel have restricted from communicating in an open and direct manner with the Board. We noted specifically that, expenditures related to the misappropriation exceeded the Board approved budget in fiscal year 2021 and 2022 and that the purchases in aggregate exceeded the District's written procedure to require Board approval for amounts greater than $20,000.

Cause of Condition:

The District does not have a written policy which defines a clear process of communication between members of management and the Board. Based on interviews of management, our understanding is that personnel have understood in the past that they cannot communicate in an open and direct manner to the Board.

Effect or Potential Effect of Condition:

Without a clear defined policy on internal communication, District employees will misinterpret the appropriateness of communicating issues in a timely manner.

Recommendation:

We recommend that the District review its processes and procedures related to communication between employees, management, and the Board and adopt a formal policy for internal communication. We further recommend the District require reviews of budget to actual variances and obtain Board approval to amend the budget for material variances.

Views of Responsible Official(s):

Management agrees with the audit finding. The District will review its processes and procedures related to communication between employees, management, and the Board and adopt a formal policy for internal communication. The District will consider the requirement of reviews of budget to actual variances and require Board approval to amend the budget line items for material variances.

Planned Corrective Action:

The Administrative Code is under review for revision of the General Manager's purchasing authority. Board members have taken a more active role, asking more questions, and Staff has provided better instructions for check signing procedures, along with a quick access Budgetary reference. Also, the leadership team has changed and is working hard to promote an open-door policy.

Material Weakness in Internal Control over Financial Reporting - Whistle Blower Policy

Reference Number: 2021-005

Criteria:

A good Whistleblower policy facilitates a clear method and process of employee communication to assist in the prevention and deterrence of fraud. The policy is communicated in employee handbooks and regular staff memo's or communications.

Condition:

We noted the although the District stated it has a whistleblower notice, there is no contact number listed for employees to provide anonymous tips. In addition we noted it is not clear to employees and management on how to communicate known or suspected fraud.

Cause of Condition:

The District does not have a written policy which defines a clear method and process of employee communication to assist in the prevention and deterrence of fraud. In addition, the policy does not have a means to communicate anonymous tips such as a phone number.

Effect or Potential Effect of Condition:

Without a clear defined policy and means of communication the District cannot ensure that employees have a clear method of notifying management and the Board anonymously, of discovered or suspected fraud without concern of reprisal or loss of employment.

Recommendation:

We recommend that the District adopt a formal whistleblower policy that sets forth the process and clearly describes how to communicate known or suspected fraud. We recommend the District require the policy noticed on signage posted in employee common areas at the District such as staff breakrooms, kitchens, and warehouse locations. We further recommend the communication include a hotline to provide anonymous tips.

Views of Responsible Official(s):

Management agrees with the audit finding. The District will adopt a formal whistleblower policy that sets forth the process and clearly describes how to communicate known or suspected fraud. The District will require the policy noticed on signage posted in employee common areas at the District such as staff breakrooms, kitchens, and warehouse locations. The District will consider providing the means, such as a hotline, to provide anonymous tips.

Planned Corrective Action:

The District has a Whistle Blower policy included in its Employee Handbook and displayed on a common-area poster. The District is exploring contracting with a paid hotline service and also providing fraud identification and ethics training to Staff.

Joshua Basin Water District

Management Report

June 30, 2022

Joshua Basin Water District

Management Report

Table of Contents

<u>CONFIDENTIAL</u>

Board of Directors
Joshua Basin Water District
Joshua Tree, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of the business-type activities of Joshua Basin Water District (District) as of and for the year ended June 30, 2022, 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, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

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

Current Year Comment and Recommendation

<u>Disclosure of Adjustments and Reclassifications</u>

As your external auditor, we assume that the books and records of the District are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the journal entries that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Current Year Comment and Recommendation, continued

Management's Response

We have reviewed and approved all of the adjusting and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance.

Prior Year Comments and Recommendations

Misappropriation of Assets

During our audit, we conducted our standard fraud risk interviews with management and staff. During our interviews we were made aware of concerns over purchases made by the former General Manager (GM). Our review of supporting documentation identified unusual purchases of electronic equipment (assets) on the former GM's credit card, discrepancies in identifying, tracking, and assignment of the equipment, and custody of the purchased assets. During discussions we were told that the informal purchasing policy had amended the former GM's purchasing limit from a dollar threshold to using discretion so long as the District's net revenue did not change. The former GM provided detailed explanations and lists for the propriety and use of the assets. We added procedures to our engagement to audit the purchases. We noted that the purchases appeared unusual because they were frequent in small quantities, occurring at many locations. Support provided by the former GM, we noted the existence of duplicate serial numbers, with different purchase dates, and assigned locations. In December 2021, we made an onsite visit to physically view the assets and compare the documented purchase quantity against the purchase support. We were unable to verify the existence of the assets and immediately contacted the Board to share our findings so they could take further action.

The District should have formal board approved policies, internal controls which reduce risk of misappropriation, and adequate oversight of the controls to ensure they are effective. We recommend the District review and revise its existing policies, internal controls, and ensure proper oversight of the controls. We recommend the District follow its policies, internal controls, and ensure proper oversight of the controls.

Management's Response

Several policies are under review and additional policies are scheduled for review. Staff responsibilities are being modified and/or positions added, which will improve internal controls.

Purchasing Policy

During our audit, we noted the District does not have a formal board approved purchasing policy. Based on interviews of management the District relies on an informal policy dated October 30, 2014. The documented limit for the former General Manager for purchases of supplies and materials was stated as up to $10,000 without approval and up to $20,000 with subsequent board submission. This threshold was revised to purchase without a specific dollar limit as long as the net revenues of the District are not affected.

The District should have a formal board approved policy which establishes the policies and procedures for acquiring services and materials, equipment and supplies. The adopted policy should include expenditure authorization and limits, competitive proposal and bidding requirements, and general procurement procedures.

We recommend the District review its existing policies, amend those policies to strengthen controls, and adopt a formal board approved policy which sets forth the necessary responsibilities, procedures, internal controls, and oversight.

Summary of Prior Year Comments and Recommendations, continued

Purchasing Policy, continued

Management response

The Administrative Code is under review for revision of the General Manager's purchasing authority and a Purchasing Policy is being drafted for Board approval. A newly updated Purchasing Procedure, upon which the Board-Approved Purchasing Policy will be based, was enacted. Additional policies have been selected for review.

Credit Card Policy

During the audit, we noted the District requires a Credit Card Issuance and Acknowledgement Form for employee's who have custody of District credit cards. As part of our audit, we requested and reviewed the former General Manager's form which was not signed. We also noted that the issuance approval had been signed by the Director of Finance. Without the signed form, the District cannot confirm that employee is aware of policy existence, usage limits, required reconciliation process, and necessary approvals.

The District should have controls in place to ensure that credit cards are not issued to any District employee prior to receiving the signed form. The District should audit employee files regularly to ensure it has properly executed forms and agreements. The District should also communicate to employees with purchasing decision responsibilities, the importance of using public funds in an ethical manner for the purpose of District business following set guidelines.

We recommend that the District review all existing Credit Card Issuance and Acknowledgment Forms and audit whether signatures have been obtained by all employees which have custody of District issued credit cards. We further recommend the District add controls to ensure that District credit cards are not issued prior to obtaining signed agreements. We recommend the District require monthly reconciliations from the employees which document the propriety and necessity of the charges. We recommend the District consider reviewing the necessity for the number of issued cards it has, the limits and controls over how each of the cards are monitored by position, and consider using expense reimbursement in certain circumstances as an alternative to issued credit cards.

Management response

The signed Credit Card Issuance and Acknowledgment form was, in fact, on file and later located as a back page of a scanned document. A Credit Card log, requiring certification of purpose, is being attached to each statement and is signed by both the cardholder, the Supervisor, and reviewed by a Director. Additionally, a more comprehensive Credit Card Policy is in process of being reviewed and implemented.

