**President**
Stacy Doolittle

**VP**
David Fick

**Directors**
Tom Floen
Jane Jarlsberg
Jane Fawke

**General Manager Pro Tem**
Anne Roman

**Legal Counsel**
John Pinkney

JOSHUA BASIN WATER DISTRICT
*Proudly providing water from an ancient source…well into the future*

# REGULAR MEETING AGENDA OF THE BOARD OF DIRECTORS
## Wednesday, November 18, 2026, at 5:00 p.m.

MEETINGS ARE HELD IN PERSON AT 61750 CHOLLITA RD., JOSHUA TREE, CA 92252

REMOTE ACCESS IS AVAILABLE FOR THE CONVENIENCE OF THE PUBLIC

CLICK TO JOIN VIRTUALLY: ZOOM LINK
CALL TO JOIN BY PHONE: (669) 444-9171
MEETING ID: 864 4800 3304
PASSCODE: 61750

**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**

Consideration of Board Member requests for remote participation.

**3. APPROVAL OF AGENDA**

**4. RULES OF PROCEDURE BY LEGAL COUNSEL**


61750 Chollita Rd., Joshua Tree, CA 92252 | 760-366-8438 | www.jbwd.com | email: customerservice@jbwd.com

**5. PUBLIC COMMENT**

This is the time set aside for public comment on any District related matter, whether appearing on the agenda or not. Pursuant to the Brown Act, the Board is prohibited from taking action on items not listed on the agenda. At the discretion of the Board President comments on a particular Agendized item may be deferred until that item is heard. Please state your name and limit your comments to 3 minutes. For members of the public attending the meeting on-line, please use the "Raise Hand" reaction feature in your toolbar on Zoom to signal your desire to comment and be recognized by the Board.

**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.

Pg. 5-11

**A. DRAFT MINUTES – 11.04.26: RECOMMENDED FOR APPROVAL**

**7. ITEM(S) PULLED FROM CONSENT CALENDAR FOR DISCUSSION**

**8. DISCUSSION/ACTION CALENDAR**

Pg. 14-82

**A. 2025/26 ANNUAL FINANCIAL REPORT (AKA "AUDIT")**

PRESENTED BY: GENERAL MANAGER PRO TEM, ANNE ROMAN

RECOMMENDED ACTION: REVIEW AND APPROVE.

Pg. 83-86

**B. AUTHORIZATION OF CONTRACT WITH HALE ELECTRIC FOR G BOOSTER STATION EMERGENCY ELECTRICAL IMPROVEMENTS**

PRESENTED BY: RAY KOLISZ WITH GENERAL MANAGER PRO TEM, ANNE ROMAN

RECOMMENDED ACTION: AUTHORIZE THE GENERAL MANAGER PRO TEM TO DEVELOP, NEGOTIATE, AND EXECUTE AN AGREEMENT WITH HALE ELECTRIC FOR EMERGENCY ELECTRICAL IMPROVEMENTS AT THE G BOOSTER STATION, IN AN AMOUNT NOT TO EXCEED $125,000, UTILIZING PREVIOUSLY APPROVED CAPITAL PROJECT NO. A25202 FUNDING.

Pg. N/A

**C. PUBLIC OUTREACH PRESENTATION**

PRESENTED BY: PUBLIC OUTREACH CONSULTANT, KATHLEEN RADNICH

RECOMMENDED ACTION: FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS TO BE TAKEN.



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Pg. 87-100

**D. AUTHORIZE THE GENERAL MANAGER PRO TEM TO EXECUTE AN AGREEMENT WITH CRAFTWATER ENGINEERING FOR THE DWSRF APPLICATION AND ENVIRONMENTAL DOCUMENTATION SERVICES PROPOSAL TO SEEK CHROMIUM 6 FUNDING**

PRESENTED BY: GENERAL MANAGER PRO TEM, ANNE ROMAN

RECOMMENDED ACTION: REVIEW AND APPROVE.

Pg. 101-108

**E. APPROVAL OF ASSISTANT GENERAL MANAGER JOB DESCRIPTION**

PRESENTED BY: GENERAL MANAGER PRO TEM, ANNE ROMAN

RECOMMENDED ACTION: CONSIDER AND APPROVE PROPOSED ASSISTANT GENERAL MANAGER (AGM) JOB DESCRIPTION

## 9. COMMITTEE REPORTS/ASSIGNMENTS

## 10. DIRECTOR REPORTS/COMMENTS

This time is reserved for Director reports and comments on matters within the District's jurisdiction, for informational purposes only, on subjects not covered by the agenda; the opinions expressed by individual Directors do not necessarily reflect those of the Board as a whole or District staff, and no action shall be taken.

## 11. MANAGERS' REPORT

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

## 12. UPCOMING AGENDA AND FUTURE ITEMS

**A. Anticipated Upcoming Agenda Items**

*Items currently anticipated for upcoming meetings; dates and items subject to change:*

**December 16, 2026**

- Staff Items:
  - Monthly Check Register Review
  - Customer Variance Request
  - Meter Connection and Related Deposits Update
- Board-requested item: Election of Officers
- Other anticipated items: Several in-process projects, including development review, if progress allows

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**B. Future Agenda Items Requested by Directors**

*See attached list of future agenda items requested by Directors.*

**13. CLOSED SESSION**

**A. PUBLIC EMPLOYEE APPOINTMENT – EMPLOYMENT PURSUANT TO GOVERNMENT CODE SECTION 54957**

TITLE: INTERIM GENERAL MANAGER

**B. CONFERENCE WITH LABOR NEGOTIATORS – PURSUANT TO GOVERNMENT CODE SECTION 54957.6**

AGENCY DESIGNATED REPRESENTATIVE: BOARD PRESIDENT STACY DOOLITTLE

UNREPRESENTED EMPLOYEE: INTERIM GENERAL MANAGER

**14. ADJOURNMENT**

**MEETING 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 or 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 Lisa Thompson, Executive Assistant, 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 individuals attending on-line may be removed from the meeting and banned for the remainder of such session. 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.

# MEETING MINUTES

**REGULAR MEETING OF THE BOARD OF DIRECTORS**
**November 4, 2026, 5:00 PM**

1. **CALL TO ORDER**

   President Doolittle called the meeting to order at 5:00 p.m.

2. **DETERMINATION OF A QUORUM & ATTENDANCE**

   **Board Members Present:** President Doolittle, Vice President Fick, Director Floen, Director Jarlsberg, Director Fawke

   **Staff Present:** General Manager Pro Tem Roman, Director of Administration Shook

   **Consultant(s) Present:** Legal Counsel, John Pinkney

   **Citizens Advisory Council Member(s) Present:** David Carrillo

3. **APPROVAL OF THE AGENDA**

   President Doolittle and Legal Counsel John Pinkney reviewed the Rules of Procedure prior to proceeding with the agenda.

   Director Jarlsberg moved to approve the agenda and seconded by Director Floen and approved by the following vote:

   | | |
   |---|---|
   | 1st / 2nd | Jarlsberg/Floen |
   | Ayes: | Doolittle, Fick, Floen, Jarlsberg, Fawke |
   | Noes: | None |
   | Abstain: | None |
   | Absent: | None |

4. **PUBLIC COMMENT –**

   CAC Chair, David Carrillo asked about the status of the District's response to San Bernardino County regarding the Joshua Tree septic-to-sewer initiative and the status of County funding.

5. **CONSENT CALENDAR**

   **A.** DRAFT MINUTES – 10.15.26

   Director Floen made a motion to approve the 10.15.26 minutes, seconded by Director Jarlsberg and approved by the following vote:

   | | |
   |---|---|
   | 1st / 2nd | Floen/Jarlsberg |
   | Ayes: | Doolittle, Fick, Floen, Jarlsberg, Fawke |

Noes: None
Abstain: None
Absent: None

**6. ITEMS PULLED FROM CONSENT CALENDAR FOR DISCUSSION** - None

**7. <u>DISCUSSION/ACTION CALENDAR</u>**

A. MBCA PRESENTATION OF DESERT-WISE LANDSCAPE TOUR OUTCOME
PRESENTED BY: LARAINE TURK, MBCA SECRETARY
RECOMMENDED ACTION: FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS TO BE TAKEN.

Laraine Turk, MBCA Secretary, presented the MBCA Presentation of Desert-Wise Landscape Tour Outcome. Turk provided an overview of the tour's history and evolution, including the transition to virtual and hybrid programming during and after COVID-19. Turk reported that MBCA's landscape tour videos have received more than 440,000 views and that the tour has attracted more than 1,000 participants over the past five years. Turk also highlighted the addition of native plant tours and educational how-to videos focused on desert-wise landscaping and water conservation. Turk thanked the District, Board, staff, volunteers, and Public Outreach Consultant, Kathleen Radnich for their support, including the District's demonstration garden being featured in the tour.

B. <u>SEPTEMBER 2026 CHECK REGISTER</u>
PRESENTED BY: GENERAL MANAGER PRO TEM, ANNE ROMAN, ACCOUNTING SUPERVISOR, AUTUMN RICH
RECOMMENDED ACTION: APPROVE CHECK REGISTER

Director Jarlsberg made a motion to approve the September 2026 Check Register and seconded by Vice President Fick, and approved by the following vote:

| | |
|---|---|
| 1st / 2nd | Jarlsberg/Fick |
| Ayes: | Doolittle, Fick, Floen, Jarlsberg, Fawke |
| Noes: | None |
| Abstain: | None |
| Absent: | None |

C. ADVANCED METERING INFRASTRUCTURE (AMI) UPDATE
PRESENTED BY: DIRECTOR OF ADMINISTRATION, DAVID SHOOK
RECOMMENDED ACTION: FOR INFORMATIONAL PURPOSES ONLY, NO ACTION IS TO BE TAKEN.

Director of Administration David Shook provided an informational update on Advanced Metering Infrastructure (AMI). Shook reported that the District received an updated propagation study from Sensus, which showed improvements in technology but continued concerns regarding reliable district-wide coverage. Staff is also awaiting additional information regarding the customer portal.

Shook discussed the District's interest in implementing web-based meter reading software to evaluate more frequent meter readings and identify unusual water usage and potential leaks. Shook noted that AMI may require additional infrastructure beyond what is identified in the propagation study and that staff will continue evaluating the feasibility, benefits, and costs of AMI and alternative approaches.

D. CONSIDERATION OF LEGISLATIVE ADVOCACY SERVICES
PRESENTED BY: GENERAL MANAGER PRO TEM, ANNE ROMAN
RECOMMENDED ACTION: DISCUSS THE DISTRICT'S FORTHCOMING LEGISLATIVE ADVOCACY NEEDS AND PROVIDE DIRECTION ON PROCUREMENT OPTIONS.

General Manager Pro Tem Anne Roman presented the Consideration of Legislative Advocacy Services. Roman discussed the District's options for future legislative advocacy and the timing of retaining a new advocate. The Board discussed the potential use of separate federal and state advocates or a combined firm, as well as the procurement process.

The Board directed staff to defer retaining a new legislative advocate until summer 2027 and to evaluate both combined and separate federal and state advocacy options. The Board also expressed a preference for soliciting quotes from multiple qualified firms rather than conducting a formal RFP, if appropriate.

## 8. DIRECTOR REPORTS/COMMENTS

President Doolittle

- Doolittle thanked the Board for its patience as the District works to follow the Rules of Procedure regarding public comments and noted that the process should improve with future meetings. Doolittle reported that she, General Manager Pro Tem Anne Roman, and Interim General Counsel John Pinkney met prior to the meeting to review the agenda and address questions regarding meeting procedures. Doolittle noted that training on the District's Rules of Procedure may be provided in the future and that modifications to the rules may also be considered.

- Doolittle commended General Manager Pro Tem Anne Roman for her work and leadership while managing her duties as Director of Finance, serving as General Manager Pro Tem, and providing additional supervisory support. Doolittle expressed her appreciation for Roman's dedication and noted that she has been a pleasure to work with.

Vice President Fick

- None

Director Floen

- Floen provided an update regarding the District's investments through the State of California's Local Agency Investment Fund (LAIF). Floen noted the recent changes in state leadership and stated that he would monitor the state investment committee and related activities for any significant changes that may warrant further review.

Director Jarlsberg

- None

Director Fawke

- Fawke prepared a written report which is included as an attachment to the minutes.

**9. MANAGER'S REPORT**

General Manager Pro Tem Roman prepared and distributed a written manager's report which is included as an attachment to the minutes.

**10. UPCOMING AGENDA AND FUTURE ITEMS**

**A. Anticipated Upcoming Agenda Items**

*Items currently anticipated for upcoming meetings; dates and items subject to change:*

**November 18, 2026**

- Staff Items:
    - 2025/26 Audit Presentation
    - ERNIE Agreement
    - Proposed contract for SRF Grant Writer Assistance
- Board-requested item: None scheduled.
- Other anticipated items: Public Outreach Presentation

**B. Future Agenda Items Requested by Directors**

*See attached list of future agenda items requested by Directors.*

**11. CLOSED SESSION**

A. CONFERENCE WITH LEGAL COUNSEL PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (d)(2) AND/OR(3) 1 POTENTIAL CASE.
TITLE: ANTICIPATED LITIGATION

B. PUBLIC EMPLOYEE DISCIPLINE, DISMISSAL, RELEASE PURSUANT TO GOVERNMENT CODE SECTION 54957.

The meeting adjourned to closed session at 6:55 pm. The meeting reconvened to open session at 7:56 pm.

Legal Counsel John Pinkney reported that no reportable action was taken regarding Item A, related to anticipated litigation.

Pinkney reported that reportable action was taken regarding Item B, related to Public Employee Discipline, Dismissal, Release. The Board approved an agreement of separation, severance, and general release with General Manager Sarah Johnson, with all Directors voting in favor. Counsel stated that the agreement is a public record.

President Doolittle announced that General Manager Sarah Johnson's tenure with the District concluded on November 5, 2026, following more than a decade of service. Doolittle read a statement from Johnson expressing her appreciation for the opportunity to lead the District and serve the community, recognizing the District's employees and the relationships and experiences from her tenure, and wishing the District continued success.

The Board expressed its appreciation to Johnson for her more than a decade of dedicated service and leadership and wished her continued success in her future endeavors.

Click the link below to view the announcement:
Exhibit B - General Manager Leadership Transition Announcement

**C. ADJOURNMENT**

On motion by Director Floen seconded by Director Jarlsberg, and approved by the Board, the meeting was adjourned at 7:59 p.m.

Respectfully submitted,

_____
Anne Roman, General Manager Pro Tem & Board Secretary

**TO VIEW THE MEETING RECORDING ON YOUTUBE, CLICK HERE:** 

Report on my October activities. Jane Fawke.

**On October 19**, I attended the Association of San Bernadino County Special Districts dinner in Rancho Cucamonga with Director Fick. The after-dinner presentation was on public record accounting:

“Public record accounting in the real world, hot topics, hard lessons and practical tips” given by attorney Christine Wood of Best, Best and Kreiger.

Ms. Wood gave us some good facts on transparency and communication.

**On October 22**, I drove out to the Mojave Water Agency board meeting in Apple valley. It was a very short meeting as the board went into closed session, but I did get to meet board members, as I think it’s important to meet them.

**On October 27**, I participated in the California Special Districts association webinar “Building public trust through financial transparency”. The webinar focused on the town of Discovery Bay, like us, an unincorporated district.

Key point s I took from the webinar were:

“Be a financial storyteller to your rate payers, explain the rate increase, give them the numbers- the context and the impact.

They held an open house and made a 3-minute video for local media outputs explaining how the board, district and public works were amortizing a rate increase from 2% to 12%; to show how the increase came from regulatory requirements and capital projects.

Communications must be authentic and understandable with the ability to answer difficult questions from the public.