Internal Communication Policy

A key component of internal control is information and communication which is defined as the distribution or information needed to perform control activities and to understand internal control responsibilities to personnel internal and external to the District.

During our audit, we noted the District does not have a clear process of communication between members of management and the Board. Based on interviews of management, our understanding is that personnel have understood in the past that they cannot communicate in an open and direct manner to the Board. The District should encourage open communication about all matters to ensure that issues are properly addressed in a timely manner.

We noted that over the period of misappropriation, the purchases being regularly recorded to a single expense account which exceeded the District's approved budget. These purchases which were explained by the former General Manager were for the purpose of improvement to the SCADA system, however they exceeded the District's written procedure to require Board approval for amounts greater than $20,000.

Summary of Prior Year Comments and Recommendations, continued

Internal Communication Policy, continued

The District should encourage open communication and dialog across all positions within the hierarchy of the organization. The District should be able to rely on an internal communication strategy which helps ensure that employees understand key priorities, ensure work is carried out efficiently, effectively and correctly, and provide a clear process of addressing issues across the hierarchy of the organization.

We recommend that the District review its processes and procedures related to communication between employees, management, and the Board and adopt a formal policy for internal communication. We further recommend the District require reviews of budget to actual variances and obtain Board approval to amend the budget for material variances.

Management response

Board members have taken a more active role, asking more questions, and Staff has provided better instructions for check signing procedures, along with a quick access Budgetary reference. Also, the entire leadership team has changed and is working hard to promote an open-door policy.

Whistle Blower Policy

During our audit, we inquired with management on the existence of a whistleblower policy and noted that the District stated it has a whistleblower notice, however, there is no contact number listed for employees to provide anonymous tips. Based on our discussion, we determined that the whistleblower notice is informal and not clear to employees and management on how to communicate known or suspected fraud.

The District should facilitate a clear method and process of employee communication to assist in the prevention and deterrence of fraud. The District should also ensure the policy is communicated in employee handbooks and regular staff memo’s or communications.

We recommend that the District adopt a formal whistleblower policy that sets forth the process and clearly describes how to communicate known or suspected fraud. The policy noticed on signage posted in employee common areas at the District such as staff breakrooms, kitchens, and warehouse locations.

Management response

The District has a Whistle Blower policy included in its Employee Handbook and displayed on a common-area poster. The District is exploring contracting with a paid hotline service and also providing fraud identification and ethics training to Staff.

* * * * * * * * * *

We believe that the implementation of these recommendations will provide the District with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

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

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

Fedak & Brown LLP
Cypress, California
December 21, 2022

APPENDIX

Joshua Basin Water District

Audit/Finance Committee Letter

June 30, 2022

Board of Directors
Joshua Basin Water District
Joshua Tree, California

We have audited the financial statements of the business-type activities of the Joshua Basin Water District (District) for the year ended June 30, 2022, and have issued our report thereon dated December 8, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated March 16, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated December 21, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

Required Risk Assessment Procedures per Auditing Standards

As auditors of the District, we are required per AU-C Section 240, “Consideration of Fraud in a Financial Statement Audit”, to “ordinarily” presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As of and for the year ended June 30, 2022, the District implemented the provisions of GASB Statement No. 87 – Leases. There have been no initial selection of accounting policies and no other changes in significant accounting policies or their application during 2022. No other matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on 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 markedly from management’s current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

> Management’s estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management’s estimate of capital assets depreciation is based on historical estimates of each capitalized item’s useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.
>
> Management’s estimate of the defined benefit pension plan’s deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial valuation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District’s financial statements relate to:

> The disclosure of fair value of cash and cash equivalents in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.
>
> The disclosure of capital assets, net in Note 6 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

Financial Statement Disclosures, continued

The disclosure of the District's defined benefit pension plan in Note 10 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management:

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule on pages 5 through 7 presents the material journal entries that we identified as a result of our audit procedures and were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 21, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, Schedules of the District's Proportionate Share of the Net Pension Liability, and Schedules of Pension Plan Contributions, which are 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.

Restrictions 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. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Conclusion

We appreciate the cooperation extended us by Anne Roman, Director of Finance, in the performance of our audit testwork.

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

Fedak & Brown LLP
Cypress, California
December 21, 2022

Joshua Basin Water District
Schedule of Audit Adjusting Journal Entries
For the Fiscal Year Ended June 30, 2022

Audit Adjusting Journal Entries JE # 1

To reverse journal YE07746 for Accrued Payroll for 6/28-6/30/22 at June 30, 2022.

200-22100	ACCRUED WAGES PAYABLE	$ 66,815.85	
200-22235	RETIREMENT DEDUCTION (PERS & 457)	5,475.06	
200-22300	ACCRUED PAYROLL TAX PAYABLE	13,483.01	
200-22320	SOCIAL SECURITY TAX PAYABLE	4,853.31	
200-22330	MEDICARE TAX PAYABLE	1,135.05	
501-01118	PRODUCTION SALARY (incl STBY,CLBK)		10,485.78
502-01130	DISTRIBUTION SALARY (incl STBY,CLBK)		14,792.04
503-01107	FIELD SALARY - CUSTOMER SERVCE		1,696.80
503-01114	OFFICE SALARY - CUSTOMER SERV.		6,785.30
504-01108	ADMINISTRATION SALARY		11,727.34
506-01101	FINANCE SALARY		9,378.43
512-01132	CIRP: SALARY (incl STBY,CLBK)		17,937.96
512-01212	CIRP: COMPENSATED LEAVE		870.70
551-01211	COMPENSATED LEAVE		4,604.92
551-01230	RETIREMENT: PERS Classic 2%@55		4,615.74
551-01231	RETIREMENT: PERS Tier 2 2%@62		2,878.91
551-01305	PAYROLL TAXES		5,988.36
Total		**91,762.28**	**91,762.28**

Audit Adjusting Journal Entries JE # 2

To record revised payroll accrual at June 30, 2022

501-01118	PRODUCTION SALARY (incl STBY,CLBK)	10,485.78	
502-01130	DISTRIBUTION SALARY (incl STBY,CLBK)	14,480.64	
503-01107	FIELD SALARY - CUSTOMER SERVCE	1,696.80	
503-01114	OFFICE SALARY - CUSTOMER SERV.	6,785.30	
504-01108	ADMINISTRATION SALARY	11,727.34	
506-01101	FINANCE SALARY	9,378.43	
512-01132	CIRP: SALARY (incl STBY,CLBK)	17,648.15	
512-01212	CIRP: COMPENSATED LEAVE	870.70	
551-01211	COMPENSATED LEAVE	4,604.92	
551-01230	RETIREMENT: PERS Classic 2%@55	4,006.57	
551-01231	RETIREMENT: PERS Tier 2 2%@62	2,356.18	
551-01305	PAYROLL TAXES	5,942.37	
200-22100	ACCRUED WAGES PAYABLE		67,107.16
200-22235	RETIREMENT DEDUCTION (PERS & 457)		4,582.54
200-22300	ACCRUED PAYROLL TAX PAYABLE		12,305.12
200-22320	SOCIAL SECURITY TAX PAYABLE		4,853.31
200-22330	MEDICARE TAX PAYABLE		1,135.05
Total		$ **89,983.18**	**89,983.18**

Joshua Basin Water District
Schedule of Audit Adjusting Journal Entries, continued
For the Fiscal Year Ended June 30, 2022