It was a very interesting presentation.

# EXHIBIT B

# Joshua Basin Water District Announces Leadership Transition Following General Manager Sarah Johnson's Decade of Service

Joshua Basin Water District (JBWD) announces that General Manager Sarah Johnson's tenure will conclude on November 5, 2026, following more than a decade of dedicated service. During her time with the District, Johnson provided leadership in operations and administration, supporting JBWD's mission of delivering essential water services to the Joshua Tree community.

**General Manager Johnson's Remarks**

"It has been an honor to lead Joshua Basin Water District and serve this community," said Johnson. "I am proud of what we have accomplished together and grateful for the dedicated employees whose professionalism and commitment make the District's work possible every day. I deeply value the relationships and experiences that have shaped my time here, and I wish the District continued success."

**Board of Directors' Remarks**

"The Joshua Basin Water District Board of Directors extends its appreciation to Sarah Johnson for more than a decade of dedicated service and leadership. The Board recognizes her contributions and accomplishments, including her tenure as General Manager, and wishes her continued success in her future endeavors."

# FUTURE AGENDA ITEMS REQUESTED BY DIRECTORS

**ONGOING**

| # | Future Agenda Item | Requested By | Date | Lead | Status / Notes |
|---|---|---|---|---|---|
| 1 | PFAS Concerns Discussion | Jarlsberg | 01/21/26 | TBD | No PFAS detected in water sampling |
| 2 | Update Employee Handbook with Incentives | Short | 02/04/26 | Johnson | FY 26/27 |
| 3 | Waste Water Strategy | Doolittle | 03/19/26 | TBD | January 2027 |
| 4 | Landscaping Policy Discussion | Doolittle | 03/19/26 | TBD | Take to W&G Committee, Anticipated Winter 2026/27 |
| 5 | CEQA Review on Budget | Doolittle | 05/11/26 | TBD | Added to FY 26/27 Budget |
| 6 | Cadiz Discussion | Doolittle | 07/15/26 | Johnson | Need more info |
| 7 | Supporting Documents for Agenda Items 7A and 7B from 08/05/26 Board Meeting | Jarlsberg | 09/02/26 | — | Pulled by Requestor |
| 8 | Board Meeting Recordings, Public Comments, Records Retention and Publication | Doolittle | 09/02/26 | — | Anticipated Winter 2026/27 |
| 9 | Emergency & Disaster Prepareness for Board Members | Doolittle | 10/15/2026 | — | |

**COMPLETED**

| # | Future Agenda Item | Requested By | Date | Lead | Status / Notes |
|---|---|---|---|---|---|
| 1 | Sewer Project Updates | Fick | 01/21/26 | Johnson | Completed 04/01/26 (more information to come) |
| 2 | Chromium 6 Updates & Workshop | Doolittle | 01/21/26 | Johnson | Completed 03/19/26 — Info on harms of Cr6 |
| 3 | Customer Deposits | Short | 02/04/26 | Roman | Completed 08/05/26 |
| 4 | CAAP Re-evaluation | Fick | 02/04/26 | Shook | Completed 08/05/26 |
| 5 | District to Join JTABC | Fick | 03/19/26 | Johnson | Completed 08/05/26 |
| 6 | Nitrates Presentation | Doolittle/Fick | 05/11/26 | Roman | Completed on 09/28/26 Agenda |
| 7 | Lovemore Ranch Project Status | Fick | 08/19/26 | Roman | Completed on 09/02/26 Agenda |
| 8 | Enable Zoom & YouTube Transcription | Doolittle | 09/02/26 | — | Completed on 09/17/26 |
| 9 | Consideration for the District to Continue Using Rojas Public Affairs | Fick | 09/16/26 | — | Completed 09/28/26 |
| 10 | GM Pro Tem Roman Compensation | Fick | 9/16/2026 | — | Completed on 10/07/26 |

# FUTURE DIRECTOR MEETINGS - CALENDAR REMINDER

Informed, well-connected, and educated Directors are able to provide the best decision-making on behalf of JBWD ratepayers. Training and educational conferences provide an invaluable opportunity for Directors to become and stay educated about issues of significance to JBWD. Networking with various representatives, whether local, state, or federal officials, provides an opportunity for JBWD to have a seat at the table, and affords perspective, insight, and occasion for JBWD to collaborate on similar issues, learn about grant opportunities or gain an understanding of upcoming legislation. Director attendance at various meetings is critical for ensuring that JBWD's concerns, needs, or interests are appropriately shared and represented at many levels of government. Directors serve as the official face of JBWD and their attendance at JBWD-sponsored events such as Water Education Day, JBWD tours, retirements, or celebrations, signifies the importance and value of such events. JBWD belongs to various industry associations and Director attendance at their meetings demonstrates our interest and willingness to be part of the solution.

| MEETING | DATE | TIME | ATTENDEES |
|---|---|---|---|
| CSDA - Telling Your Story to the Media & Legislators Webinar | 11.19.26 | 10:00 AM | Doolittle |
| ACWA - JPIA Fall Summit | 11.30.26 | As Scheduled | Doolittle/Jarlsberg |
| ACWA - Fall Conference | 12.01.26 - 12.03.26 | As Scheduled | Doolittle/Jarlsberg/Fawke |
| JBWD - Board Meeting | 12.02.26 | **CANCELED** | |
| JBWD - Water & Growth Committee | 12.09.26 | 9:00 AM | Doolittle/Fick |
| JBWD - Special Board Meeting Workshop | 12.09.26 | 11:00 AM | All |
| | | | |
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| | | | |
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JOSHUA BASIN WATER DISTRICT
*Proudly providing water from an ancient source…well into the future*

| | |
|---|---|
| **AGENDA ITEM NO:** | 8A |
| **MEETING DATE:** | 11.18.26 |

# Staff Report

| | |
|---|---|
| **PRESENTED BY:** | Anne Roman, Director of Finance |
| **TOPIC:** | **2025/26 ANNUAL FINANCIAL REPORT (AKA "AUDIT")** |
| **RECOMMENDATION:** | Review and approve. |

**SUMMARY:**

The FY 2025/26 Annual Financial Report reflects favorable financial results, including a $5.23 million increase in net position, positive operating cash flow, and an unmodified independent auditor's opinion. The auditor reports no identified material weaknesses in internal control or reportable instances of noncompliance.

**ANALYSIS:**

Attached is the Annual Financial Report for the fiscal years ended June 30, 2026 and 2025, prepared by C.J. Brown & Company, CPA's. Jonathan Abadesco, CPA and partner with the firm, is expected to present the report. He previously served as AGM–Administration at neighboring Hi-Desert Water District and is familiar with local government water district operations.

The independent auditor expresses an unmodified opinion that the financial statements present fairly, in all material respects, the District's financial position and changes in financial position in accordance with generally accepted accounting principles (Independent Auditor's Report, original page 1*). The separate report on internal control and compliance identifies no material weaknesses and no instances of noncompliance required to be reported under Government Auditing Standards (pages 44–45*). The audit does not constitute an opinion on the effectiveness of internal controls.

Highlights from the report include:

• Net position increased $5,230,273 (9.38%), from $55,740,764 to $60,971,037. Unrestricted net position increased $5,092,146 to $26,262,764. These increases reflect positive operating results, property taxes and investment returns, while the District continues to plan for significant regulatory capital expenditures (MD&A, pages 5–7*).

• Operating revenues increased $796,788 (7.78%) to $11,044,651. Water consumption sales increased $699,062 and water service charges increased $225,247, partially offset by a $124,184 decrease in capacity charges. The adopted multiyear rate schedule continues to support current operations and capital planning (pages 7* and 14*).

• Operating expenses increased $317,344 (3.90%) to $8,444,977, primarily reflecting higher transmission and distribution costs ($177,478) and pumping, production and treatment costs ($163,275). Operating income increased $479,444 to $2,599,674 (pages 7* and 14*).

• Property tax revenues increased $66,629 to $1,129,617. Investment returns totaled $1,066,711, a decrease of $19,946 from the prior year, but remained a significant source of nonoperating revenue (page 14*).

• Cash and cash equivalents increased $5,508,239 to $30,566,307, including $6,408,660 in restricted cash. Net cash provided by operating activities was $4,382,994, compared with $3,826,856 in FY 2024/25 (page 15*). Not all cash and unrestricted net position are available for discretionary spending; the District must preserve resources for operations, debt obligations and capital needs.

• Net pension liability decreased $377,510, from $1,027,832 to $650,322. This accounting measure varies with CalPERS actuarial valuations and assumptions; the District continues to evaluate pension funding obligations and discretionary payments (pages 9* and 13*).

• Net capital assets decreased $266,551 to $32,012,794. Capital acquisition and construction cash expenditures totaled $1,411,956 during the year (pages 8* and 15*).

The FY 2025/26 statements implement GASB Statement No. 103 (Financial Reporting Model Improvements) and GASB Statement No. 104 (Disclosure of Certain Capital Assets), affecting financial statement presentation and capital asset disclosures. The auditor also notes a restatement associated with GASB Statement No. 101 (Compensated Absences); these matters do not modify the audit opinion (Independent Auditor's Report, page 2*). Prior-year amounts have been restated or reclassified where indicated.

The report identifies chromium-6 treatment compliance as a major prospective capital obligation, with full-scale treatment estimates ranging from $20 million to $60 million, plus planning costs. The District's strong current financial position is important but does not eliminate the need to evaluate grant opportunities, financing, future rates and reserves for this program (MD&A, page 10*).

The accompanying Management Report from C.J. Brown & Company, CPAs, provides the auditor's communications concerning internal control, audit adjustments, and other matters arising from the FY 2025/26 audit. The auditor did not identify any deficiencies in internal control over financial reporting considered to be material weaknesses, although the audit was not designed to express an opinion on the effectiveness of internal control.

The attached schedule identifies three audit adjusting journal entries including an anticipated adjustment to the year-end net pension liability and related deferred resource and expense accounts.

The auditor's Audit/Finance Committee Letter also reports no identified or suspected fraud, no significant difficulties encountered with management, no disagreements with management, and no significant unusual transactions. The letter notes implementation of GASB Statements Nos. 103 and 104 and consultation with Eide Bailly on accounting matters involving GASB Statements Nos. 87, 96, and 101.

The annual audit is a substantial undertaking for the Finance Department and requires extensive coordination with District staff and the independent

auditors. Appreciation is extended to the Finance team, supporting staff and auditors for their work throughout the process.

Following Board approval and issuance of the final report, staff will distribute the financial statements to the appropriate oversight agencies, financing parties and disclosure repositories, including the State Controller, County of San Bernardino, LAFCO and EMMA for Copper Mountain Mesa AD, as applicable to the District's reporting and debt obligations.

*Note: Original report page numbers are referenced.

**RECOMMENDED ACTION:** Review and approve the FY 2025/26 Annual Financial Report.

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**FISCAL IMPACT:** No direct fiscal impact from approval of the annual financial report. The report summarizes the District's FY 2025/26 financial results and position.

# Joshua Basin Water District

# Annual Financial Report

# Fiscal Years Ended June 30, 2026 and 2025



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JOSHUA BASIN WATER DISTRICT

*Proudly providing water from an ancient source...well into the future*

# Our Mission Statement

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

**Board of Directors as of June 30, 2026**

| Name | Title | Elected/ Appointed | Current Term |
|---|---|---|---|
| Stacy Doolittle | President | Elected | 12/24-12/28 |
| Tyler "Thomas" Short | Vice President | Elected | 12/22-12/26 |
| Thomas Floen | Director | Elected | 12/24-12/28 |
| Jane Jarlsberg | Director | Elected | 12/24-12/28 |
| David Fick | Director | Elected | 12/24-12/26 |

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**Joshua Basin Water District**
**Anne Roman, General Manager Pro Tem & Director of Finance**
**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, 2026 and 2025

DRAFT

**Joshua Basin Water District**
**Annual Financial Report**
**For the Fiscal Years Ended June 30, 2026 and 2025**

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# Financial Section

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## Independent Auditor's Report

Board of Directors
Joshua Basin Water District
Joshua Tree, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the business-type activities of Joshua Basin Water District (District), as of and for the fiscal year ended June 30, 2026 and 2025, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Joshua Basin Water District as of June 30, 2026 and 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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* (GAS), 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 issuance 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 GAAS and *GAS* 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 GAAS and *GAS*, 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***

As discussed in Note 1 to the financial statements, the District implemented *GASB Statement No. 103, Financial Reporting Model Improvements, and GASB Statement No. 104, Disclosure of Certain Capital Assets*, for the fiscal year ended June 30, 2026. Implementation affected the organization and content of Management's Discussion and Analysis, the presentation of noncapital subsidies in the proprietary fund operating statement, and expanded capital-asset note disclosures. Comparative amounts for 2025 have been presented on a consistent basis where required.

***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 11 and the required supplementary information on pages 41 through 43 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 November 18, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 44 through 45.

**C.J. Brown & Company, CPA's**
Cypress, California
November 18, 2026

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, 2026 and 2025, and is designed to assist readers in understanding the financial statements. We encourage readers to consider this information in conjunction with the basic financial statements and related notes, which follow this section.

## Overview of the Financial Statements

The District, formed in 1963, serves more than 5,600 active and inactive connections across approximately 96 square miles in the unincorporated Joshua Tree area of San Bernardino County. It delivers nearly 420 million gallons of high-quality groundwater annually through approximately 300 miles of pipeline, 5 production wells, 17 reservoir tanks (12.33 million gallons capacity), 12 booster stations, and related facilities. The District also maintains the Hi-Desert Medical Center Wastewater Treatment Facility under contract.

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.

The Statement of Revenues, Expenses, and Changes in Net Position reports the changes in net position for the year. 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. Under GASB Statement No. 103, Financial Reporting Model Improvements, the statement distinguishes operating revenues and expenses from nonoperating items, presents noncapital subsidies separately, and requires a subtotal for operating income (loss) and noncapital subsidies before other nonoperating items. Operating revenues arise from exchange transactions that constitute the District's principal ongoing operations, primarily water sales (metered consumption and basic service charges), standby charges, and other customer charges. Depreciation of capital assets used in operations is an operating expense. Nonoperating items are limited to the categories defined by GASB 103: subsidies (including property taxes and assessments), financing related amounts, disposal of capital assets and inventory, and investment income and expenses.

The Statement of Cash Flows reports cash from operating, noncapital financing, capital and related financing, and investing activities, as well as providing 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.

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## Overview of the Financial Statements, continued

### *Financial Analysis of the District, continued*

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 17 through 40.

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. Under GASB Statement No. 104, Disclosure of Certain Capital Assets, the notes include expanded disclosures for capital assets, including major classes, construction in progress, and any assets held for sale meeting the criteria (management decision to pursue a sale that is probable of closing within one year).

## Financial Summary

### *Statements of Net Position*

**Condensed Statements of Net Position**

| | 2026 | 2025 | Change | As restated 2024 | Change |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Current assets | $ 34,392,654 | 28,667,894 | 5,724,760 | 24,117,472 | 4,550,422 |
| Non-current assets | - | 74,611 | (74,611) | 149,221 | (74,610) |
| Capital assets, net | 32,012,794 | 32,279,345 | (266,551) | 32,794,371 | (515,026) |
| **Total assets** | 66,405,448 | 61,021,850 | 5,383,598 | 57,061,064 | 3,960,786 |
| **Deferred outflows of resources** | 531,273 | 654,590 | (123,317) | 761,244 | (106,654) |
| **Liabilities:** | | | | | |
| Current liabilities | 1,752,219 | 1,448,673 | 303,546 | 1,872,009 | (423,336) |
| Non-current liabilities | 4,125,469 | 4,487,003 | (361,534) | 4,838,747 | (351,744) |
| **Total liabilities** | 5,877,688 | 5,935,676 | (57,988) | 6,710,756 | (775,080) |
| **Net position:** | | | | | |
| Net investment in capital assets | 28,132,519 | 28,520,522 | (388,003) | 28,635,019 | (114,497) |
| Restricted | 6,575,754 | 6,049,624 | 526,130 | 5,496,441 | 553,183 |
| Unrestricted | 26,262,764 | 21,170,618 | 5,092,146 | 16,980,092 | 4,190,526 |
| **Total net position** | $ 60,971,037 | 55,740,764 | 5,230,273 | 51,111,552 | 4,629,212 |

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 $60,971,037 and $55,740,764, as of June 30, 2026 and 2025, respectively. 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.