Audit Adjusting Journal Entries JE # 3			
To write off MWA Morongo Pipeline debt forgiven in FY 2022			
200-25025	MORONGO BASIN PIPELINE DEFERRED DEBT	$ 92,236.00	
400-47050	MWA Morongo Pipeline Debt Forgiveness		92,236.00
Total		**92,236.00**	**92,236.00**
Audit Adjusting Journal Entries JE # 4			
To adjust prepaids to actual per FB recalculation for Pamlico SEMS Renewal $11,561.75 /12 months x 6 months rem (1/1/22-12/31/22) and Nobel Systems GeoViewer Annual $48,000 /12 months x 2 months rem (9/1/21-8/31/22) at June 30, 2022.			
100-12325	PREPAID COMP SUPPORT & LICENSE	17,342.63	
552-04015	OPS: SOFTWARE,SUPPORT & COMP. EQUIP	4,000.00	
100-12325	PREPAID COMP SUPPORT & LICENSE		4,000.00
552-04015	OPS: SOFTWARE,SUPPORT & COMP. EQUIP		17,342.63
Total		**21,342.63**	**21,342.63**
Audit Adjusting Journal Entries JE # 5			
AJE - To reverse SCE electricity accrual (JN07613) at June 30, 2022 and record actual June accrual from SCE invoice received.			
200-21100	ACCOUNTS PAYABLE	41,500.00	
501-06105	POWER FOR PUMPING (ELECTRIC)	32,907.41	
520-06100	HDMC: PUMPING POWER	1,579.71	
200-21100	ACCOUNTS PAYABLE		34,487.12
501-06105	POWER FOR PUMPING (ELECTRIC)		40,000.00
520-06100	HDMC: PUMPING POWER		1,500.00
Total		**75,987.12**	**75,987.12**
Audit Adjusting Journal Entries JE # 6			
To reclassify 2021 contributions to NPL at June 30, 2022.			
200-22360	NET PENSION LIABILITY	238,632.00	
100-13600	DEFERRED OUTFLOWS OF RESOURCES		238,632.00
Total		**238,632.00**	**238,632.00**
Audit Adjusting Journal Entries JE # 7			
To reclassify 2022 contributions to Deferred Outflows of Resources at June 30, 2022.			
100-13600	DEFERRED OUTFLOWS OF RESOURCES	262,145.00	
509-09215	RETIREMENT: CALPES GASB68 CONTRA		262,145.00
Total		**$ 262,145.00**	**262,145.00**

Joshua Basin Water District
Schedule of Audit Adjusting Journal Entries, continued
For the Fiscal Year Ended June 30, 2022

Audit Adjusting Journal Entries JE # 8

To reclassify 2022 contributions to Deferred Outflows of Resources at June 30, 2022.

100-13600	DEFERRED OUTFLOWS OF RESOURCES	$	41,524.00	
100-13600	DEFERRED OUTFLOWS OF RESOURCES		112,146.00	
200-22360	NET PENSION LIABILITY		352,287.00	
200-23050	DEFERRED INFLOWS OF RESOURCES		19,976.00	
100-13600	DEFERRED OUTFLOWS OF RESOURCES			7,988.00
100-13600	DEFERRED OUTFLOWS OF RESOURCES			19,976.00
200-23050	DEFERRED INFLOWS OF RESOURCES			5,284.00
200-23050	DEFERRED INFLOWS OF RESOURCES			145,017.00
509-09215	RETIREMENT: CALPERS GASB68 CONTRA			347,668.00
Total			**525,933.00**	**525,933.00**

Audit Adjusting Journal Entries JE # 9

To record changes in the deferred outflows and deferred inflows (amortization) during FY20/21 at June 30, 2022.

200-23050	DEFERRED INFLOWS OF RESOURCES		10,080.00	
200-23050	DEFERRED INFLOWS OF RESOURCES		53,882.00	
509-09215	RETIREMENT: CALPES GASB68 CONTRA		80,944.00	
100-13600	DEFERRED OUTFLOWS OF RESOURCES			17,524.00
100-13600	DEFERRED OUTFLOWS OF RESOURCES			50,027.00
100-13600	DEFERRED OUTFLOWS OF RESOURCES			77,355.00
Total		$	**144,906.00**	**144,906.00**

JOSHUA BASIN WATER DISTRICT
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Agenda Item No: 7C

MOTION: ______/______
VOTE: ___Y___N___A

Board of Directors Staff Report

MEETING DATE: 12/21/22
PRESENTED BY: Sarah Johnson, General Manager
TOPIC: **REVISED EXECUTIVE ASSISTANT JOB DESCRIPTION**
RECOMMENDATION: Recommend that the Board adopt the Executive Assistant job description.

ANALYSIS:
The District currently has one Executive Assistant position at Range 34 ($83,149.99 - $109,099.99) annually of the salary schedule. This role is responsible for providing administrative support for the District's General Manager and Dept Heads.

Staff has revised the job description to fit current district needs. This position is required to perform at a mid to high level of complexity under established procedures, and the degree of unsupervised actions and independent decision-making is minimal. Based on a comprehensive review of duties' complexity, comparisons from neighboring comparable districts, and reputable salary guides, staff recommends adjusting the position to Range 24 ($64,956.64 - $85,228.74) annually. This salary aligns with other similar positions in our industry in our region.

The budget for the Executive Assistant position was previously approved in the FY21/22 budget.

STRATEGIC PLAN ITEM: N/A

FISCAL IMPACT: Reduction of $23,871.25 annually

JOSHUA BASIN WATER DISTRICT

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JOB DESCRIPTION

POSITION	Executive Assistant	**SAFETY SENSITIVE**	No
SALARY RANGE	Range 24	**ESTABLISHED DATE**	02/17/16
FLSA STATUS	Non-Exempt	**REVISION DATE(S)**	12/21/2022
HOURS – FT/PT	Full Time		

SUMMARY

Under general supervision, performs mid to high-level administrative, secretarial, and office support functions for the General Manager, Department Heads, and Board of Directors; serves as a confidential assistant to the General Manager for District administrative functions; prepares and distributes Board meeting agendas and minutes; maintains official records of Board proceedings and actions; coordinates assigned activities with outside agencies; conducts special projects; provides information to the public; performs complex office support work; and performs related work as required.

DISTINGUISHING CHARACTERISTICS

This classification is responsible for independently performing a full range of administrative duties under general supervision, within established guidelines. Employee classifications at this level are expected to be fully trained and competent with the ability to perform complex administrative tasks accurately and on time. The incumbent must possess significant previous work experience in the same or related field and be flexible with a strong ability to adapt to change. The incumbent always represents the District in a professional and tactful manner.

SUPERVISION RECEIVED/EXERCISED

This position receives general supervision from the General Manager or department head if assigned. This position has no direct supervisory responsibilities.

EXAMPLES OF DUTIES

*Job Descriptions are only intended to present a description summary of the range of duties and responsibilities associated with specified position. Therefore, job descriptions **may not** include all duties performed by individuals within the position. The omission of specific statements of duties does not exclude them from the position if the work is similar, related, or a logical assignment to this class.*

Essential Functions:

1. Provides direct and confidential administrative and clerical support to the General Manager; gathers, prepares, and, organizes various documents, records, and materials; manages calls and messages; completes tasks and resolves concerns/complaints in a timely and accurate manner; and other related duties as assigned.

2. Provides support to the General Manager and Department Heads, including but not limited to, scheduling meetings; maintaining and updating calendars; maintaining a tickler reminder system for dates and compliance deadlines; creating or reviewing correspondence, spreadsheets, presentations, etc.; making travel arrangements; book training/conferences; prepare expense reports & reconcile credit cards; mailing or overnighting letters/packages; running errands; establishing and maintaining electronic organized and paper files; printing, copying, scanning, faxing, etc.

3. Provides staff/consultants with agenda item deadlines; assists in preparing staff reports; prepares Board and Committee agendas, packets, minutes, and other related documents; posts the agenda and packet items in a timely manner in accordance with the Brown Act; maintains agenda management system; and assists with updating and maintaining of District website.