## Financial Summary, continued

By far the largest portion of the District's net position (46.14% and 51.17% as of June 30, 2026 and 2025, 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 2026 and 2025, the District showed a positive balance in its unrestricted net position of $26,262,764 and $21,170,618, respectively, which may be utilized in future years. See note 11 for detailed information.

The District remains in a strong liquidity position, with current assets of $32,012,794 covering current liabilities of $1,752,219.

### *Statements of Revenues, Expenses, and Changes in Net Position*

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

| | 2026 | 2025 | Change | As restated 2024 | Change |
|---|---|---|---|---|---|
| **Total operating revenue** | $ 11,044,651 | 10,247,863 | 796,788 | 9,707,733 | 540,130 |
| **Total operating expenses** | 8,444,977 | 8,127,633 | 317,344 | 7,962,397 | 165,236 |
| **Operating income** | 2,599,674 | 2,120,230 | 479,444 | 1,745,336 | 374,894 |
| **Noncapital subsidies** | | | | | |
| Property taxes | 1,129,617 | 1,062,988 | 66,629 | 962,829 | 100,159 |
| Grants from Mojave Water Agency | 3,200 | 15,000 | (11,800) | 15,000 | - |
| ACWA/JPIA wellness grants | 850 | 1,040 | (190) | - | 1,040 |
| **Total noncapital subsidies** | 1,133,667 | 1,079,028 | 54,639 | 977,829 | 101,199 |
| **Operating income and noncapital subsidies** | 3,733,341 | 3,199,258 | 534,083 | 2,723,165 | 476,093 |
| **Other nonoperating revenues(expenses):** | | | | | |
| Investment returns | 1,066,711 | 1,086,657 | (19,946) | 932,287 | 154,370 |
| Interest expense | (164,901) | (156,001) | (8,900) | (179,051) | 23,050 |
| Special assessments for debt service | 266,012 | 271,509 | (5,497) | 267,501 | 4,008 |
| HDMC operations revenue | 214,243 | 169,327 | 44,916 | 159,734 | 9,593 |
| HDMC project expense | (175,177) | (137,629) | (37,548) | (130,992) | (6,637) |
| Loss on disposition of assets | - | - | - | (29,955) | 29,955 |
| Debt administration charges | (33,608) | (32,995) | (613) | (25,651) | (7,344) |
| Property tax administration charge | (10,046) | (2,647) | (7,399) | (6,207) | 3,560 |
| Capital contributions | 65,000 | 336,000 | (271,000) | 90,289 | 245,711 |
| Other nonoperating revenue(expense), net | 268,698 | (104,267) | 372,965 | (1,432) | (102,835) |
| **Total other nonoperating revenues, net** | 1,496,932 | 1,429,954 | 66,978 | 1,076,523 | 353,431 |
| **Increase in fund net position** | 5,230,273 | 4,629,212 | 601,061 | 3,799,688 | 829,524 |
| **Fund net position, beginning of year as restated (note 12)** | 55,740,764 | 51,111,552 | 4,629,212 | 47,311,864 | 3,799,688 |
| **Fund net position, end of year** | $ 60,971,037 | 55,740,764 | 5,230,273 | 51,111,552 | 4,629,212 |

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## Detailed Analyses

***Why net position increased?***

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 9.38% or $5,230,273 to $60,971,037, as a result of ongoing operations for the fiscal year ended June 30, 2026. For the fiscal year ended June 30, 2025, the District's net position increased 9.06% or $4,629,212 to $55,740,764, as a result of ongoing operations.

The District's net position increased in both years as a result of ongoing operations, noncapital subsidies (primarily property taxes), investment returns, and capital contributions. The 2025 increase of $4,629,212 (9.06%) was driven by higher property tax revenues, continued capacity charge revenues, record-high interest earnings, and under-budget expenditures. For 2026, net position increased primarily from positive operating results, property tax revenues, and investment returns, partially offset by capital spending and debt service. Preliminary board financial reports indicate total revenues of approximately $13.93 million against operating expenses well below budget, supporting continued growth in net position. These results reflect the District's multi-year rate structure (Resolution 23-1052, Scenario C), conservative investment policy, and controlled operations while planning for major regulatory capital needs.

***Why operating revenues changed?***

In 2026, the District's operating revenues increased 7.78% or $796,788 to $11,044,651, due primarily to increases of $699,062 in water consumption sales, and $225,247 in water service charges; which were offset by a decrease of $124,184 in capacity charges as compared to the prior year. For 2026, metered water sales reached $5.64 million (102% of budget) and basic fees $3.05 million (99% of budget), consistent with scheduled rate components and stable customer demand across approximately 5,700 connections over a 96-square-mile service area. No mid-year rate ordinance was required beyond the existing multi-year schedule.

In 2025, the District's operating revenues increased 5.56% or $540,130 to $10,247,863, due primarily to increases of $633,448 in water consumption sales, and $114,779 in water service charges; which were offset by a decrease of $184,463 in capacity charges as compared to the prior year.

***Why operating expenses changed?***

In 2026, the District's operating expenses increased 3.90% or $317,344 to $8,444,977 due to increases of $177,478 in transmission and distribution, and $163,275 in pumping, production and treatment; which were offset by a decrease of $26,345 in customer service as compared to the prior year. In 2025, the District's operating expenses increased 2.08% or $165,236 to $8,127,633 due to increases of $310,812 in general and administrative expenses, and $160,640 in pumping, production and treatment; which were offset by a decrease of $205,338 in transmission and distribution, and $137,036 in customer service as compared to the prior year.

Operating expenses increased modestly in prior years and remained well controlled in 2026 at approximately 82% of the revised operating budget. Key drivers include production costs (including water recharge purchases), distribution and customer account expenses, and administrative costs. Depreciation continues as a noncash operating expense that recovers the economic cost of long-lived infrastructure. The District has paused or deferred certain programs to maintain fiscal flexibility for the Cr-6 compliance program.

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## Detailed Analyses, continued

***Why nonoperating items changed?***

In 2026, the District's noncapital subsidies increased 5.06% or $54,639 to $1,133,667, due primarily to increases of $66,629 in property taxes, which was offset by a decrease of $11,800 in grants from Mojave Water Agency as compared to the prior year. In 2025, the District's noncapital subsidies increased 10.35% or $101,199 to $1,079,028, due primarily to increases of $100,159 in property taxes as compared to the prior year.

Noncapital subsidies (property taxes allocated by San Bernardino County and special assessments) increased in 2025 by $100,159 in property taxes and continued to perform strongly in 2026 (property tax revenue approximately $1.13 million, 102% of budget).

In 2026, the District's other nonoperating revenues, net increased 4.68% or $66,978 to $1,496,932, due primarily to an increase of $372,965 in other nonoperating revenues (as a result of a $220,759 in non-cash pension credit actuarial adjustments based from the CalPERS Miscellaneous Risk Pool Defined Benefit Pension Plan as the June 30, 2025 measurement date, and a $76,284 decrease in allowances and adjustments), which was offset by decreases of $271,000 in capital contributions, and $37,548 in HDMC project expenses as compared to the prior year. In 2025, the District's other nonoperating revenues, net increased 32.83% or $353,431 to $1,429,954, due primarily to increases of $245,711 in capital contributions, and $154,370 in investment returns; which were offset by the $54,562 non-cash pension expense actuarial adjustments (based from the CalPERS Miscellaneous Risk Pool Defined Benefit Pension Plan as the June 30, 2024 measurement date).

Investment returns remained robust due to higher market yields on the District's conservative portfolio (LAIF and other permitted investments under California Government Code). Capital contributions from capacity charges and meter installations continued to support growth-related infrastructure. GASB 103 requires separate presentation of noncapital subsidies from other nonoperating items.

***Liquidity and cash flows?***

Cash and cash equivalents rose by $5,508,239 to $30,566,307. Operations provided $4,382,994 of cash (versus $3,826,856 in 2025). Property taxes provided $1,119,763. Capital and related financing used $1,041,774 (versus $1,080,478 in 2025). Investing activities provided $1,043,206 (versus $1,084,318 in 2025).

The District remains in a strong liquidity position. As of June 30, 2026, current assets of $34.4 million significantly exceeded current liabilities of $1.8 million. Cash and investments provide capacity for operations, debt service, and the upcoming capital program, which showed continued positive cash generation from operations, with total revenues exceeding total expenses by over $6 million before capital expenditures, depreciation, and reserve funding.

## Significant Capital Asset and Long-Term Financing Activity

Changes in capital assets for 2026, were as follows:

| | Balance 2025 | Increases | Decreases | Balance 2026 |
|---|---|---|---|---|
| Capital assets: | | | | |
| Non-depreciable assets | $ 1,188,559 | 881,019 | (619,337) | 1,450,241 |
| Depreciable assets | 64,532,359 | 1,150,274 | (20,536) | 65,662,097 |
| Accumulated depreciation | (33,441,573) | (1,678,507) | 20,536 | (35,099,544) |
| Total capital assets, net | $ 32,279,345 | 352,786 | (619,337) | 32,012,794 |

## Significant Capital Asset and Long-Term Financing Activity, continued

Changes in capital assets for 2025, were as follows:

| | As restated Balance 2024 | Increases | Decreases | Balance 2025 |
|---|---|---|---|---|
| Capital assets: | | | | |
| Non-depreciable assets | $ 1,603,307 | 857,614 | (1,272,362) | 1,188,559 |
| Depreciable assets | 63,953,416 | 1,642,913 | (1,063,970) | 64,532,359 |
| Accumulated depreciation | (32,762,352) | (1,697,952) | 1,018,731 | (33,441,573) |
| Total capital assets, net | $ 32,794,371 | 802,575 | (1,317,601) | 32,279,345 |

At the end of fiscal year 2026 and 2025, the District's capital assets amounted to $32,012,794 and $32,279,345 (net of accumulated depreciation), respectively. Major classes include distribution systems, reservoirs and tanks, wells, buildings, and general plant. Construction in progress and additions are managed through the Capital Improvement Plan.

Under GASB 104, there were no capital assets held for sale meeting the criteria as of June 30, 2026. The District did not recognize GASB 94 PPP/APA operator assets.

See note 6 to the basic financial statements for further detailed information.

Changes in long-term debt for 2026, were as follows:

| | Balance 2025 | Additions | Reductions | Balance 2026 |
|---|---|---|---|---|
| Long-term debt: | | | | |
| Bonds payable | $ 1,750,000 | - | (127,000) | 1,623,000 |
| Notes payable | 2,005,542 | - | (190,677) | 1,814,865 |
| Leases payable | 3,281 | 34,371 | (6,505) | 31,147 |
| Subscription payable | - | 499,859 | (88,596) | 411,263 |
| Total long-term debt | 3,758,823 | 534,230 | (412,778) | 3,880,275 |
| Other liabilities | | | | |
| Compensated absences | 213,666 | 60,168 | - | 273,834 |
| Net pension liability | 1,027,832 | - | (377,510) | 650,322 |
| Total other liabilities | 1,241,498 | 60,168 | (377,510) | 924,156 |
| Total long-term liabilities | $ 5,000,321 | 594,398 | (790,288) | 4,804,431 |

Long-term liabilities consist primarily of certificates of participation or similar obligations, compensated absences (GASB 101), and net pension liability (CalPERS). Principal payments and actuarial changes continue to reduce the noncurrent portion. Debt service coverage remains strong and consistent with covenants. Restricted cash is held for debt service and other purposes.

In 2026 and 2025, other liabilities consist of compensated absences and net pension liability. Net pension liability declined in 2026 and 2025 by $377,510 and $52,092, respectively, mainly from favorable pension measurement date results.

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## Significant Capital Asset and Long-Term Financing Activity, continued

Changes in long-term debt for 2025, were as follows:

| | Balance 2024 | Additions | Reductions | Balance 2025 |
|---|---|---|---|---|
| Long-term debt: | | | | |
| Bonds payable | $ 1,872,000 | - | (122,000) | 1,750,000 |
| Notes payable | 2,189,151 | - | (183,609) | 2,005,542 |
| Leases payable | 7,541 | - | (4,260) | 3,281 |
| Subscription payable | 90,660 | - | (90,660) | - |
| Total long-term debt | 4,159,352 | - | (400,529) | 3,758,823 |
| Other liabilities | | | | |
| Compensated absences | 270,949 | - | (57,283) | 213,666 |
| Net pension liability | 1,079,924 | - | (52,092) | 1,027,832 |
| Total other liabilities | 1,350,873 | - | (109,375) | 1,241,498 |
| Total long-term liabilities | $ 5,510,225 | - | (509,904) | 5,000,321 |

See Note 9 to the basic financial statements for further detailed information.

## Currently Known Facts, Decisions, or Conditions

The following facts, decisions, and conditions were known to management as of the date the financial statements were available to be issued (November 18, 2026) and may affect future financial position or results:

### *Hexavalent Chromium (Cr-6) Compliance Program*

California's new maximum contaminant level (MCL) for hexavalent chromium of 10 ppb (effective October 1, 2024) requires treatment at District wells. Average levels across wells are approximately 21–23 ppb. The District has completed an evaluation of Best Available Technologies with Jacobs Engineering and has initiated pilot-scale testing of ion-exchange treatment (AutoPilot SBA system) at an estimated cost of $300,000 for multiple wells. Full-scale treatment is estimated at $20 million (best case) to $60 million (worst case) plus planning costs. The State-approved compliance plan provides until December 31, 2032, to complete required improvements. Funding will come from rates, reserves (including a dedicated Chromium 6 / Regulatory Compliance reserve), capacity charges, and potentially external financing. A March 2026 Board workshop addressed the long-term financial forecast and Cr-6 funding strategy, confirming that without Cr-6 the District is healthy with 5% annual rate increases supporting operations and capital.

### *Rates and Financial Planning*

The District operates under a multi-year rate structure adopted via Resolution 23-1052 (Scenario C). Monthly basic fees and tiered flow charges (effective January 1, 2026, updates) support operations and capital. A 2026 financial model workshop confirmed capacity to maintain strong reserves and fund capital outlay absent the full Cr-6 program. Board continues to monitor appropriation limits and property tax revenues.

### *Infrastructure, Growth, and Other Capital Needs*

The 2026–2035 Capital Improvement Plan includes reservoirs, wells, mainline replacements, fleet, administrative building, and other projects totaling $63–103 million depending on Cr-6 costs. Growth remains modest; capacity charges support related infrastructure. Discussions continue regarding septic-to-sewer feasibility with San Bernardino County.

## Currently Known Facts, Decisions, or Conditions, continued

### *Governance and Workforce*

As of late 2026, the Board of Directors includes President Stacy Doolittle, Vice President David Fick, Directors Tom Floen, Jane Jarlsberg, and Jane "Spider" Fawke (appointed to fill a vacancy). The District maintains a small workforce with CalPERS pension plans. Measurement-date results and contribution rates remain manageable given strong unrestricted reserves.

### *No going-concern or severe-stress indicators*

Management does not foresee conditions that would have a significant adverse effect on current financial position, net position, or operating results. Strong cash and investments, positive unrestricted net position, an adopted annual budget, and a State-approved Cr-6 compliance timeline provide capacity to absorb regulatory costs and maintain service reliability.

## 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 General Manager Pro Tem and Director of Finance, Anne Roman at Joshua Basin Water District, 61750 Chollita Road, Joshua Tree, California, 92252 or (760) 366-8438.

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# Basic Financial Statements

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**Joshua Basin Water District**
**Statements of Net Position**
**June 30, 2026 and 2025**

| | | 2026 | 2025 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets:** | | | |
| Cash and cash equivalents (note 2) | $ | 24,157,647 | 19,234,859 |
| Cash and cash equivalents - restricted (note 2) | | 6,408,660 | 5,823,209 |
| Accrued interest receivable | | 249,811 | 223,356 |
| Accrued interest receivable - restricted (note 5) | | 3,517 | 6,467 |
| Accounts receivable - water sales and services, net (note 3) | | 2,371,682 | 1,924,937 |
| Property tax receivable | | 15,577 | 15,769 |
| Special assessment receivable – restricted | | 88,967 | 70,727 |
| Grants receivable (note 4) | | 5,874 | 15,874 |
| Accounts receivable - other | | 66,331 | 479,645 |
| Water-in-storage inventory | | - | - |
| Materials and supplies inventory | | 662,609 | 697,352 |
| Prepaid expenses and other deposits | | 287,369 | 101,089 |
| Long-term assets - amounts due in one year | | | |
| Note receivable - restricted (note 5) | | 74,610 | 74,610 |
| **Total current assets** | | 34,392,654 | 28,667,894 |
| **Noncurrent assets:** | | | |
| Long-term assets - amounts due after one year | | | |
| Note receivable - restricted (note 5) | | - | 74,611 |
| Capital assets not being depreciated (note 6) | | 1,450,241 | 1,188,559 |
| Depreciable capital assets (note 6) | | 30,562,553 | 31,090,786 |
| **Total noncurrent assets** | | 32,012,794 | 32,353,956 |
| **Total assets** | | 66,405,448 | 61,021,850 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Pension-related items (note 10) | | 531,273 | 654,590 |
| **Total deferred outflows of resources** | $ | 531,273 | 654,590 |

***Continued on next page***

See accompanying notes to the basic financial statements

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**Joshua Basin Water District**
**Statements of Net Position, continued**
**June 30, 2026 and 2025**

| | | 2026 | 2025 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Current liabilities:** | | | |
| Accounts payable and accrued expenses | $ | 442,056 | 261,170 |
| Accrued wages and related payables | | 165,458 | 154,774 |
| Customer deposits and unearned revenue | | 367,576 | 432,034 |
| Accrued interest payable | | 98,167 | 87,377 |
| Long-term liabilities - amounts due within one year | | | |
| Compensated absences (note 7) | | 273,834 | 192,359 |
| Bonds payable (note 9) | | 132,000 | 127,000 |
| Notes payable (note 9) | | 198,019 | 190,678 |
| Leases payable | | 5,020 | 3,281 |
| Subscription payable (note 9) | | 70,089 | - |
| **Total current liabilities** | | 1,752,219 | 1,448,673 |
| **Noncurrent liabilities:** | | | |
| Long-term liabilities - amounts due in more than one year | | | |
| Compensated absences (note 7) | | - | 21,307 |
| Bonds payable (note 9) | | 1,491,000 | 1,623,000 |
| Notes payable (note 9) | | 1,616,846 | 1,814,864 |
| Leases payable (note 9) | | 26,127 | - |
| Subscription payable (note 9) | | 341,174 | - |
| Net pension liability (note 10) | | 650,322 | 1,027,832 |
| **Total noncurrent liabilities** | | 4,125,469 | 4,487,003 |
| **Total liabilities** | | 5,877,688 | 5,935,676 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Pension-related items (note 10) | | 87,996 | - |
| **Total deferred inflows of resources** | | 87,996 | - |
| **NET POSITION:** (note 11) | | | |
| Net investment in capital assets | | 28,132,519 | 28,520,522 |
| Restricted | | 6,575,754 | 6,049,624 |
| Unrestricted | | 26,262,764 | 21,170,618 |
| **Total net position** | $ | 60,971,037 | 55,740,764 |

See accompanying notes to the basic financial statements

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# Joshua Basin Water District
## Statements of Revenues, Expenses, and Changes in Net Position
## For the Fiscal Years Ended June 30, 2026 and 2025

| | 2026 | 2025 |
|---|---|---|
| **OPERATING REVENUES:** | | |
| Water consumption sales | $ 5,617,510 | 4,918,448 |
| Water service charges | 3,546,263 | 3,321,016 |
| Standby service charges | 1,200,650 | 1,215,356 |
| Capacity charges | 366,078 | 490,262 |
| Other charges for services | 314,150 | 302,781 |
| **Total operating revenues** | 11,044,651 | 10,247,863 |
| **OPERATING EXPENSES:** | | |
| Pumping, production, and treatment | 2,231,048 | 2,067,773 |
| Transmission and distribution | 1,440,219 | 1,262,741 |
| Customer service | 653,899 | 680,244 |
| General and administrative | 2,441,304 | 2,418,923 |
| Depreciation and amortization | 1,678,507 | 1,697,952 |
| **Total operating expenses** | 8,444,977 | 8,127,633 |
| **Operating income** | 2,599,674 | 2,120,230 |
| **NONCAPITAL SUBSIDIES** | | |
| Property taxes | 1,129,617 | 1,062,988 |
| Grants from Mojave Water Agency | 3,200 | 15,000 |
| ACWA/JPIA wellness grants | 850 | 1,040 |
| Total noncapital subsidies | 1,133,667 | 1,079,028 |
| **Operating income and noncapital subsidies** | 3,733,341 | 3,199,258 |
| **OTHER NONOPERATING REVENUES (EXPENSES):** | | |
| Investment returns | 1,066,711 | 1,086,657 |
| Interest expense | (164,901) | (156,001) |
| Special assessments for debt service | 266,012 | 271,509 |
| HDMC operations revenue (note 5) | 214,243 | 169,327 |
| HDMC project – District expense (note 5) | (175,177) | (137,629) |
| Debt administration charges | (33,608) | (32,995) |
| Property tax administration charge | (10,046) | (2,647) |
| Capital contributions | 65,000 | 336,000 |
| Other nonoperating revenue (expense), net | 268,698 | (104,267) |
| **Total other nonoperating revenues, net** | 1,496,932 | 1,429,954 |
| **Increase in fund net position** | 5,230,273 | 4,629,212 |
| **Fund net position, beginning of year, as restated** | 55,740,764 | 51,111,552 |
| **Fund net position, end of year** | $ 60,971,037 | 55,740,764 |

See accompanying notes to the basic financial statements

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# Joshua Basin Water District
## Statements of Cash Flows
## For the Fiscal Years Ended June 30, 2026 and 2025

| | 2026 | 2025 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Receipts from customers | $ 11,215,460 | 9,612,177 |
| Payments to vendors and suppliers | (4,295,817) | (3,376,426) |
| Payments to employees | (2,536,649) | (2,408,895) |
| **Net cash provided by operating activities** | 4,382,994 | 3,826,856 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | |
| Property taxes | 1,119,763 | 1,057,870 |
| Noncapital grants and subsidies received | 4,050 | 16,040 |
| **Net cash provided by noncapital financing activities** | 1,123,813 | 1,073,910 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Acquisition and construction of capital assets | (1,411,956) | (1,182,926) |
| HDMC project revenues, net | 39,066 | 31,698 |
| Capital grants and subsidies | 75,000 | 326,000 |
| Payments received for note receivable | 74,611 | 74,610 |
| Special assessments for debt service | 247,772 | 269,811 |
| Debt administration charges | (33,608) | (32,995) |
| Principal paid on long-term debt | 121,452 | (400,529) |
| Interest paid on long-term debt | (154,111) | (166,147) |
| **Net cash used by capital and related financing activities** | (1,041,774) | (1,080,478) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Investment returns | 1,043,206 | 1,084,318 |
| **Net cash provided by investing activities** | 1,043,206 | 1,084,318 |
| **Net increase in cash and cash equivalents** | 5,508,239 | 4,904,606 |
| **Cash and cash equivalents, beginning of year** | 25,058,068 | 20,153,462 |
| **Cash and cash equivalents, end of year** | $ 30,566,307 | 25,058,068 |
| **Reconciliation of cash and cash equivalents to the statements of net position:** | | |
| Cash and cash equivalents | $ 24,157,647 | 19,234,859 |
| Cash and cash equivalents - restricted | 6,408,660 | 5,823,209 |
| **Total cash and cash equivalents** | $ 30,566,307 | 25,058,068 |

***Continued on next page***

See accompanying notes to the basic financial statements

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**Joshua Basin Water District**
**Statements of Cash Flows, continued**
**For the Fiscal Years Ended June 30, 2026 and 2025**

| | 2026 | 2025 |
|---|---|---|
| **Reconciliation of operating income to net cash provided by operating activities:** | | |
| **Operating income** | $ 2,599,674 | 2,120,230 |
| **Adjustments to reconcile operating income to net cash provided by operating activities:** | | |
| Depreciation | 1,678,507 | 1,697,952 |
| Other non-operating revenues(expenses), net | 268,698 | (104,267) |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources: | | |
| Accounts receivable – water sales and services, net | (446,745) | (41,825) |
| Accounts receivable – other | 413,314 | (441,997) |
| Water-in-storage inventory | - | 322,500 |
| Materials and supplies inventory | 34,743 | 404,928 |
| Prepaid expenses and other deposits | (186,280) | 127,086 |
| Deferred pension outflows | 123,317 | 106,654 |
| Accounts payable and accrued expenses | 180,886 | (220,182) |
| Accrued wages and related payables | 10,684 | 12,749 |
| Customer deposits and unearned revenue | (64,458) | (47,597) |
| Compensated absences | 60,168 | (57,283) |
| Net pension liability | (377,510) | (52,092) |
| Deferred pension inflows | 87,996 | - |
| **Net cash provided by operating activities** | $ 4,382,994 | 3,826,856 |
| **NONCASH TRANSACTIONS** | | |
| Inkind contribution - US Water Alliance | $ 29,440 | 120,344 |
| (Depreciation) appreciation of fair value of investments | $ (27,671) | 23,339 |

See accompanying notes to the basic financial statements

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## (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.

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

### C. Financial Reporting, continued

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.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.

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

GASB 103 requires proprietary funds to distinguish operating from nonoperating revenues and expenses using defined criteria (operating is the default; nonoperating includes subsidies, investment income, financing-related items, and capital asset disposals). Noncapital subsidies are presented separately with a new subtotal. The District's policy for classifying operating versus nonoperating items is disclosed herein and follows GASB 103 definitions.

In September 2024, the GASB issued Statement No. 104 – *Disclosure of Certain Capital Assets*. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

GASB 104 requires separate disclosure in the capital assets note of lease assets (GASB 87), subscription-based IT arrangement assets (GASB 96), and certain other intangible assets. The District's capital asset rollforward (Note 6) presents subscription assets and leased equipment separately. No capital assets were classified as held for sale as of June 30, 2026 or 2025.

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

### 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, California Local Agency Investment Fund (LAIF), and the California Asset Management Program (CAMP). 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.

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 |

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

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

#### 6. Water-in-Storage Inventory

Water-in-storage inventory consists of purchase water supplies available to the District. Water-in-storage is valued using the first-in-first-out (FIFO) methodology.

#### 7. 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.

#### 8. 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.

#### 9. 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.

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

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

Subscription assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying Information Technology (IT) asset.

#### 10. Deferred Outflows of Resources

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

#### 11. 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.

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

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

#### 12. Lease Payable

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

#### 13. Subscription Payable

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

#### 14. 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, 2024 and 2023
- Measurement dates: June 30, 2025 and 2024
- Measurement periods: July 1, 2023 to June 30, 2024 and July 1, 2024 to June 30, 2025

#### 15. Deferred Inflows of Resources

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

#### 16. Water Sales and Services

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

#### 17. 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. Capital contributions are classified as part of other nonoperating revenues.

#### 18. 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.



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

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

#### 19. 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.

#### 20. Reclassification

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

## (2) Cash and Cash Equivalents

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

| | | 2026 | 2025 |
|---|---|---|---|
| Cash and cash equivalents | $ | 24,157,647 | 19,234,859 |
| Cash and cash equivalents – restricted | | 6,408,660 | 5,823,209 |
| Total cash and investments | $ | 30,566,307 | 25,058,068 |

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

| | | 2026 | 2025 |
|---|---|---|---|
| Cash on hand | $ | 2,300 | 2,300 |
| Deposits held with financial institutions | | 358,444 | 215,172 |
| California Local Agency Investment Fund: | | | |
| Unrestricted | | 21,271,305 | 16,592,493 |
| Restricted | | 3,239,938 | 2,907,433 |
| California Asset Management Program | | | |
| Unrestricted | | 2,525,598 | 2,424,894 |
| Restricted | | 3,168,722 | 2,915,776 |
| Total cash and investments | $ | 30,566,307 | 25,058,068 |

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

| | 2026 | 2025 |
|---|---|---|
| California Local Agency Investment Fund | 269 days | 248 days |

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## (2) Cash and Cash Equivalents, continued

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

The table on the next page 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 | 270 days | 40% of the District's money | 10% |
| Commercial Paper – Non-Pooled Funds | | | |
| 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.

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.

***California Asset Management Program***

The District is a voluntary participant in the California Asset Management Program (CAMP), a California Joint Powers Authority that falls under California Code Section 53601(p), which is directed by a Board of Trustees that is made up of experienced local government finance directors and treasurers.

CAMP's cash reserve portfolio aims to follow GASB 79 liquidity, maturity, quality and diversification requirements to help protect the portfolio and its shareholders during adverse market conditions. CAMP's daily liquidity, stable net asset value investment option stresses daily liquidity and safety of principal as two of its objectives.

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## (2) Cash and Cash Equivalents, continued

***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 flow 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. Investment in CAMP offers securities with maturities ranging from 60 days to one year.

***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. As of June 30, 2026, the District's investment in LAIF is unrated and investment in CAMP is rated AAAf[2] by Fitch ratings and AAAm[1] by S&P Global.

***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 78% and 99% as of June 30, 2026 and 2025, 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.

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

The balance at June 30 consists of the following:

| | | 2026 | 2025 |
|---|---|---|---|
| Accounts receivable – water sales | $ | 1,319,980 | 1,167,693 |
| Unbilled water sales receivables | | 950,682 | 767,076 |
| Standby charges receivables | | 353,893 | 293,528 |
| Property liens | | 149,999 | 140,602 |
| Allowance for doubtful accounts | | (402,872) | (443,962) |
| Total accounts receivable, net | $ | 2,371,682 | 1,924,937 |

## (4) Grants Receivable

***Integrated Regional Water Management Plan***

The balance at June 30 consists of the following:

| | | 2026 | 2025 |
|---|---|---|---|
| Prop 1 DWR grant – retention | $ | 5,874 | 5,874 |
| Total grants receivable | $ | 5,874 | 15,874 |

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, 2025, all projects associated with the grant agreement are completed, and the remaining retention balance awaiting release from the State amounted to $5,874 are still outstanding as of June 30, 2026.

## (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, 2026 and 2025, the remaining principal balance was $74,610 and $149,221, respectively. At June 30, 2026 and 2025, accrued interest receivable on the note was $3,517 and $6,467, respectively, and is included as part of the accrued interest receivable balance - restricted 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.