4. Regularly attend and coordinate board meetings, special meetings, committee meetings, etc.; record accurate minutes in real-time, including but not limited to roll call votes on agenda items, taking minutes, and producing minutes for approval and distribution.

5. Assists Board members with tasks including, but not limited to, general inquiries; booking board member training, conferences, and workshops; creating annual meeting schedule assignments; making travel arrangements when required; assisting and managing expense reports; tracking board member training requirements.
6. Answers a substantial amount of correspondence in accordance with general policies and procedures or knowledge of the General Manager's viewpoint. As assigned, prepares draft correspondence and presents to the General Manager for approval and signature.
7. Prepares resolutions or ordinances, and verifies completeness and consistency with District standards, policies, and procedures.
8. Reviews letters, agenda packets, reports, records, manuals, presentations, meeting minutes, and other items for grammar, accuracy, format, completeness, and compliance with set Agency standards. Assist with writing or reviewing newsletter articles.
9. Responds to California Public Records Act requests for information and maintain public records in compliance with the California Public Records Act.
10. Monitors compliance to the Ralph M. Brown Act (Government Code Section 59450-54963) in posting of public meeting notices.
11. Monitors compliance with the Register of Voters and completes any forms or documents required.
12. Oversees distribution and receipt of annual statements of economic disclosure (Form 700) for Board members, staff, and consultants. Serves as District Filing Officer for such.
13. Maintains an organized filing system of the official documents of the District, including, but not limited to, ordinances and resolutions, minutes of meetings, agenda packets, Form 700, Registrar of Voters Forms, etc.
14. Maintains Notary in good standing and provides Notary services for the District.
15. Establishes and maintains cooperative working relationships with staff, vendors, outside agencies, and the public.
16. Analyzes and resolves office administrative situations and problems.
17. Completes special projects involving research and preparation of information for reports, internally and externally.
18. Assists with monitoring budgets, tracking expenditures, and providing reports.
19. Act as the point of contact for the leadership team, consultants, and other external partners.
20. Performs other special projects and duties as assigned.
21. Regular attendance at the work site.

MINIMUM QUALIFICATIONS

The following are representative of the qualifications necessary to perform the essential duties of the position.

Any combination of education and experience which would likely provide the necessary knowledge and abilities may be qualifying.

Experience:

- Five (5) years of progressively responsible experience in providing administrative support and assistance to a high-level executive or administrator, including preparing minutes and agendas for a board. Public agency experience is highly desired.

Education and/or Training:

- High School Diploma or equivalent;
- Equivalent to graduation from an accredited four-year college or university with major coursework in business management or public administration, or closely related field highly desired.

Certificates, Licenses, Registration: Notary Public certification required (or be able to receive within six months of appointment).

Other Requirements: Must possess and maintain a California Class "C" Driver's License.

PERFORMANCE EXPECTATIONS: KNOWLEDGE, SKILLS, AND ABILITIES

The following are representative examples of KSA's necessary to perform the essential duties of the position.

Knowledge of:

- Thorough knowledge of the District's policies, procedures, and services.
- Understand the organization and operations of the District and outside agencies as necessary.
- Knowledge of practices used in agenda packet preparation, minute taking, and preparation.
- Thorough knowledge of correct English grammar, punctuation, and spelling.
- Extensive knowledge in the drafting of technical documents and professional correspondence.
- Thorough knowledge of various Microsoft Office products, including Word, Excel, PowerPoint, and Outlook.

Skills in:

- Possess strong organizational skills.
- Strong verbal and written communication skills.
- Skilled proficiency with internet search capabilities.
- Proficient skills in multitasking, flexibility, and prioritizing work assignments in a dynamic work environment.

Ability to:

- Ability to be adaptable to change.
- Ability to exercise discretion and independent judgment.
- Ability to think critically and independently with very minimal oversight.
- Exceptional ability to pay attention to detail.
- Ability to represent the District in a professional manner.
- Ability to effectively work with all levels of staff in order to acquire data and information.
- Ability to work efficiently, independently and productively when completing work tasks.
- Ability to operate standard office equipment (e.g., phone, computer, copier, fax, typewriter, and calculator).
- Ability to operate meeting software such as Zoom or Microsoft Teams proficiently.
- Ability to read, analyze and interpret a variety of documents such as business periodicals, professional journals, technical procedures and governmental regulations.
- Ability to interpret and apply administrative policies and regulations.
- Ability to write reports, business correspondence, and procedure manuals.
- Ability to effectively present information and respond to questions from employees, executive management, customers, other agencies, legislators and legislative staff, the general public, Board of Directors, regulatory agencies, vendors, etc.
- Ability to apply basic mathematical concepts, including decimals, percentages, fractions, and basic statistics.
- Ability to define problems, collect data, establish facts, and think independently to draw valid conclusions.
- Ability to apply common sense understanding to carry out instructions furnished in written, oral, or diagram form.
- Ability to solve problems, involving several concrete variables in standardized situations.
- Ability to perform work in accordance with specific safety procedures to minimize potential for injury.
- Knowledge of water district terminology.
- Ability to maintain accurate records electronically and in paper format.
- Communicate clearly, concisely, and effectively, both orally and in writing.
- Travel to attend meetings, conferences, training, and other relevant events.
- Establish and maintain cooperative, respectful and effective working relationships with those contacted in the course of work including District employees, officials, vendors, and the general public.

PHYSICAL AND MENTAL DEMANDS

The physical and mental demands described here are representative of those that must be met by employees to successfully perform the essential functions of this class. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Physical Demands: Subject to reasonable accommodation in accordance with the requirements of the Americans with Disabilities Act (ADA) and the California Fair Employment and Housing Act (FEHA), possess the ability to lift and/or carry objects (no greater than 20 lbs.) on an infrequent basis. Ability to bend, twist, turn, push, pull and reach routinely, as well as perform repetitive motion tasks on a regular basis. Ability to sit for extended time periods and use office equipment such as computer terminals, copies, and fax machines on a regular basis. Requires normal range hearing and vision. Ability to stoop, kneel and crouch occasionally.

Work Environment:

- **Outside:** On seldom occasion standing, walking, climbing may be required during inspection tours of facilities.
- **Inside:** Duties of this position are predominantly conducted indoors, in an office setting or environment.
- **Fumes/Gasses:** Duties of this position are predominantly conducted indoors, in an office setting or environment.
- **Noise/Vibration:** Noise levels expected of an office or indoor setting are expected.

Equipment Use: Standard office equipment such as computer hardware and peripherals, binding machines, copy machines, scanning machines, fax machines, and telephone.

Mental Demands: While performing the duties of this class, an employee is regularly required to use written and oral communication skills; read and interpret data, information and documents; analyze and solve problems; use math and mathematical reasoning; learn and apply new skills and information; perform highly detailed work on multiple, concurrent tasks; and interact with District managers, officials of other governmental agencies, community and professional groups, staff and other organizations.

Safety: Follows proper safety practices at all times.

Travel: On occasion, the incumbent in this position may be required to attend hearings, workshops, meetings, and seminars.

Other: Position subject to extended work hours and attending evening meetings.

EMPLOYEE ACKNOWLEDGEMENT

I have read the above and understand that it is intended to describe the general content of and requirements for performing the job listed. It is not an exhaustive statement of duties, responsibilities or requirements.

I understand that this description does not preclude my Manager or Supervisor's authority to add or change duties or responsibilities and understand that the performance of other duties may be required from time to time to meet the needs of Joshua Basin Water District. I also understand this job description does not create an employment contract, implied or otherwise.

Print Employee Name	Employee's Signature	Date

JOSHUA BASIN WATER DISTRICT
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Agenda Item No: 7D

MOTION: ______/______
VOTE: ___Y___N___A

Board of Directors Staff Report

MEETING DATE: 12/21/22
PRESENTED BY: Sarah Johnson, General Manager
TOPIC: **CONTRACT WITH GRANICUS**
RECOMMENDATION: Receive presentation for information only.