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

For the fiscal years ended June 30, 2026 and 2025, the District received $214,243 and $169,327, respectively, in reimbursement revenue from HDMC. For the fiscal years ended June 30, 2026 and 2025, the District incurred $175,177 and $137,629, respectively, in reimbursable costs towards the project.

## (6) Capital Assets

Changes in capital assets for the year ended June 30, 2026, were as follows:

| | Balance 2025 | Increases | Decreases | Balance 2026 |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land and land rights | $ 734,027 | - | - | 734,027 |
| Construction in progress | 454,532 | 881,019 | (619,337) | 716,214 |
| Total capital assets not being depreciated | 1,188,559 | 881,019 | (619,337) | 1,450,241 |
| Depreciable capital assets: | | | | |
| Transmission and distribution system | 49,108,787 | 385,728 | - | 49,494,515 |
| Recharge facilities | 9,108,029 | - | - | 9,108,029 |
| Structures and improvements | 1,489,963 | - | - | 1,489,963 |
| Vehicles and large equipment | 4,102,921 | 230,316 | - | 4,333,237 |
| Office furniture and equipment | 679,704 | - | - | 679,704 |
| Wastewater system | 22,419 | - | - | 22,419 |
| Subscription asset | - | 499,859 | - | 499,859 |
| Leased equipment | 20,536 | 34,371 | (20,536) | 34,371 |
| Total depreciable capital assets | 64,532,359 | 1,150,274 | (20,536) | 65,662,097 |
| Accumulated depreciation: | | | | |
| Transmission and distribution system | (27,996,893) | (1,113,206) | - | (29,110,099) |
| Recharge facilities | (1,928,583) | (182,170) | - | (2,110,753) |
| Structures and improvements | (726,393) | (30,182) | - | (756,575) |
| Vehicles and large equipment | (2,231,447) | (239,661) | - | (2,471,108) |
| Office furniture and equipment | (518,384) | (23,231) | - | (541,615) |
| Wastewater system | (22,419) | - | - | (22,419) |
| Subscription asset | - | (83,310) | - | (83,310) |
| Leased equipment | (17,455) | (6,747) | 20,536 | (3,666) |
| Total accumulated depreciation | (33,441,573) | (1,678,507) | 20,536 | (35,099,544) |
| Total depreciable capital assets, net | 31,090,786 | (528,233) | - | 30,562,553 |
| **Total capital assets, net** | $ 32,279,345 | 352,786 | (619,337) | 32,012,794 |

Major depreciable capital asset additions during the fiscal year ended 2026, include upgrades and extensions of the District's water transmission and distribution systems of $385,728, purchases of subscription asset of $499,859, vehicles and large equipment of $230,316, and leased equipment (Xerox C8270) of $34,371. During the year, the District's deletions included: leased equipment (Xerox C8170) of $20,536.

*Capital assets held for resale*

A capital asset is held for sale when (a) the government has decided to pursue the sale and (b) it is probable the sale will close within one year of the financial-statement date. As of June 30, 2026 and 2025, the District had no capital assets that met both criteria.

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## (6) Capital Assets, continued

Changes in capital assets for the year ended June 30, 2025, were as follows:

| | As Restated Balance 2024 | Increases | Decreases | Balance 2025 |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land and land rights | $ 734,027 | - | - | 734,027 |
| Construction in progress | 869,280 | 857,614 | (1,272,362) | 454,532 |
| Total capital assets not being depreciated | 1,603,307 | 857,614 | (1,272,362) | 1,188,559 |
| Depreciable capital assets: | | | | |
| Transmission and distribution system | 48,265,353 | 1,463,776 | (620,342) | 49,108,787 |
| Recharge facilities | 9,108,029 | - | - | 9,108,029 |
| Structures and improvements | 1,457,015 | 32,948 | - | 1,489,963 |
| Vehicles and large equipment | 4,025,394 | 145,162 | (67,635) | 4,102,921 |
| Office furniture and equipment | 679,704 | - | - | 679,704 |
| Wastewater system | 22,419 | - | - | 22,419 |
| Studies and reports | - | - | - | - |
| Subscription asset | 374,966 | - | (374,966) | - |
| Leased equipment | 20,536 | 1,027 | (1,027) | 20,536 |
| Total depreciable assets | 63,953,416 | 1,642,913 | (1,063,970) | 64,532,359 |
| Accumulated depreciation: | | | | |
| Transmission and distribution system | (27,514,115) | (1,058,910) | 576,132 | (27,996,893) |
| Recharge facilities | (1,746,412) | (182,171) | - | (1,928,583) |
| Structures and improvements | (691,461) | (34,932) | - | (726,393) |
| Vehicles and large equipment | (1,952,183) | (279,264) | - | (2,231,447) |
| Office furniture and equipment | (561,003) | (25,014) | 67,633 | (518,384) |
| Wastewater system | (22,419) | - | - | (22,419) |
| Studies and reports | - | - | - | - |
| Subscription asset | (261,412) | (113,554) | 374,966 | - |
| Leased equipment | (13,348) | (4,107) | - | (17,455) |
| Total accumulated depreciation | (32,762,352) | (1,697,952) | 1,018,731 | (33,441,573) |
| Total depreciable capital assets, net | 31,191,064 | (55,039) | (45,239) | 31,090,786 |
| **Total capital assets, net** | $ 32,794,371 | 802,575 | (1,317,601) | 32,279,345 |

Major depreciable capital asset additions during the fiscal year ended 2025, include upgrades and extensions of the District's water transmission and distribution systems of $1,463,776, purchases of vehicles and large equipment of $145,162, and structures and improvements of $32,948. During the year, the District's deletions included: transmission and distribution replacements of $620,342, subscription asset of $374,966, and vehicles and large equipment of $67,635.

### *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, 2026 and 2025, the balance of construction-in-process was $716,214 and $454,532, respectively.

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## (6) Capital Assets, continued

Construction-in-process consisted of the following projects:

| Project Description | | 2026 | 2025 |
|---|---|---|---|
| Belmont Design/Survey and Pipeline Installation | $ | 278,445 | 234,290 |
| E2-1 Reservoir Upgrade | | 287,101 | 119,617 |
| Well 15 Repair/Rehabilitation | | - | 75,760 |
| Various other minor projects < $50,000 | | 150,668 | 24,865 |
| Total construction in progress | $ | 716,214 | 454,532 |

## (7) Compensated Absences

The District recognizes liability for compensated absences in accordance with GASB Statement No. 101, "Compensated Absences". Compensated absences include unpaid vacation leave, sick leave and compensating time off which is accrued as earned, which are expected to be settled through paid time off or cash payments upon termination or retirement. As of June 30, 2026 and 2025, the liability for compensated absences was calculated based on employees' pay rates at the fiscal year-end and historical usage data, considering employment policies. The liability represents amounts that are more likely than not be used or paid out.

Compensated absences as of June 30 are classified in the accompanying financial statements as follows:

| | | 2026 | 2025 |
|---|---|---|---|
| Current | $ | 273,834 | 192,359 |
| Non-current | | - | 21,307 |
| Total | $ | 273,834 | 213,666 |

The total liability for compensated absences amounted to $273,834 and $213,666, respectively.

The net change in the compensated absences liability for the fiscal year ended June 30, 2026 and 2025 was $60,168 and $(57,283), respectively, reflecting a net increase (decrease) due to changes in employee leave balances, pay rates, and usage patterns. The liability is reported in government-wide financial statements and business-type fund financial statements.

## (8) 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, 2026 and 2025, the market value of all plan assets held in trust by MissionSquare was $1,402,002 and $1,490,088, 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.

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## (9) Long-Term Liabilities

Changes in long-term liability amounts for 2026 were as follows:

| | Balance 2025 | Additions | Reductions | Balance 2026 | Amounts Due within One Year | Amounts Due in More Than One Year |
|---|---|---|---|---|---|---|
| Long-term debt: | | | | | | |
| Bonds payable: | | | | | | |
| 1996 Bond | $ 1,750,000 | - | (127,000) | 1,623,000 | 132,000 | 1,491,000 |
| Note payable: | | | | | | |
| Installment Sale #18-012 | 2,005,542 | - | (190,677) | 1,814,865 | 198,019 | 1,616,846 |
| Leases payable: | | | | | | |
| Xerox C8170 | 3,281 | - | (3,281) | - | - | - |
| Xerox C8270 | - | 34,371 | (3,224) | 31,147 | 5,020 | 26,127 |
| Subscription payable | | | | | | |
| Nobel Geoviewer | - | 499,859 | (88,596) | 411,263 | 70,089 | 341,174 |
| Total long-term debt | $ 3,758,823 | 534,230 | (412,778) | 3,880,275 | 405,128 | 3,475,147 |
| Other liabilities: | | | | | | |
| Compensated absences (note 7) | 213,666 | 60,168 * | - | 273,834 | 273,834 | - |
| Net pension liability (note 10) | 1,027,832 | - | (377,510) | 650,322 | - | 650,322 |
| Total other liabilities | 1,241,498 | 60,168 | (377,510) | 924,156 | 273,834 | 650,322 |
| Long-term liabilities | $ 5,000,321 | 594,398 | (790,288) | 4,804,431 | 678,962 | 4,125,469 |

* *The change in compensated absences liability is presented as a net change.*

Changes in long-term liability amounts for 2025 were as follows:

| | Balance 2024 | Additions | Reductions | Balance 2025 | Amounts Due within One Year | Amounts Due in More Than One Year |
|---|---|---|---|---|---|---|
| Long-term debt: | | | | | | |
| Bonds payable: | | | | | | |
| 1996 Bond | $ 1,872,000 | - | (122,000) | 1,750,000 | 127,000 | 1,623,000 |
| Note payable: | | | | | | |
| Installment Sale #18-012 | 2,189,151 | - | (183,609) | 2,005,542 | 190,678 | 1,814,864 |
| Leases payable | | | | | | |
| Xerox C8170 | 7,541 | - | (4,260) | 3,281 | 3,281 | - |
| Subscription payable | | | | | | |
| Nobel Geoviewer | 90,660 | - | (90,660) | - | - | - |
| Total long-term debt | 4,159,352 | - | (400,529) | 3,758,823 | 320,959 | 3,437,864 |
| Other liabilities: | | | | | | |
| Compensated absences (note 7) | 270,949 | - | (57,283) * | 213,666 | 192,359 | 21,307 |
| Net pension liability (note 10) | 1,079,924 | - | (52,092) | 1,027,832 | - | 1,027,832 |
| Total other liabilities | 1,350,873 | - | (109,375) | 1,241,498 | 192,359 | 1,049,139 |
| Long-term liabilities | $ 5,510,225 | - | (509,904) | 5,000,321 | 513,318 | 4,487,003 |

* *The change in compensated absences liability is presented as a net change.*

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## (9) Long-Term Liabilities, continued

### *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.

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

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2027 | $ 132,000 | 73,035 | 205,035 |
| 2028 | 138,000 | 67,095 | 205,095 |
| 2029 | 145,000 | 60,885 | 205,885 |
| 2030 | 151,000 | 54,360 | 205,360 |
| 2031 | 158,000 | 47,565 | 205,565 |
| 2032-2036 | 899,000 | 124,875 | 1,023,875 |
| Total | 1,623,000 | 427,815 | 2,050,815 |
| Current | (132,000) | | |
| Noncurrent | $ 1,491,000 | | |

### *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 |
|---|---|---|---|
| 2027 | $ 198,019 | 69,872 | 267,891 |
| 2028 | 205,642 | 62,249 | 267,891 |
| 2029 | 213,560 | 54,331 | 267,891 |
| 2030 | 221,782 | 46,109 | 267,891 |
| 2031 | 230,320 | 37,751 | 268,071 |
| 2032-2034 | 745,542 | 58,129 | 803,671 |
| Total | 1,814,865 | 328,441 | 2,143,306 |
| Current | (198,019) | | |
| Noncurrent | $ 1,616,846 | | |

## (9) Long-Term Liabilities, 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, 2026 and 2025, rental payments amounted to $3,321 and $4,428, respectively.

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. The lease was fully paid in March 2026.

***Xerox Financial Services, LLC – C8270***

On July 1, 2025, the District entered into an agreement with Xerox Financial Services, LLC for the purpose of acquiring a Xerox copier for its Administrative Office to replace its previous copier, Xerox C8170. Terms of the agreement commenced in November 13, 2025 and matures in January 2032. As of June 30, 2026, rental payments amounted to $4,213.

The District recorded a right-to-use asset and a lease payable at present value using an interest rate of 4.5%. 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 |
|---|---|---|---|
| 2027 | $ 5,020 | 1,299 | 6,319 |
| 2028 | 5,251 | 1,068 | 6,319 |
| 2029 | 5,492 | 827 | 6,319 |
| 2030 | 5,744 | 575 | 6,319 |
| 2031 | 6,008 | 311 | 6,319 |
| 2032 | 3,632 | 55 | 3,687 |
| Total | 31,147 | 4,135 | 35,282 |
| Current | (5,020) | | |
| Noncurrent | $ 26,127 | | |

***Nobel Systems, Inc. – GeoViewer Subscription***

On April 22, 2022, the District entered into an agreement with Nobel Systems, Inc. (Nobel) for the purpose of providing the District access to Nobel's GeoViewer system to provide maintenance and management of the District's Geographic Information System (GIS) and update other databases that have been integrated with the GIS Database. Terms of the agreement commenced in July 2022 and matures in June 2025. As of June 30, 2026 and 2025, rental payments amounted to $88,596 and $90,660, respectively.

On July 1, 2025, the District extended its subscription agreement with Nobel through May 2031.

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## (9) Long-Term Liabilities, continued

***Nobel Systems, Inc. – GeoViewer Subscription, continued***

The District recorded a right-to-use asset and a subscription payable at present value using an interest rate of 4.5%. The right-to-use asset is amortized on a straight-line basis over the term of the subscription.

| Year | | Principal | Interest | Total |
|---|---|---|---|---|
| 2027 | $ | 70,089 | 15,616 | 85,705 |
| 2028 | | 73,243 | 12,332 | 85,575 |
| 2029 | | 85,409 | 8,534 | 93,943 |
| 2030 | | 89,253 | 4,532 | 93,785 |
| 2031 | | 93,269 | 350 | 93,619 |
| Total | | 411,263 | 41,364 | 452,627 |
| Current | | (70,089) | | |
| Noncurrent | $ | 341,174 | | |

## (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.

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## (10) Defined Benefit Pension Plan, continued

***Benefits Provided, continued***

The Plans' provision and benefits in effect as of June 30, 2026 and 2025, 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% |
| 2026: | | |
| Required employee contribution rates | 6.93% | 8.25% |
| Required employer contribution rates | 13.38% | 8.27% |
| 2025: | | |
| Required employee contribution rates | 6.93% | 8.25% |
| Required employer contribution rates | 13.31% | 8.18% |

***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:

| | | **2026** | **2025** |
|---|---|---|---|
| Contributions – employer | $ | 337,541 | 339,023 |

***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:

| | | **2026** | **2025** |
|---|---|---|---|
| Proportionate share of net pension liability | $ | 650,322 | 1,027,832 |

For the fiscal years ended June 30, 2026 and 2025, the District recognized pension (credit) expense of $(166,197) and $54,562, respectively.

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## (10) Defined Benefit Pension Plan, continued

### *Net Pension Liability, continued*

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2026 and 2025, the net pension liability of the Plan is measured as of June 30, 2025 and 2024 (the measurement dates), 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, 2024 and 2023 (the valuation dates), respectively, rolled forward to June 30, 2025 and 2024, 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 year ended June 30, was as follows:

| | Miscellaneous |
|---|---|
| Proportion – June 30, 2023 | 0.00866% |
| Decrease in proportion | -0.00018% |
| Proportion – June 30, 2024 | 0.00848% |
| Increase in proportion | -0.00212% |
| Proportion – June 30, 2025 | 0.00636% |

### *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:

| | 2026 | | 2025 | |
|---|---|---|---|---|
| Description | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions subsequent to the measurement date | $ 337,541 | - | 339,023 | - |
| Differences between actual and expected experience | 77,924 | - | 85,398 | - |
| Changes in assumptions | - | - | 26,417 | - |
| Net difference between projected and actual earnings on plan investments | - | (87,996) | 59,171 | - |
| Differences between actual contribution and proportionate share of contributions | 33,844 | - | 39,767 | - |
| Net adjustment due to differences in proportions of net pension liability | 81,964 | - | 104,814 | - |
| Total | $ 531,273 | (87,996) | 654,590 | - |

As of June 30, 2026 and 2025, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement dates of $337,541 and $339,023, respectively, will be recognized as a reduction of the net pension liability in the fiscal years ended June 30, 2027 and 2026, respectively.



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## (10) Defined Benefit Pension Plan, continued

### *Deferred Pension Outflows (Inflows) of Resources, continued*

As of June 30, 2026, 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 |
|---|---|
| 2027 | $ 144,259 |
| 2028 | 19,967 |
| 2029 | (24,899) |
| 2029 | (33,591) |
| 2030 | - |
| Remaining | - |

### *Actuarial Assumptions*

The total pension liabilities in the June 30, 2024 and 2023, actuarial valuations were determined using the following actuarial assumptions and methods:

| | |
|---|---|
| Valuation dates | June 30, 2024 and 2023 |
| Measurement dates | June 30, 2025 and 2024 |
| Actuarial cost method | Entry Age Normal in accordance with the requirements of GASB Statement No. 68 |
| Discount rate | 6.90% |
| Inflation | 2.30% |
| 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 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

* The mortality table was developed based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study that can be found on the CalPERS website.

### *Discount Rate*

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's 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 on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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## (10) Defined Benefit Pension Plan, continued

***Discount Rate, continued***

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. As of June 30, 2026, the table below reflects the expected real rates of return by asset class.

| Asset Class | New Strategic Allocation[1] | Real Return 1-10[2] |
|---|---|---|
| Public Equity | 37.00% | 4.56% |
| Private Equity | 17.00% | 5.56% |
| Fixed Income | 28.00% | 2.53% |
| Real Assets | 15.00% | 3.03% |
| Private Debt | 8.00% | 4.93% |
| Strategic Leverage | -5.00% | 1.40% |

[1] Figures are based on the 2024 Mid-Cycle Asset Liability Management study
[2] An expected inflation of 2.30% used for this period.

***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 for 6.90%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current discount rate.

As of June 30, 2026, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

| | Discount Rate - 1% 5.90% | Current Discount Rate 6.90% | Discount Rate + 1% 7.90% |
|---|---|---|---|
| District's net pension liability | $ 1,898,220 | 650,322 | (376,685) |

As of June 30, 2025, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

| | Discount Rate - 1% 5.90% | Current Discount Rate 6.90% | Discount Rate + 1% 7.90% |
|---|---|---|---|
| District's net pension liability | $ 2,140,966 | 1,027,832 | 111,558 |

***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 41 through 43 for the Required Supplementary Information.

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## (11) Net Position

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

| | | 2026 | 2025 |
|---|---|---|---|
| **Net investment in capital assets:** | | | |
| Capital assets, not being depreciated | $ | 1,450,241 | 1,188,559 |
| Depreciable capital assets, net | | 30,562,553 | 31,090,786 |
| Current: | | | |
| Bonds payable | | (132,000) | (127,000) |
| Notes payable | | (198,019) | (190,678) |
| Leases payable | | (5,020) | (3,281) |
| Subscription payable | | (70,089) | - |
| Non-current: | | | |
| Bonds payable | | (1,491,000) | (1,623,000) |
| Notes payable | | (1,616,846) | (1,814,864) |
| Leases payable | | (26,127) | - |
| Subscription payable | | (341,174) | - |
| **Total net investment in capital assets** | | 28,132,519 | 28,520,522 |
| **Restricted net position:** | | | |
| Cash and cash equivalents – restricted | | 6,408,660 | 5,823,209 |
| Accrued interest receivable – restricted | | 3,517 | 6,467 |
| Special assessments receivable – restricted | | 88,967 | 70,727 |
| Note receivable – Hi-Desert Medical Center, restricted | | 74,610 | 149,221 |
| **Total restricted net position** | | 6,575,754 | 6,049,624 |
| **Unrestricted net position** | | | |
| **Non-spendable net position:** | | | |
| Materials and supplies inventory | | 662,609 | 697,352 |
| Prepaid expenses and other deposits | | 287,369 | 101,089 |
| **Total non-spendable net position** | | 949,978 | 798,441 |
| **Spendable net assets are designated as follows:** | | | |
| Unrestricted | | 25,312,786 | 20,372,177 |
| **Total spendable net position** | | 25,312,786 | 20,372,177 |
| **Total unrestricted net position** | | 26,262,764 | 21,170,618 |
| **Total net position** | $ | 60,971,037 | 55,740,764 |

## (12) Prior Period Adjustment

***Capital contributions***

In fiscal year 2026, the District determined that capital contributions received in the prior year should have been recorded in fiscal year 2023. As a result, the District adjusted its capital asset and capital contributions in the amount of $669,213, which restated beginning balances as of July 1, 2023.

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## (12) Prior Period Adjustment, continued

***Compensated absences***

In fiscal year 2026, the District implemented *GASB Statement No. 101, Compensated Absences.* The nature, justification, and an explanation of the change are included in note 1.C. As a result of the implementation, the District recorded a prior period adjustment of $66,621, to restate beginning balances as of July 1, 2024. The adjustment to net position is as follows:

| | | |
|---|---|---|
| Net position at July 1, 2022, as previously stated | | $ 43,932,111 |
| Changes in net position, June 30, 2023, as previously stated | $ 2,710,540 | |
| Effect of adjustment to record capital contributions | 669,213 | |
| Changes in net position, June 30, 2023, as restated | | 3,379,753 |
| Net position at July 1, 2023, as restated | | 47,311,864 |
| Changes in net position, June 30, 2024, as previously stated | 3,866,309 | |
| Effect of adjustment to implement GASB 101 | (66,621) | |
| Changes in net position, June 30, 2024, as restated | | 3,799,688 |
| Net position at July 1, 2024, as restated | | $ 51,111,552 |

## (13) Certain Risk Disclosures

The District relies on two groundwater basins for 100% of its potable water supply. The District voluntarily conducts groundwater recharge, aiming each year to replenish an amount equal to what is extracted, provided that budget and water supplies are available. This recharge water is purchased through the State Water Project. Groundwater testing has consistently shown hexavalent chromium (Cr-6) concentrations averaging 22 parts per billion (ppb) across all five of the District's five active production wells, exceeding California's notification level of 10 ppb. This concentration of supply source creates vulnerability to regulatory enforcement or operational restrictions.

***Associated Events***

Effective October 1, 2024, the California State Water Resources Control Board (SWRCB), under the California Health and Safety Code Section 116365, established new maximum contaminant levels that Water District's should adhere by October 1, 2027. Installation of treatment facilities to comply with the new regulatory mandate is estimated to cost $60 million in capital costs, and $1 million annually in operating costs.

***Actions Taken***

Prior to issuance of these financial statements, the District executed the following mitigating actions:

- Collaboration with the US Water Alliance, a nonprofit organization that provides programs and resources to assist communities in addressing important water challenges.
- Retaining an engineering firm, via US Water Alliance, to complete an Alternatives Analysis.
- Submitted a compliance plan to the SWRCB in July 2025 and continues to work closely with SWRCB to achieve compliance.
- Retained a Municipal Advisory firm to advise on future financing needs.
- Making efforts towards contracting a legislative advocate and grant writer to assist with earmark and grant seeking.
- Piloting treatment options are expected to begin this fiscal year.

These actions are expected to eliminate the substantial risk of service disruption and material financial impact associated with the compliance order.



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## (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, 2026, the District participated in the liability, property, and workers' 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 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 theft, depositors forgery or alteration, and computer and funds transfer fraud, subject to a $1,000 deductible per loss. JPIA pools for the first $100,000; excess coverage is purchased through Fidelity & Deposit.
- Property loss, including boiler and machinery coverage is paid at the replacement cost for buildings, personal property, fixed equipment, and unscheduled vehicles on premise of $28,381,139 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. Boiler and Machinery Accidental Breakdown based on actual cash value at the time of loss, subject to a $25,000 deductible per occurrence. Mobile equipment and vehicles are valued based on actual cash value at time of loss, subject to a $5,000 deductible per occurrence. Flood loss subject to a deductible of $100,000. Earthquake loss up to 5% per unit of insurance and subject to $75,000 minimum. ACWA JPIA has purchased excess coverage up to $150 million.
- 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, 2026, 2025, and 2024 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, 2026, 2025, and 2024.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2026 that have effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 105***

In December 2025, the GASB issued Statement No. 105 – *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

## (16) 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.

***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.

## (17) Subsequent Events

Events occurring after June 30, 2026, have been evaluated for possible adjustment to the financial statements or disclosure as of November 18, 2026, which is the date the financial statements were available to be issued.

Subsequent to June 30, 2026, on November 4, 2026, the District entered into a mutual separation agreement with its General Manager. Under the terms of the agreement, the General Manager's employment ended effective November 5, 2026. The financial impact of the agreement is not expected to be material to the District's financial position, results of operations, or cash flows.

Except for the above, the District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

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# Required Supplementary Information

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# Joshua Basin Water District
## Schedules of the District's Proportionate Share of Net Pension Liability
## As of June 30, 2026
## Last Ten Years

| Description | Measurement Dates | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 6/30/2025 | 6/30/2024 | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 |
| District's proportion of the net pension liability | 0.00636% | 0.00848% | 0.00866% | 0.00782% | 0.00151% | 0.00618% | 0.00550% | 0.00490% | 0.00495% | 0.00439% |
| District's proportionate share of the net pension liability | $ 650,322 | 1,027,832 | 1,079,924 | 903,646 | 81,517 | 672,436 | 563,855 | 472,046 | 490,750 | 379,802 |
| District's covered payroll | $ 2,351,729 | 2,131,986 | 1,662,790 | 1,824,500 | 1,963,492 | 1,950,376 | 1,743,402 | 1,467,121 | 1,462,157 | 1,344,686 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 27.65% | 48.21% | 64.95% | 49.53% | 4.15% | 34.48% | 32.34% | 32.17% | 33.56% | 28.24% |
| Plan's proportionate share of fiduciary net position as a percentage of total pension liability | 82.43% | 78.08% | 76.21% | 76.68% | 88.29% | 75.10% | 75.26% | 75.26% | 73.31% | 74.06% |

## 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 2025, the contract COLA was reduced from 2.30% to 2.00% for post-retirement benefit increases.

In fiscal year 2024 and 2023, there were no changes to actuarial assumptions or methods.

In fiscal year 2022, the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term.

The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

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

***Change of Assumptions and Methods, continued***

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.

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% to 7.375%, 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.

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# Joshua Basin Water District
# Schedules of Pension Plan Contributions
# As of June 30, 2026
# Last Ten Years

| Description | Fiscal years ended 6/30/2026 | 6/30/2025 | 6/30/2024 | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 339,621 | 259,365 | 274,238 | 285,375 | 270,609 | 243,362 | 189,373 | 170,464 | 144,890 | 145,219 |
| Contributions in relation to the actuarially determined contribution | (337,541) | (339,023) | (321,984) | (262,145) | (238,632) | (226,625) | (188,604) | (159,828) | (137,342) | (121,564) |
| Contribution deficiency (excess) | $ 2,080 | (79,658) | (47,746) | 23,230 | 31,977 | 16,737 | 769 | 10,636 | 7,548 | 23,655 |
| District's covered payroll | $ 2,021,082 | 2,351,729 | 2,131,986 | 1,662,790 | 1,824,500 | 1,963,492 | 1,950,376 | 1,743,402 | 1,467,121 | 1,462,157 |
| Contributions as a percentage of covered payroll | 16.80% | 11.03% | 12.86% | 17.16% | 14.83% | 12.39% | 9.71% | 9.78% | 9.88% | 9.93% |

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# Report on Internal Controls and Compliance

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## 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, 2026 and 2025, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 18, 2026.

### 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### 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 determination of financial statement amounts. 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*.

**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)**

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**C.J. Brown & Company, CPAs**
Cypress, California
November 18, 2026

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**Joshua Basin Water District**

**Management Report**

**June 30, 2026**

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**Joshua Basin Water District**

**Management Report**

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**CONFIDENTIAL**

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, 2026, 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 District'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 District'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.

Our comments, all of which have been discussed with the appropriate members of management, are summarized as follows:

## Current Year Comment and Recommendation

Disclosure of Adjustments and Reclassifications

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.

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## Current Year Comment and Recommendation, continued

Disclosure of Adjustments and Reclassifications, continued

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.

***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

Disclosure of Adjustments and Reclassifications

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.

***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.

* * * * * * * * * *

The purpose of this communication, which is an integral part of our audit, is to describe, for management and, the Board of Directors, the scope of our testing of internal control, and the results of that testing. Accordingly, this communication is not intended to be and should be used for any other purpose.

**C.J. Brown & Company, CPAs**
Cypress, California
November 18, 2026

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# APPENDIX

## Joshua Basin Water District

## Audit/Finance Committee Letter

## June 30, 2026

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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, 2026, and have issued our report thereon dated November 18, 2026. 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 May 7, 2026, 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 District'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 November 18, 2026.

**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.

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**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, 2026, the District implemented the provisions of GASB Statement No. 103 – "*Financial Reporting Model Improvements" and 104 – Disclosure of Certain Capital Assets*. There have been no other initial selection of accounting policies and no other changes in significant accounting policies or their application during 2026. 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.

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*Financial Statement Disclosures, continued*

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.

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 page 5 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 November 18, 2026.

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**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 matters. However, management consulted with Eide Bailly for accounting related matters concerning *Governmental Accounting Standards Board Nos. 87 (Leases) 96 (Subscription-Based Information Technology Arrangements), and 101 (Compensated Absences)*.

**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 District, 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, General Manager Pro Tem & Director of Finance, and Autumn Rich, Accounting Supervisor 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.

**C.J. Brown & Company, CPAs**
Cypress, California
November 18, 2026

DRAFT

**Joshua Basin Water District**
**Schedule of Audit Adjusting Journal Entries**
**For the Fiscal Year Ended June 30, 2026**

| Account | Description | Debit | Credit |
|---|---|---|---|
| **Adjusting Journal Entries JE # 1** | | | |
| To adjust net pension liability at year-end. | | | |
| 200-22360 | NET PENSION LIABILITY | $ 377,510.00 | |
| 100-13600 | DEFERRED OUTFLOWS OF RESOURCES | | 123,317.00 |
| 200-23050 | DEFERRED INFLOWS OF RESOURCES | | 87,996.00 |
| 509-09215 | RETIREMENT: CALPES GASB68 CONTRA | | 166,197.00 |
| **Adjusting Journal Entries JE # 2** | | | |
| To reverse a recorded prepayment that was paid after year-end. | | | |
| 200-21100 | ACCOUNTS PAYABLE | 22,777.15 | |
| 100-12230 | PREPAID - OTHER | | 22,777.15 |
| **Adjusting Journal Entries JE # 3** | | | |
| To accrue expenses incurred at year-end. | | | |
| 510-25204 | AWIA RISK/RESIL & EMERG RESP PLAN | 31,338.74 | |
| 200-21100 | ACCOUNTS PAYABLE | | 31,338.74 |

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| AGENDA ITEM NO: | 8B |
|---|---|
| MEETING DATE: | 11.18.26 |

# Staff Report

| | |
|---|---|
| **PRESENTED BY:** | Ray Kolisz with Anne Roman, GM Pro Tem |
| **TOPIC:** | **AUTHORIZATION OF CONTRACT WITH HALE ELECTRIC FOR G BOOSTER STATION EMERGENCY ELECTRICAL IMPROVEMENTS** |
| **RECOMMENDATION:** | Authorize the General Manager Pro Tem to develop, negotiate, and execute an agreement with Hale Electric for emergency electrical improvements at the G Booster Station, in an amount not to exceed **$125,000**, utilizing previously approved Capital Project No. A25202 funding. |

**BACKGROUND:**

The G Booster Station's existing electrical equipment is aging, does not meet current electrical code requirements, and presents safety hazards to District Operations Staff. The District previously identified the need for replacement and approved Capital Project No. A25202, G Boosters Electrical Panel Replacement, with a budget of $125,000.