ANALYSIS:

The District currently manages all board documents, agendas, minutes, and packets using a manual process. The current process is prone to error, inefficient, and very time-consuming.

We are excited to present that we have demoed several Agenda management software programs that assist with modernizing Agenda document management. We have determined that Granicus has the lowest cost while providing the most value and ease of use. This software will provide more safeguards for Brown Act Compliance, provides staff workflow allowing for a true approval process, provides unlimited document management and storage, allows for document searchability, provides packet creation & generation, allows for one click to posting to our website, allows access for the subscriber to enroll to receive the agenda automatically, provides a minutes tool for real-time minutes creation during meetings, as well as an app for your smart device designed for the board to access packets before/during/after meetings.

Granicus is designed for public agencies. Use the links to see how other agencies use the product.
Mohave Water Agency: https://www.mojavewater.org/about-mwa/agency-calendar/meetings/
Beach Cities Health District: https://www.bchd.org/board-directors-meetings
Clovis Veterans Memorial District: https://www.cvmdistrict.org/board-meetings
San Miguel CSD: https://www.sanmiguelcsd.org/board-of-directors-regular-and-special-meetings
High Desert Water: Default View - http://hdwd.granicus.com/ViewPublisher.php?view_id=1

The cost of this product includes the software, license, training for staff, and support. Implementation of this software will take up to four months. However, after implementation, board members and the public will find navigating our agendas and packets a breeze!

STRATEGIC PLAN ITEM: N/A
FISCAL IMPACT: $3,778.17 annually

408 St. Peter St, Suite 600
St. Paul, MN 55102

THIS IS NOT AN INVOICE

Order Form
Prepared for
Joshua Basin Water District

Granicus Proposal for Joshua Basin Water District

ORDER DETAILS

Prepared By:	Dave Marich
Phone:	
Email:	dave.marich@granicus.com
Order #:	Q-174576
Prepared On:	12/14/2022
Expires On:	01/31/2023

ORDER TERMS

Currency:	USD
Payment Terms:	Net 30 (Payments for subscriptions are due at the beginning of the period of performance.)
Period of Performance:	The term of the Agreement will commence on the date this document is signed and will continue for 36 months.

PRICING SUMMARY

The pricing and terms within this Proposal are specific to the products and volumes contained within this Proposal.

One-Time Fees			
Solution	**Billing Frequency**	**Quantity/Unit**	**One-Time Fee**
Peak - Setup & Configuration	Up Front	1 Each	$0.00
Peak Online Group Training	Upon Delivery	8 Hours	$0.00
Open Platform - Setup and Configuration	Up Front	1 Hours	$0.00
Send Agenda (Peak) Set up and Config	Up Front	1 Each	$0.00
govDelivery for Integrations Set Up and Config	Up Front	1 Each	$0.00
		SUBTOTAL:	**$0.00**

New Subscription Fees			
Solution	**Billing Frequency**	**Quantity/Unit**	**Annual Fee**
Peak Agenda Management	Annual	1 Each	$3,300.00
iLegislate	Annual	1 Each	$0.00
Open Platform Suite	Annual	1 Each	$0.00
Send Agenda (Peak)	Annual	1 Each	$0.00
govDelivery for Integrations	Annual	1 Each	$0.00
		SUBTOTAL:	**$3,300.00**

Communications Cloud Tier:
0

FUTURE YEAR PRICING

Solution(s)	Period of Performance	
	Year 2	Year 3
Peak Agenda Management	$3,531.00	$3,778.17
iLegislate	$0.00	$0.00
Open Platform Suite	$0.00	$0.00
Send Agenda (Peak)	$0.00	$0.00
govDelivery for Integrations	$0.00	$0.00
SUBTOTAL:	**$3,531.00**	**$3,778.17**

PRODUCT DESCRIPTIONS

Solution	Description
Peak Agenda Management	Peak Agenda Management is a Software-as-a-Service (SaaS) solution that enables government organizations to simplify the agenda management and minutes recording process of the clerk's office. Peak Agenda Management allows clerks to streamline the way they compile and produce agendas and record minutes for public meetings and includes: • Unlimited user accounts • Unlimited meeting bodies and meeting types • Access to up to one (1) Peak Agenda Management site
iLegislate	iLegislate® enables government officials to review meeting agendas, supporting documents, and archived videos on any tablet or desktop that supports iOS, Android, Windows, or OS X. iLegislate seamlessly connects all agenda data to a tablet or desktop, automatically updating it with the latest information when online, and is available for review when offline. Elected members and staff can review agendas and PDF attachments, and bookmark items of interest, while offline (currently tablet only). Changes are automatically backed up to the Granicus cloud when an internet connection is established. iLegislate includes: • Automated updates through desktop application • Ability to download agendas • Annotations • Cloud stored data • Ability to utilize on IOS, Android, Windows, and Mac OSX • eComment integration (if jurisdiction also has eComment) • Upload of upcoming agendas • Convenient access to meeting agendas and supporting documents • Review agendas and attachments offline and on-the-go • Review indexed, archived meeting videos • Public opinion placed at elected officials' fingertips
Open Platform Suite	Open Platform is access to MediaManager, upload of archives, ability to post agendas/documents, and index of archives. These are able to be published and accessible through a searchable viewpage.

Solution	Description
Send Agenda (Peak)	Send Agenda is dependent on an active subscription to the relevant govMeetings agenda.
Peak - Setup & Configuration	Setup and Configuration for Peak Agenda Management includes implementation of: • Up to one (1) meeting body's Standard Agenda, Cover Page and Minutes report template • Up to one (1) public view page portal
Peak Online Group Training	Peak Agenda Management - Online Group Training is for Group training of Peak Agenda Management, which allows clients to have up to six (6) users participate in online Group sessions with a Granicus trainer and other client users, to learn how to use the system.
Open Platform - Setup and Configuration	Setup and configuration for Open Platform
govDelivery for Integrations	Send notification bulletins directly to constituents who subscribe to receive updates directly through Granicus (powered by govDelivery). Recieve a monthly metrics report delivered via email to show subscriber growth and engagement activity for the past month of bulletin sends, and grow subscribers through access to the Granicus Advanced Network. Note: govDelivery intergrations is dependent on an active subscription to the relevant govMeetings agenda or govAccess CMS solutions.

GRANICUS ADVANCED NETWORK AND SUBSCRIBER INFORMATION

- **Granicus Communications Suite Subscriber Information.**
  - Data provided by the Client and contact information gathered through the Client's own web properties or activities will remain the property of the Client ('Direct Subscriber'), including any and all personally identifiable information (PII). Granicus will not release the data without the express written permission of the Client, unless required by law.
  - Granicus shall: (i) not disclose the Client's data except to any third parties as necessary to operate the Granicus Products and Services (provided that the Client hereby grants to Granicus a perpetual, non-cancelable, worldwide, non-exclusive license to utilize any data, on an anonymous or aggregate basis only, that arises from the use of the Granicus Products by the Client, whether disclosed on, subsequent to, or prior to the Effective Date, to improve the functionality of the Granicus Products and any other legitimate business purpose, including the

right to sublicense such data to third parties, subject to all legal restrictions regarding the use and disclosure of such information).