Recently, the motor saver component for Booster Pump No. 2 failed, causing the pump to remain in the running position until Operations Staff manually disconnected power. The District's hired Hale Electric, an approved Electrician Vendor, to bypass the failed component to restore pump availability; however, the motor currently operates without its normal protective equipment. This failure has increased the urgency of completing the planned improvements.

**ANALYSIS:**

District Staff obtained a proposal from Hale Electric for comprehensive replacement and relocation of the existing electrical equipment at the G Booster Station. The proposed improvements include new underground electrical conduits, a concrete equipment pad, a motor control center (MCC), a new meter-main panel, transformer, associated controls, and removal of the existing equipment. The new MCC will incorporate variable frequency drives (VFDs) for both booster pumps, modernizing the station's electrical controls to align with current District operational best practices. Hale Electric submitted a proposal in the amount of **$115,034.87**. While the proposal is below the approved CIP budget of $125,000, additional costs may be identified during contract development, equipment coordination, or construction. Staff recommends authorizing the General Manager to negotiate and execute an agreement up to the full approved budget to provide flexibility to address these items without delaying the emergency improvements.

Due to the emergency nature of the project, the District obtained a proposal solely from Hale Electric, which has performed recent electrical improvements at the station and is familiar with the existing equipment. Expedited action is necessary given the station's critical role in the District's water distribution system and lack of operational redundancy. The existing

electrical deficiencies present safety hazards to District personnel, and the recent equipment failure has further increased operational risks. Staff recommends proceeding with the improvements as quickly as possible to restore safe and reliable operation of the booster station.

**CONCLUSION**

Approval will authorize the General Manager Pro Tem to finalize an agreement with Hale Electric and proceed with the emergency electrical improvements. The project will address existing personnel safety hazards, electrical code deficiencies, and equipment reliability concerns utilizing previously approved CIP funding.

**ATTACHMENT**

Hale Electric – G Booster Station Electrical Improvements Proposal, dated November 5, 2026.

**RECOMMENDED ACTION:**

Authorize the General Manager Pro Tem to develop, negotiate, and execute an agreement with Hale Electric for emergency electrical improvements at the G Booster Station, in an amount not to exceed **$125,000**, utilizing previously approved CIP No. A25202 funding.

---

**FISCAL IMPACT:**

The project will be funded through existing budgeted **Capital Project No. A25202 – G Boosters Electrical Panel Replacement**, previously approved by the Board with a budget of **$125,000**.

Hale Electric submitted a proposal in the amount of **$115,034.87**. While the proposal is below the approved Capital budget of $125,000, additional costs may be incurred for contract requirements, such as performance and payment bonds, warranty provisions, equipment modifications, or unforeseen field conditions encountered during construction. **Staff recommends authorizing the General Manager Pro Tem to negotiate and execute an agreement up to the full approved budget to provide flexibility to address these potential costs without delaying the emergency improvements.**

| | |
|---|---|
| ESTIMATE | #11642 |
| ESTIMATE DATE | Nov 5, 2026 |
| TOTAL | $115,034.87 |

## Hale Electric

Joshua Basin Water District
60613 Navajo Trail
Joshua Tree, CA 92252

AP@jbwd.com

CONTACT US

PO Box 3767
Landers, CA 92285

(760) 450-3562
billing@haleelectricservices.com

ESTIMATE

### Option #1

| Services | qty | unit price | amount |
|---|---|---|---|
| Joshua Tree Water District G-Booster ReHab | 1.0 | $0.00 | $0.00 |
| Phase 1<br>UNDERGROUND<br><br>-This will include underground conduits from New Panel location to vault where motors are located.<br>-Hale Electric will provide (2) 1 1/2" conduits<br>* One from each motor<br>* Two conduits for controls<br>* One for 120v circuit for the lights in vault and service outlet<br><br>-Then we will coordinate with Southern California Edison for the 3" conduit feed | 1.0 | $0.00 | $0.00 |
| Phase 2<br>CONCRETE PAD<br><br>-Hale Electric will provide the following material and labor to pour a 12' X10' concrete pad<br>*This will include form boards, rebar, and concrete | 1.0 | $0.00 | $0.00 |
| Phase 3<br>GEAR INSTALLATION<br><br>-Hale Electric will provide the following materials and labor to build a new motor control center (MCC) for 2-30hp booster motors<br>-The new panel will have VFD for each motor and ALL necessary controls<br>-We will also install a new 200 amp 480v meter main panel on the back of new MCC panel<br>-This new MCC panel will have a 10kva transformer and sub panel for 120v circuits.<br>-Then we will pull all wire and terminate connections | 1.0 | $0.00 | $0.00 |
| Phase 4<br>COMMISSIONING<br><br>-This will involve coordination with Southern California Edison and Scada Contractors to get this new MCC panel functioning and operational before De-Energizing existing electrical panels | 1.0 | $0.00 | $0.00 |
| Phase 5<br>DEMO<br><br>-Hale Electric will demo old 200 amp panel and back board with (2) motor starters | 1.0 | $0.00 | $0.00 |
| Total cost for all work and materials listed above | 1.0 | $115,034.87 | $115,034.87 |

Services subtotal: $115,034.87

| | |
|---|---|
| Subtotal | $115,034.87 |
| **Total** | **$115,034.8** |

Thank You for choosing Hale Electric for all your electrical needs. We appreciate your business. There will be a 4% credit card fee for all payments made by card. Payments are due at time of service.

License Number: 1038103

| AGENDA ITEM NO: | 8D |
|---|---|
| MEETING DATE: | 11.18.26 |

# Staff Report

| | |
|---|---|
| **PRESENTED BY:** | Anne Roman, General Manager Pro Tem |
| **TOPIC:** | **AUTHORIZE THE GENERAL MANAGER PRO TEM TO EXECUTE AN AGREEMENT WITH CRAFTWATER ENGINEERING FOR THE DWSRF APPLICATION AND ENVIRONMENTAL DOCUMENTATION SERVICES PROPOSAL TO SEEK CHROMIUM 6 FUNDING** |
| **RECOMMENDATION:** | Review and approve. |

**BACKGROUND:**

Joshua Basin Water District is preparing an application to the State Water Resources Control Board's Drinking Water State Revolving Fund (DWSRF) program for the design and engineering phase of its Chromium-6 Treatment Project. The goal of the application is to seek grant funding or other available financing assistance to support the project and reduce the financial burden on District customers. California's maximum contaminant level of 10 parts per billion became effective October 1, 2024, with compliance required by October 1, 2027. The District's groundwater contains naturally occurring Chromium-6 above that limit. The overall treatment program is estimated at approximately $60 million in capital improvements.

A complete DWSRF application requires extensive technical, financial, managerial, and environmental documentation and coordination with regulatory agencies. Securing favorable financing and available grant assistance is particularly important to minimizing the burden on customers in the District's disadvantaged community.

Craftwater Engineering, Inc. was referred to the District by Dimitry Semenov of Ridgeline Municipal Strategies, the District's municipal financial advisor. Following the introduction, Craftwater assisted with development of the General Information Package for the DWSRF application on a pro bono basis, without compensation or a contractual commitment from the District. This work has advanced the application and given Craftwater familiarity with the District's system, project and funding requirements.

On November 2, 2026, Craftwater submitted a proposal to complete the DWSRF application and associated environmental documentation, with HELIX Environmental Planning serving as environmental subconsultant.

**ANALYSIS:**

**Proposed Scope of Services**

Craftwater will prepare and coordinate the General Information, Technical, Financial and Environmental Packages, finalize and submit the application through the FAAST portal, and assist with post-submittal coordination. HELIX will prepare supporting air quality/greenhouse gas, biological, cultural and noise studies, CEQA documentation and federal environmental compliance

materials. An optional task addresses potential USEPA Community Grants environmental requirements.

**Application Schedule and Engineering Coordination**

The District anticipates submitting the General Information Package no later than December 31, 2026, with the technical package and other supporting application materials to follow as soon as practicable thereafter. This is the District's target schedule, rather than a guaranteed submission date under the consultant's proposal. Timely completion will require coordination among District staff, Craftwater, HELIX, and the District's engineering consultant. Craftwater's application preparation and environmental documentation services depend on technical information, treatment design assumptions, engineering reports, plans, specifications, and related deliverables to be supplied by the District's separately retained engineering consultant, West Coast Civil. West Coast Civil's work is not included in Craftwater's proposed fixed fee and will result in additional costs to the District under its separate engagement. Delays in engineering deliverables could affect the timing of the technical and environmental application packages.

**Request for Waiver of Competitive Bidding Requirements**

The District's existing Bidding Procedures do not clearly distinguish traditional purchasing from specialized professional consulting services, creating uncertainty regarding the solicitation process applicable to grant preparation, financing assistance and environmental consulting. The District is considering procurement policy updates to address professional and general services more clearly. Staff requests a waiver specific to this engagement, also in the interest of timing: conducting a new competitive solicitation and transitioning to another consultant could delay preparation of the General Information Package, targeted for submission no later than December 31, 2026, and the technical packages expected to follow soon thereafter.

**Prior uncompensated services:** Craftwater, referred by the District's municipal financial advisor, has already assisted with development of the General DWSRF Package pro bono. The District has benefited from this preliminary work without consultant expense.

**Continuity and efficiency:** Retaining the consultant familiar with the application will preserve progress, reduce duplication of information gathering and avoid transition costs.

**Specialized expertise:** The proposed team brings DWSRF application and environmental documentation capabilities, including HELIX's specialized services.

Project timing and funding application deadlines: The District is targeting submission of the General Information Package no later than December 31, 2026, with technical packages following soon thereafter. A competitive solicitation at this stage would require additional time for advertising, evaluation, selection, and onboarding, potentially jeopardizing this schedule. Waiving the bidding requirements would allow Craftwater to continue work already underway and help preserve the District's application timeline, although timely completion remains dependent on engineering input from West Coast Civil.

**CONCLUSION**

The Chromium-6 Treatment Program is a major capital and financial undertaking. Craftwater's uncompensated preliminary work and existing familiarity with the application support continuity and efficiency. Given the uncertainty in the existing bidding policy regarding specialized professional services, and the need to avoid procurement-related delays to the District's December 31, 2026 General Information Package target and subsequent technical submissions, staff recommends the Board approve the requested waiver and authorize the agreement.

**ATTACHMENT**

1. Craftwater Engineering, Inc., Proposal for DWSRF Application Preparation and Environmental Documentation Preparation for Chromium-6 Treatment Project, November 2, 2026.

**RECOMMENDED ACTION:**

1. Waive the District's competitive bidding requirements for this professional services engagement due to uncertainty regarding their applicability to specialized consulting services, significant preliminary work already performed at no cost, the importance of continuity, and the need to maintain the District's accelerated DWSRF application schedule.
2. Approve the November 2, 2026 proposal from Craftwater Engineering, Inc. for DWSRF application preparation and environmental documentation services in an amount not to exceed $127,763.
3. Authorize the General Manager to execute a professional services agreement, subject to review and approval as to form by District Legal Counsel.

---

**FISCAL IMPACT:**

The proposed fixed fee is $127,763, consisting of approximately $35,363 in Craftwater labor and $92,400 in HELIX-related services, including markup. The District has an identified $250,000 general Chromium 6 budget (01-7-70-71850) for these services and a separate $144,000 budget for grant-writing and management (01-5-04-07050), for a combined $394,000 in identified budget authority across the two categories.

No additional appropriation is anticipated for the proposed agreement, provided expenditures are charged to appropriate available budget accounts.

The proposed total appears to include the $5,670 optional USEPA Community Grants task; authorization of that task should be clarified in the final agreement. Any out-of-scope services would require separate authorization. Reimbursement eligibility under future funding agreements remains subject to program requirements and approvals. **Add $13,000 as a contingency for a total approval of $140,763. West Coast Civil's separately contracted engineering services are excluded from the $127,763 Craftwater fee and will be an additional District expense.**

CRAFTWATER
SCIENCE • STRATEGY • ENGINEERING

San Diego | Los Angeles
phone: 805.729.0943
email: info@craftwater.com
web: craftwater.com

November 2, 2026

Ms. Anne Roman
General Manager Pro Tem
& Director of Finance
Joshua Basin Water District
61750 Chollita Road
Joshua Tree, CA 92252

**Subject: Proposal for Drinking Water State Revolving Fund (DWSRF) Application Preparation and Environmental Documentation Preparation for Chromium-6 Treatment Project**

Dear Ms. Roman,

Craftwater Engineering, Inc. (Craftwater) appreciates the opportunity to submit the enclosed proposal (Scope of Work and Fee Proposal) to provide DWSRF funding application preparation services for the Joshua Tree Water District (District) Chromium-6 (Cr6) Treatment Project. The funding application preparation project effort will be led by **Greg Jaquez**, **PE**, Grants Manager/Project Engineer. Environmental documentation preparation will be led by subconsultant, **Jillian Neary**, Sr. Environmental Project Manager, HELIX Environmental Planning.

## PROJECT UNDERSTANDING

Joshua Basin Water District is seeking Drinking Water State Revolving Fund financial assistance for the design and engineering phase of its Chromium-6 Treatment Project. The project is necessary to bring the District's drinking water system into compliance with California's maximum contaminant level of 10 parts per billion for hexavalent chromium, effective October 1, 2024, with compliance required by October 1, 2027. The District serves approximately 5,700 service connections in a predominantly disadvantaged desert community in San Bernardino County and relies entirely on groundwater, where naturally occurring hexavalent chromium concentrations average approximately 22 parts per billion. The proposed work will evaluate and select appropriate treatment technologies; perform engineering analyses; develop preliminary and final design documents; prepare construction plans, specifications, and cost estimates; coordinate environmental and regulatory requirements; and support associated permitting. The engineering effort will incorporate the District's treatment pilot-testing findings to identify cost-effective, reliable, and sustainable treatment solutions suited to its groundwater conditions and operational needs. With the overall project currently estimated at approximately $60 million in capital improvements, completing the design and engineering phase is critical to advancing construction-ready improvements, refining project costs, securing additional financial assistance, and implementing the treatment facilities needed to meet drinking water quality standards while minimizing the financial burden on the District's ratepayers.

## SCOPE OF WORK

The following Scope of Work will support the District in preparing and submitting a complete DWSRF financing application for the design and engineering phase of the Chromium-6 Treatment Project, including the application's general, technical, environmental, and financial packages and coordination of the environmental and regulatory documentation needed to advance the project toward construction readiness.

The Scope of Services assumes the ongoing pilot test of Strong Base Anion (SBA) Ion Exchange treatment for Cr-6 is successful and that the same technology, on a larger scale, would be installed at each well site; and that the treatment system would be installed on a previously disturbed surface within the fenced limits of the District's property at each location, with little to no ground disturbance. This Scope of Services proposes preparation of a Categorical Exemption in accordance with the California Environmental Quality Act (CEQA), supported by technical studies for air quality/greenhouse gas, biological resources, cultural (archaeological) resources, and noise.