- **Data obtained through the Granicus Advanced Network.**
    - Granicus offers a SaaS product, known as the Communications Cloud, that offers Direct Subscribers recommendations to subscribe to other Granicus Client's digital communication (the 'Advanced Network'). When a Direct Subscriber signs up through one of the recommendations of the Advanced Network, that subscriber is a 'Network Subscriber' to the agency it subscribed to through the Advanced Network.
    - Network Subscribers are available for use while the Client is under an active subscription with Granicus. Network Subscribers will not transfer to the Client upon termination of any Granicus Order, SOW, or Exhibit. The Client shall not use or transfer any of the Network Subscribers after termination of its Order, SOW, or Exhibit placed under this agreement. All information related to Network Subscribers must be destroyed by the Client within 15 calendar days of the Order, SOW, or Exhibit placed under this agreement terminating.
    - Opt-In. During the last 10 calendar days of the Client's subscription, the Client may send an opt-in email to Network Subscribers that shall include an explanation of the Client's relationship with Granicus terminating and that the Network Subscribers may visit the Client's website to subscribe to further updates from the Client in the future. Any Network Subscriber that does not opt-in will not be transferred with the subscriber list provided to the Client upon termination.

UPDATES TO SHARED SHORT CODES FOR SMS/TEXT MESSAGING (US CLIENTS ONLY):

- Granicus will be migrating all clients with SMS/Text Messaging Solutions using a shared short code option to a unique standard toll-free number within the United States (International numbers not supported). Short Codes are recommended for Text-to-Subscribe functionalities, if enabled where available, for an additional fee.
- Client must have explicit opt-in for all destinations sent to and adhere to all CTIA guidelines for the duration of its use.

TERMS & CONDITIONS

- Link to Terms: https://granicus.com/pdfs/Master_Subscription_Agreement.pdf
- This quote is exclusive of applicable state, local, and federal taxes, which, if any, will be included in the invoice. It is the responsibility of Joshua Basin Water District to provide applicable exemption certificate(s).
- Granicus certifies that it will not sell, retain, use, or disclose any personal information provided by Client for any purpose other than the specific purpose of performing the services outlined within this Agreement.
- Any lapse in payment may result in suspension of service and will require the payment of a setup fee to reinstate the subscription.
- Notwithstanding anything to the contrary, Granicus reserves the right to adjust pricing at any renewal in which the volume has changed from the prior term without regard to the prior term's per-unit pricing.

BILLING INFORMATION

Billing Contact:		**Purchase Order Required?**	[ ] - No [ ] - Yes
Billing Address:		**PO Number:** *If PO required*	
Billing Email:		**Billing Phone:**	

If submitting a Purchase Order, please include the following language:
The pricing, terms, and conditions of quote Q-174576 dated 12/14/2022 are incorporated into this Purchase Order by reference and shall take precedence over any terms and conditions included in this Purchase Order.

AGREEMENT AND ACCEPTANCE

By signing this document, the undersigned certifies they have authority to enter the agreement. The undersigned also understands the services and terms.

Joshua Basin Water District	
Signature:	
Name:	
Title:	
Date:	

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Agenda Item No: 7E

MOTION: ______/______
VOTE: ___Y___N___A

Board of Directors Staff Report

MEETING DATE:	December 21, 2022
PRESENTED BY:	Jeremiah Nazario, Interim Director of Operations
TOPIC:	**Acquisition of Pettibone from West Coast Equipment, LLC**
RECOMMENDATION:	Authorize the General Manager to execute a Purchase Agreement with West Coast Equipment in the amount of $175,208.68 for the acquisition of heavy equipment: Pettibone Tele Skytrack and Man Basket. Note - This purchase was approved in FY22/23 for the amount of $120,000. This purchase would require a budget adjustment of $55,208.68 for a total purchase price of $175,208.68.

Analysis: The purchase of a Pettibone was pre-approved in the current budget. During this past year, staff has been actively sourcing vendors from whom we could purchase this equipment. Staff has reviewed quotes from several vendors and found West Coast Equipment, LLC to be the best value. The purchase of this equipment will create better efficiencies for the district in addition to providing safer working environments.

Attached, the board will find pictures and documents of the equipment from the sourced vendor. CIRP Supervisor, Brandon Warner, and I took a field trip to discuss the details and view the equipment personally. This piece of equipment will fully meet the districts needs while keeping staff safe with the proper safety measures designed in the equipment.

Due to supply chain issues, purchasing locally in Southern California, the lack of equipment being sold/made, and inflation, there is a price increase from the original budget of an additional $55,208.68.

Staff recommends that the board approve an increase to the current budget from $120,000.00 to $175,208.68 for this purchase. Staff thanks the board for their time and consideration.

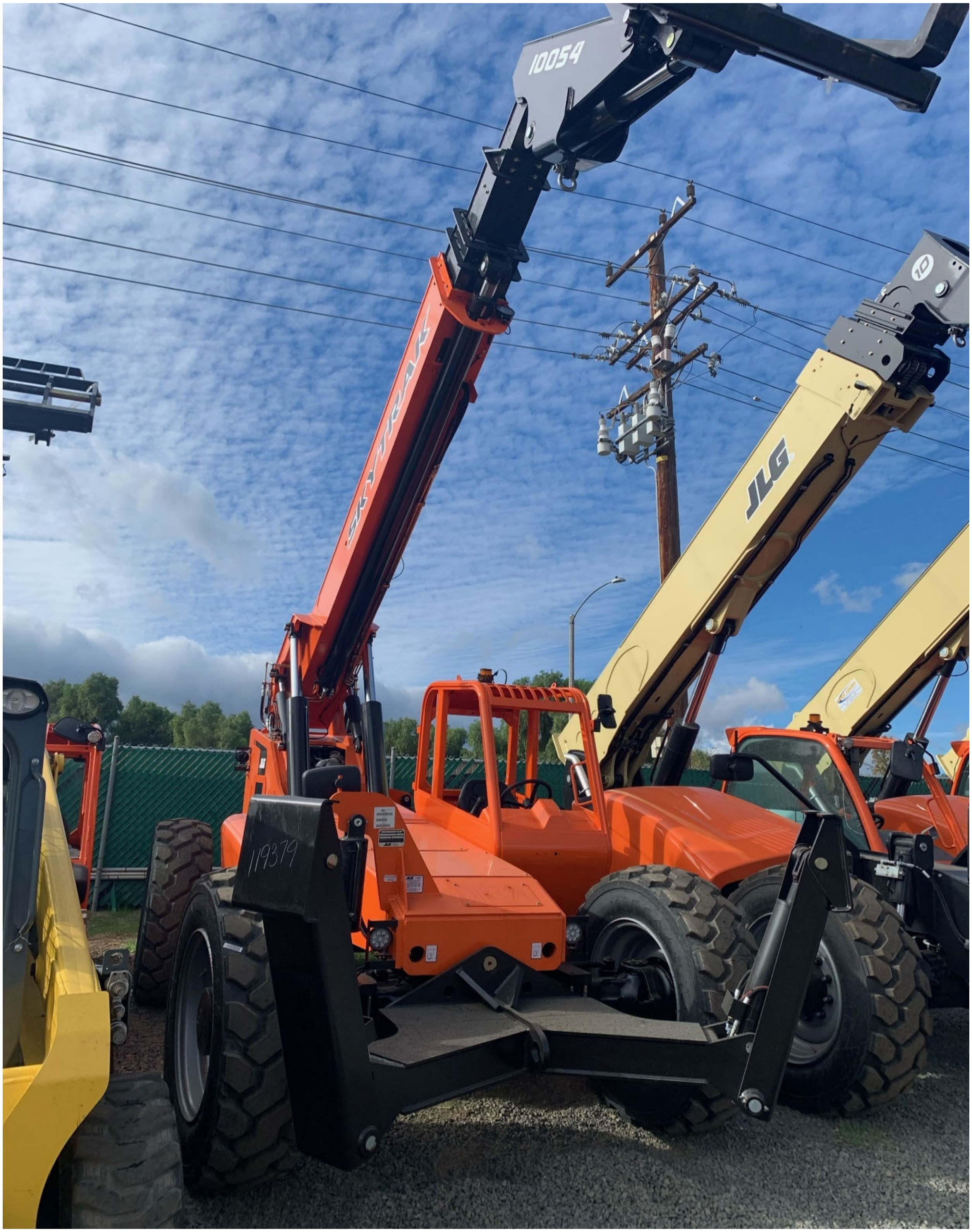
STRATEGIC PLAN ITEM:

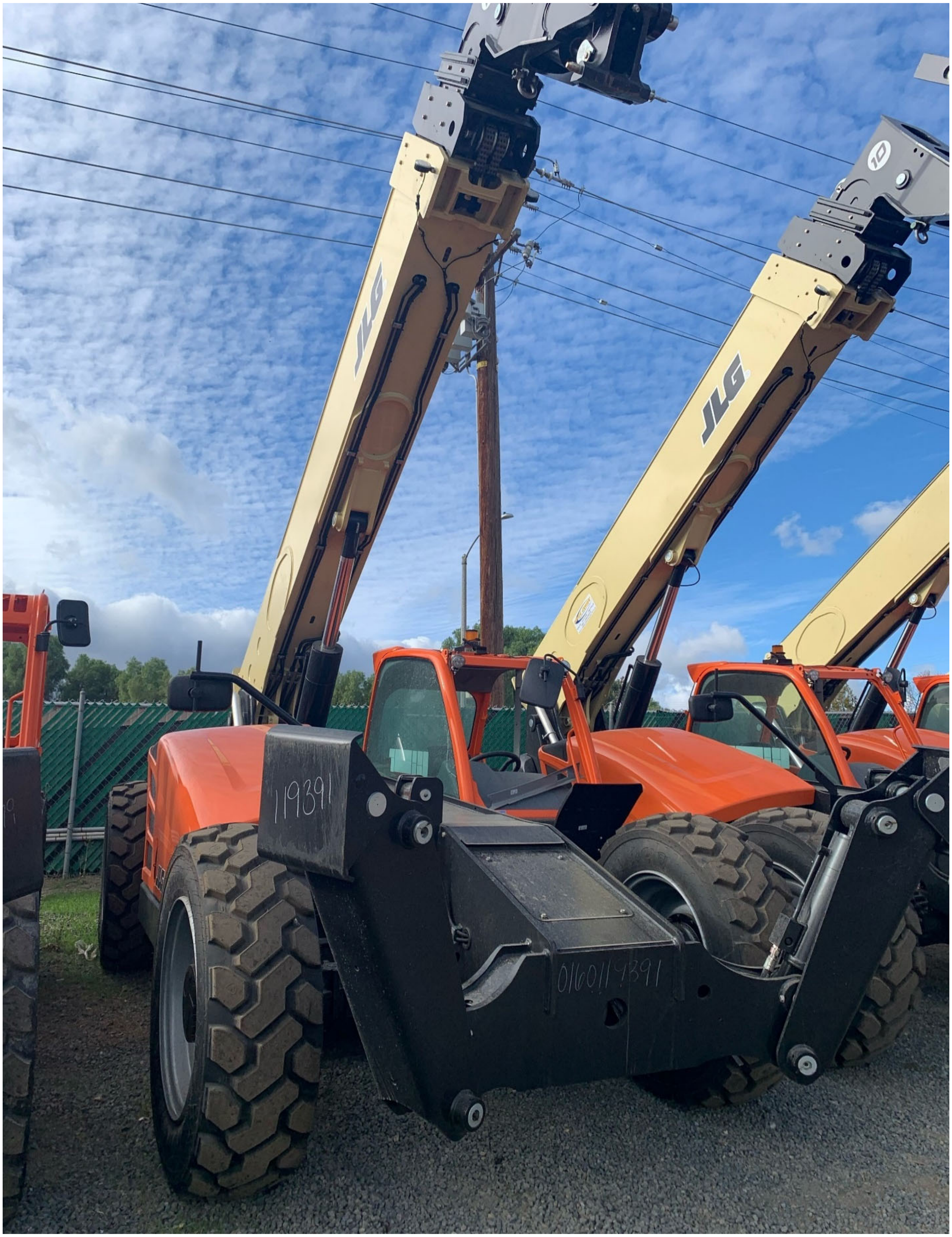
Goal 1.0 - Maintain and enhance the operational efficiency and reliability of the District's water resources and infrastructure.

Goal 1.2.2 – Update & Implement - CIRP Equipment

FISCAL IMPACT:

$55,208.68 (budget adjustment)


10054
SKYTRAK
JLG
119379


JLG
JLG
119391
016011-1391

Quote #: q8407-1
958 El Sobrante Rd.
Corona, Ca 92879
www.westcoastequipment.us
951-256-2040 Phone
951-356-0069 Fax

Status: Quote
Quoted: Wed 12/ 7/2022 9:00AM

Customer #: 2344

Quote

Salesman: Jeremy Parmelee 760-410-4186 jeremy@westcoastequipment.us

Qty	Key	Items Rented	Ser#	Status	Quote Date	Price
1	MB	Man Basket		Rental	Wed 1/ 4/2023 9:00AM	$3,250.00
	1day $3,250.00 1week $3,250.00 4weeks $3,250.00					
1	TS1054	Tele Skytrak 10054		Rental	Wed 1/ 4/2023 9:00AM	$153,789.89
	1day $153,798.89 1week $153,789.89 4weeks $153,789.89					

Qty	Key	Items Sold	Status	Each	Price
2	AB1130	CA HEAVY EQUIPMENT RENTAL TAX .75	Retail	$588.90	1,177.80
1	FRT	Freight Charge	Retail	$3,250.00	3,250.00

Quote

Quote

This is a Quote Only

Rental:	$157,039.89
Sales:	$4,427.80
Subtotal:	$161,467.69
Riverside - Corona:	$13,740.99
Total:	$175,208.68
Paid:	$0.00
Amount Due:	$175,208.68

Signature:

Quote

West Coast Equipment,LLC
El Sobrante Road, CA 92879

For the purpose of this Rental Agreement "Rental Center" shall mean Rental Center, its owners, officers, directors, shareholders, and employees, and "Customer" shall mean Customer, its agents, and/or employees.
In consideration of hiring of the equipment (herein "the rental equipment or equipment") described on the Rental Agreement going forward it is agreed as follows:

1. Operators No operators are furnished, directly or indirectly with our equipment

2. Indemnity/hold harmless customer will take all necessary precautions regarding the equipment rented and protect all persons and property from injury or damage. customer agrees to hold harmless rental center from and against any and all liability, claims, judgements, attorneys' fees and costs, of every kind and nature, including but not limited to injuries or death to persons and damage to property, arising out of the use, maintenance, instruction, operation, possession, ownership or rental of the equipment rented, however caused, except claims or litigation arising through the sole negligence or willful misconduct of rental center.

3. Assumption of risk/release - discharge of liability. customer is fully aware and acknowledges there is a risk of injury or damage arising out of the use or operation of the equipment rented hereunder and hereby elects to voluntarily enter into this rental agreement and assume all of the above risks of injury or damage. customer agrees to release and discharge rental center from any and all responsibility or liability from such injury or damage arising out of the use or operation of the equipment and customer further agrees to waive, release, and discharge any and all claims for injury or damage against rental center which customer otherwise may be entitled to assert

4. Receipt/inspection of equipment Customer hires the equipment on an "as is" basis. Customer acknowledges that he has, or will, personally inspect the equipment prior to its use and finds it suitable for customers' needs. customer acknowledges receipt of all items listed in this rental agreement and that the equipment is in good working order and repair and that customer understands (without further instructions) its proper operation and use.

5. Possession/title Customer's right to possession of the equipment begins upon equipment leaving rental center and terminates on the agreed return date indicated on the front of this rental agreement. Retention of possession after this date constitutes a material breach of this rental agreement. Time is of the essence of this rental agreement. Any extension of this rental agreement must be agreed upon in writing. Title to the equipment is and shall remain in rental center. If the equipment is not returned and/or levied upon for any reason whatsoever, rental center may retake said equipment without further notice or legal process and use whatever force is reasonably necessary to do so. Customer hereby agrees to indemnify, defend, and hold rental center harmless from any and all claims and costs arising from such retaking and/or levy. If equipment is levied upon, customer shall notify rental center immediately.

6. Rental period/rate/payment Rental period is for a maximum of twenty-four (24) hours unless a longer term is specified in the rental agreement agreed return date on the front of this rental agreement. Rental rates are based upon single shift usage (8 hours per day, 5 days per week). If customer makes greater use of the equipment it is agreed that the additional usage will be charged. Rental charges begin immediately upon equipment leaving rental center. Rental charges end upon return of the equipment to rental center in an acceptable condition. No allowance will be made for Saturdays, Sundays, holidays, or time neither in transit nor for any period of time the equipment may not be in actual use while in customer's possession. If the equipment is returned prior to the end of the minimum rental period, the rental due shall be for the entire minimum rental period. Rental center may terminate rental at any time and retake the equipment without further notice in case of violation by customer of any terms or conditions of this rental agreement. Customer agrees to pay any collection costs and attorney's fees incurred in collection of this account or any dispute arising out of this rental agreement. Customer agrees to pay a monthly service charge on all unpaid balances. Customer agrees to pay to rental center a fee for environmental compliance.

7. Ordinary wear and tear Customer shall be responsible for all damage not caused from ordinary wear and tear. "Ordinary wear and tear" shall mean only the normal deterioration of the equipment caused by ordinary, reasonable, and proper use of the equipment. damage which is not "ordinary wear and tear" includes, but is not limited to: damage due to overturning, overloading or exceeding rated capacities; breakage; improper use; abuse; lack of cleaning; dirtying of equipment by paint, mud, plaster, concrete, rosin, or any other material.

8. Compliance with laws/use of equipment Customer agrees not to use or allow anyone to use the equipment for any illegal purposes or in any illegal manner or in an unsafe manner. Customer agrees at his sole cost and expense to comply with all municipal, counties, state, and federal laws, ordinances and regulations which may apply to the use of the equipment during the rental period. Customer further agrees to pay all licenses, fines, fees, permits or taxes arising from his use of the equipment, including any subsequently determined to be due.

Customer shall not allow any person who is not qualified and who has not received and understands safety and operating instructions and who does not utilize all safety Equipment required, to operate the equipment or use the equipment. Customer shall not allow any person to use or operate the equipment when it is in need of repair or when it is in an unsafe condition or situation; modify, misuse, harm or abuse the equipment; permit any repairs to the equipment without rental center's prior written permission; or allow a lien to be placed upon the equipment. Customer agrees to check filters, oil, fluid levels, air pressure, clean, and visually inspect the equipment at least daily and to immediately discontinue use and notify rental center when equipment is found to need repair or maintenance or is not properly functioning. Customer acknowledges that rental center has no responsibility to inspect the equipment while it is in customer's possession.

9. Return of equipment. Customer agrees to return to rental center the equipment in as good condition as when received, less ordinary wear and tear.

Rental agreement agreed return date. Customer shall be liable for all damages to or loss of the equipment and liability incurred prior to equipment's return to rental center. Customer shall be responsible for all costs incurred by rental center recovering and returning damaged equipment to rental center's premises. If equipment is to be "picked-up" by rental center, customer contractually agrees to safely and securely store rented equipment and customer accepts all risk including damage to and liability relative to equipment until the equipment is picked-up and accepted by the rental center.

10. Disclaimer of warranties Rental center makes no warranty of merchantability or fitness for any particular use or purpose, either expressed or implied. There is no warranty or representation that the equipment is fit for customer's particular intended use, or that it is free of latent defects. Rental center shall not be responsible to customer or any third party for any loss, damage, or injury resulting from, or in any way attributable to the operation of, use of, or any failure of the equipment. Rental center shall not be responsible for any defect or failure unknown to the rental center. customers sole remedy for any failure of or defect in the equipment shall be termination of the rental charges at the time of failure provided that customer notifies rental center immediately of such failure and returns the equipment to rental center within twenty-four (24) hours of such failure.

11. Purchase Orders The use of customer's purchase order number on this rental agreement is for customer's convenience and identification only.

12. Subletting/location of equipment Customer agrees not to sublet, loan or assign the equipment. Customer shall not move the equipment from the address at which customer represented it was to be used.

13. Default Should customer in any way fail to observe or comply with any provision of this rental agreement, rental center may, at its sole option, terminate this rental agreement, retake the equipment, declare any charges due and payable and initiate legal process to recover monies owed, and/or pursue any other legal rights and remedies available to rental center. Exercise of any remedy available to rental center shall not constitute an election of remedies or a waiver of any additional remedies to which rental canter may be entitled.

14. Retaking of equipment If for any reason it becomes necessary for rental center to retake the equipment, customer authorizes rental center to retake the equipment without further notice or further legal process and agrees that rental center shall not be liable for any claims for damage or trespass arising out of the removal of the equipment.

15. Legal fees In the event an attorney is retained to enforce any provision of this rental agreement, the prevailing party in the dispute shall be entitled to recover reasonable attorney's fees and court costs in such action, or proceeding, in an amount to be determined by the court.

16. **LDW** if and *only if*, we have offered and you have paid the non-refundable fee for our optional limited damage waiver ("LDW") in advance of the term, your liability to rental center for physical damage to rented item(s) covered by LDW ("covered item(s)") will be limited to 20% of the applicable repair/replacement cost for such covered item(s); *provided* however, that you will remain 100% liable for all damage to or loss of: (a) item(s) not covered by LDW; (b) covered item(s) lost or damaged as a result of or in connection with: (c) your breach of this contract; (d) theft or other failure to timely return covered item(s) to rental center; (e) gross negligence, misuse and/or abuse of any item(s); (f) batteries, glass, tires, tubes, tracks, belts, chains, knobs and/or hoses; and (g) all repair/replacement costs exceeding $5,000 for any covered item. *you may decline LDW* if you provide to us proof that you have property damage/inland marine insurance covering all item(s) for their full (new) replacement value. LDW is not insurance, nor is it a warranty.

17. **Notice of non-waiver/severability** Any failure of rental center to insist upon strict performance by customer as regards any provision of this rental agreement shall not be interpreted as a waiver of rental center's rights to demand strict compliance with all other provisions of this rental agreement against customer or any other person. The provisions of this rental agreement shall be severable so that the unenforceability, invalidity or waiver of any provision shall not affect any other provision. This equipment contains or produces one or more chemicals known to the state of California to cause cancer, birth defects or other reproductive harm.

18. Miscellaneous

A. Customer authorizes and instructs rental center to complete customer's "blank/open check" and to "fill-in" the amount of all charges

B. Customer authorizes rental center to submit all customer charges to customer's credit card account.

C. Warning: certain rental items contain or produces one or more chemicals known to the state of California to cause cancer and birth defects (or other reproductive harm)

D. Customer understands and agrees that he is fully aware of all ANSI/OSHA requirements for the equipment.

E. This rental agreement may be executed or delivered by facsimile or e-mail. If this rental agreement is executed or delivered by e-mail, customer acknowledges receipt of a completed rental agreement and agrees to all of the terms and conditions of such rental agreement.

F. Customer is fully aware and acknowledges that the terms and conditions of this rental agreement shall apply to all subsequent rentals by customer. Customer further agrees that the terms and conditions of this rental agreement shall govern all future "deliveries without signature" should customer fail or be unable to sign the rental agreement at time of delivery.

G. Customer agrees and warrants that the signature on any rental agreement and master terms and conditions has the authority to sign on behalf of the customer and/or president/owner of the customer.

By signing these terms & conditions the rental customer has read and understands the operation of all equipment provided. ______ (initial)

Rental Customer ______________________________ **Date** ________

Coast Equipment ___________________________ **Date** ______