All proposed technical studies will be prepared to support both the CEQA documentation and be compliant with environmental review requirements for projects funded by the Drinking Water State Revolving Fund (DWSRF/SRF), administered by the SWRCB on behalf of the United States Environmental Protection Agency (USEPA). California's State Environmental Review Process (SERP) is designed to meet the federal environmental review requirements for projects receiving USEPA SRF funding, through a National Environmental Policy Act (NEPA)-equivalent process that uses the CEQA process as its basis and is also referred to as CEQA-Plus.
Additionally, an optional task has been provided for environmental review consistent with requirements for federal funding via the USEPA Community Project Funding (CPF) programs, if this review is determined necessary. If a different type of CEQA documentation than a Categorical Exemption appears to be necessary at any time during the environmental review process, Craftwater and the District would be immediately notified.

## TASK 1: Project Management, Coordination and Meetings

Craftwater's Grants Manager/Project Engineer will manage the DWSRF application effort and maintain ongoing communication with the District regarding progress, schedule, information needs, environmental and regulatory coordination, and application-package development. Coordination will include a kickoff meeting, progress meetings with District staff and the design team, internal Craftwater and HELIX coordination, and meetings with State Water Resources Control Board staff or other stakeholders as needed to keep the design and engineering funding request on schedule. This Scope of Work assumes the CEQA process will commence with receipt of the 30 percent plan set, or equivalent deliverable, from the Project engineer for each of the five Cr-6 SBA Ion Exchange treatment systems. HELIX's Project Manager will prepare for and attend one virtual CEQA kick-off meeting with Craftwater, the District, the Project engineer, and other Project team members as appropriate. This is separate from the kick-off meeting led by Craftwater for the overall DWSRF application and related oversight. The purpose of the kick-off meeting will be to discuss the Project purpose and objectives; review the Project team; identify key contacts and communication preferences; discuss key issues of importance for the environmental analysis and process; and define expectations for deliverables and schedule. HELIX will prepare an agenda in advance of the initiation meeting as well as provide an e-mail summary of the meeting, including a list of assigned action items identified during the meeting. As part of this task, HELIX will also provide as-needed consultation, in cooperation with Craftwater, to conduct a review of available Project information to confirm the appropriate state and federal environmental clearance processes (i.e., CEQA, CEQA-Plus, NEPA) and identify potential issues and outstanding information (if any). HELIX will prepare a data needs list identifying key Project information needed to prepare the technical studies and complete the CEQA and CEQA-Plus/NEPA environmental documentation. This data needs list will be provided by HELIX to Craftwater to include in an Information Request Matrix.

**Assumptions**

- Project coordination with the District will occur via conference call or web-based conference and will be ½-hour to 1-hour in duration per meeting and may also include one on-site field review meeting.

**Deliverables**

- Kickoff and progress Meeting attendance (up to 6)
- Progress Reports (bullet points summarizing completed activities for the previous month) and Invoices

## TASK 2: Information Request and Collection

This task involves requesting, tracking, and reviewing the information needed to prepare the DWSRF application for the Chromium-6 Treatment Project. Craftwater will collect available District records and design-team materials through the kickoff meeting, a formal information-request matrix, and progress meetings. Requested information is anticipated to include well and water-quality data; results from treatment pilot testing; existing planning and engineering studies; preliminary treatment concepts; design criteria; project schedules and cost estimates; site, utility, and property information; permits and regulatory correspondence; environmental documentation; financial records; adopted rates and resolutions; and other materials needed to document the District's eligibility, disadvantaged-community status, technical approach, environmental compliance, and financial capacity.

**Assumptions**

- Information not held or produced by District personnel may be independently researched and/or produced by Craftwater.

**Deliverables**

- Meetings with the District and associated meeting summaries
- Information request matrix

## TASK 3: DWSRF Application Preparation

**General Information Package**

Craftwater will prepare the following sections of the General Information Package:

- 3.01 - Section I - Applicant Information
- 3.02 - Section II - Project Information and Proposed Schedules (including Attachment G1)
- 3.03 - Section III – Managerial Information (including Attachment G2)

**Assumptions**

- Craftwater understands the District has FAAST account with the State Water Resources Control Board (Water Board) and assumes the District will coordinate with the Water Board staff to open the account to Craftwater. Craftwater understands that only Section 1 of the General Information Package was completed and submitted in FAAST. Craftwater will review Section 1 for accuracy and proceed with the remainder of the application.

**Deliverables**

- Draft General Information Package of the DWSRF application

**Technical Package**

Craftwater will prepare the following sections of the Technical Package:

- 3.04 - Section I – Technical Information (Attachments T1, T2, T3, and T4)
- 3.05 - Section II – Project Summary
- 3.06 - Section III – Water Rights (Attachment T5)

- 3.07 - Section IV – Comprehensive Response to Climate Change
- 3.08 - Section V – Drought Planning (Attachment T6)

**Assumptions**

- Assumes the District's engineering design consultant will be available at appropriate times to answer questions and provide supplemental information.

**Deliverables**

- Draft Technical Package of the DWSRF application

**Environmental Package**

Craftwater will prepare the following sections of the Environmental Package:

- 3.09 - Section I - General Information
- 3.10 - Section II - California Environmental Quality Act (CEQA)
- 3.11 - Section III - CEQA Exemption Information
- 3.12 - Section IV - Additional Program Requirements
- 3.13 - Section V - Federal Environmental Requirements

**Assumptions**

- Assumes completion of environmental documentation review and CEQA determination and documentation by HELIX Environmental. Consultative support to be provided by HELIX to assist in preparing the SWRCB Cross-cutting Form and other components of the Environmental Package.

**Deliverables**

- Draft Environmental Package of the DWSRF application

**Financial Package**

Craftwater will prepare the following sections of the Financial Package:

- 3.14 - General Information
- 3.15 - Audited Financial Statements (Attachment F1)
- 3.16 - Budget Projections (Revenue/Expense) (Attachment F2)
- 3.17 - Tax Questionnaire (Attachment F3)
- 3.18 - Reimbursement Resolution (Attachment F4)
- 3.19 - Authorizing Resolution/Ordinance (publicly owned entities) (Attachment F5a)
- 3.20 - Corporate Resolution to Apply, Borrow and Grant Security (private applicants) (Attachment F5b) (N/A)
- 3.21 - Other Entity Type (Attachment F5c) (N/A)
- 3.22 - Rate Adoption Resolution, Copy of Rates, and Public Notice of Proposition 218 Meeting (Attachment F6)
- 3.23 - Schedule of System Obligations / Schedule of Related Debt and Debt Document Copies (Attachment F7)
- 3.24 - Debt Management Policy (Attachment F8)
- 3.25 - New Special Tax, Assessment District, or service charge projections (Attachment F9)
- 3.26 - Relevant Service, Management, Operating, or Joint Powers Agreements (Attachment F10)
- 3.27 - District Certification of Interim Report (School Districts) (Attachment F11) (N/A)

Highlighted subtasks are not applicable.

**Assumptions**

- Assumes various financial documents are readily available.

**Deliverables**

- Draft Financial Package of the DWSRF application

## TASK 4: Final Application / Submittal / Post-Submittal Coordination

- 4.01 – Final Application – Craftwater will provide draft application materials as they are produced for District review and comment and will incorporate requested and recommended changes. Upon incorporation of all changes, Craftwater will conduct a quality assurance/quality control review of the entire application work product and finalize the application.
- 4.02 – Submittal – Craftwater will be responsible for submitting the Final Application through the FAAST online application portal at https://faast.waterboards.ca.gov/.
- 4.03 - Post-Submittal Coordination – A substantial amount of communication, coordination, and interaction with the Water Board staff after submittal of the Final Application is common and anticipated. Craftwater will be available to support the District during this period.

**Assumptions**

- Assumes the District will instruct Craftwater to submit the Final Application on behalf of the District.

**Deliverables**

- Final DWSRF Application submitted through the FAAST online application portal

## Task 5: Air Quality and Greenhouse Gas Letter Report

HELIX will coordinate with Craftwater and JBWD to obtain data related to construction start and completion dates, phasing of the elements of construction, construction methods, and other data related to evaluating air pollutant emissions. HELIX will estimate the emissions of criteria pollutants using the California Emissions Estimator Model (CalEEMod) and compared to the Mojave Desert Air Quality Management the District (MDAQMD) Significance Thresholds. Emission for construction and operational activities will be estimated for one well site to be representative of estimated emissions from the remaining four sites. Construction emissions are expected to include fugitive dust and exhaust emissions from on- and off-road equipment. Operation of the Project is assumed to include the use of the treatment system equipment, including routine operation and periodic maintenance, including media exchange. Therefore, future operational emissions may include on-road vehicle emissions associated with worker trips and on-site energy use. It is expected that a screening calculation will demonstrate that the Project would not cause severe congestion at a major intersection resulting in a local carbon monoxide (CO) "hotspot." No dispersion modeling is included in this Scope of Services for CO analysis; if dispersion modeling is required for local impact analysis, a contract modification will be required. The analysis will qualitatively address exposure of nearby receptors to toxic air contaminants, conformance to applicable air quality plans, and odors. In addition, to support federal compliance, the analysis will include annual Project criteria pollutant emissions for a (federal) Clean Air Act General Conformity Rule applicability analysis.

Using the same assumptions and methods as described above, HELIX will quantify, to the extent practicable, the direct and indirect GHG emissions associated with the Project. GHG emissions from construction sources will be summed over the construction period, amortized over the anticipated life of the Project, and added to the estimated annual operational emissions. Significance will be based on thresholds described in the MDAQMD CEQA Guidelines. Significance will also be assessed by considering whether Project implementation would conflict with an applicable plan, policy, or regulation adopted for the purpose of reducing GHG emissions, including the County's Climate Action Plan.

The results of the AQ and GHG analyses will be provided in a draft AQ/GHG Letter Report. The draft report will be electronically submitted to Craftwater for submittal to the District for review. HELIX will revise the draft report based on one set of comments from the District, and then electronically submit the final AQ/GHG Letter Report.

## Task 6: Biological Resources Letter Report

- 6.01 – General Biological Survey and Jurisdictional Assessment – A HELIX biologist will conduct a biological resources survey of Wells 10, 14, 15, 16, and 17 (the Project sites). The survey will include a review of available biological resource databases and literature, mapping of vegetation communities and/or land cover, identification of potential jurisdictional resources (if any), evaluation of habitat suitability for special-status plant and animal species, including a burrowing owl habitat assessment, and an assessment of wildlife movement opportunities within the vicinity of each Project site (if any). The locations of any special-status species incidentally observed or otherwise detected during the survey will be documented in the field. The survey will also identify whether any additional biological surveys may be required based on site conditions and applicable regulatory requirements. This could include, but is not limited to, species such as desert tortoise, Mojave ground squirrel, burrowing owl, Joshua trees, and rare plants. This task does not include focused special-status species surveys, nesting bird surveys, tree surveys, or a formal jurisdictional delineation.
- 6.02 – Biological Resources Letter Report – HELIX will prepare a Biological Resources Letter Report (BRLR) to evaluate biological resources within the Project sites in accordance with applicable CEQA, DWSRF, and USEPA Community Grants Program requirements in support of the CEQA, CEQA-PLUS , and NEPA documentation. The BRLR will describe the survey methods used, the existing biological resources observed, and biological constraints within and adjacent to the Project footprint at each well site (if any). The BRLR will discuss the potential for Project-related effects, during construction and/or operational activities, on sensitive biological resources, including special-status species, nesting birds, sensitive natural communities, and potential jurisdictional resources, as applicable; and will evaluate whether biological resources are present that could trigger an exception to the use of a Categorical Exemption pursuant to CEQA Guidelines Section 15300.2. HELIX will electronically submit the draft BRLR to Craftwater for submittal to the District for review. HELIX will revise the draft report based on one set of comments provided by the District. HELIX will then submit an electronic version of the final report to Craftwater for submittal to the District. This task assumes analysis of only one version of the treatment system design at each well site. If major or multiple rounds of revisions are needed, there are major design revisions, and/or analysis of more than one version of the Project design is necessary, a contract modification may be required.
- 6.03 – Biological Meetings/Management – HELIX has assumed up to 10 hours of combined biology staff time to analyze biological and jurisdictional constraints, internally discuss strategic design and regulatory permitting approaches, and attend up to two meetings with the Project team (assumed to be virtual). If Craftwater and/or the District requests additional services that cause HELIX to exceed the time allocated for this task, a contract modification may be required.

## Task 7: Cultural Resources Report (Section 106 Compliant)

HELIX will conduct a cultural resources study in compliance with requirements for CEQA and the CEQA Guidelines; the SWRCB DWSRF; and Section 106 of the National Historic Preservation Act (NHPA) of 1966, as amended (Section 106). The Scope of Work includes the following: obtain a one-mile radius records search around each Project site from the South Central Coastal Information Center (SCCIC); contact the Native American Heritage Commission (NAHC) for a Sacred Lands File search; contact the local Native American community via email, as identified by the NAHC, and conduct one round of follow-up phone calls to the Native American community; review historic maps and aerial photographs of the Project sites; delineate the Area of Potential Effect (APE) and prepare the APE map for the Project; conduct a field survey of the five Project sites with a Native American monitor, subcontracted to HELIX; and prepare a Historic Property Identification Report (HPIR), as required under Section 106, detailing the methods and results of the study, as well as providing recommendations for additional research, if needed. The HPIR will be prepared for both CEQA and Section 106 (i.e., federal) compliance, which can support both CEQA-PLUS and NEPA documentation.

HELIX will electronically submit the draft HPIR to Craftwater for submittal to the District. HELIX will revise the draft report based on a single set of comments provided by the District, and then electronically submit the final report for use by the District as well as for submittal to the SWRCB, if needed. If SWRCB conducts a review, HELIX will revise the draft report based on a single set of comments provided by the SWRCB. An electronic copy of the draft HPIR will be provided to the SWRCB for submittal to the State Historic Preservation Officer (SHPO). It is noted that government-to-government outreach and consultation under Assembly Bill (AB) 52 is not required for Categorical Exemptions under CEQA; however, if it is determined that an exemption is not applicable, HELIX can provide assistance with this consultation subject to a contract modification.

## Task 8: Noise Letter Report

HELIX will prepare a noise analysis to address the construction and operation of the treatment system at each of the five well sites. The analysis will address construction noise based on information provided by Craftwater, the Project engineer, and other members of the Project team. This information is assumed to include construction areas, phasing, and planned construction equipment. Construction noise will be analyzed using the Roadway Construction Noise Model to assess noise levels for nearby noise-sensitive land uses. Operation of the Project is assumed to include the daily use of the treatment system equipment and routine maintenance, including periodic media exchange. The letter report will address noise generated by equipment operations at nearby property lines. Operational noise levels will be assessed using the appropriate noise model. A site visit will be conducted to assess noise levels associated with the operational equipment.

The results of the noise analysis will be provided in a draft Noise Letter Report. The draft report will provide the modeled noise levels, applicable regulations, and impact conclusions for construction and operation of the Project. The draft report will be electronically submitted to Craftwater for submittal to the District for review. HELIX will revise the draft report based on one set of comments from the District and then electronically submit the final Noise Letter Report.

## Task 9: Categorical Exemption

HELIX will prepare a memorandum of up to five text pages providing supporting information to show how the Project qualifies for the following categorical exemption: Class 1 (Existing Facilities) pursuant to Section 15303 of the CEQA Guidelines. The results of the Air Quality and GHG Letter Report (Task 5), Biological Resources Letter Report (Task 6), Cultural Resources Report (Task 7), and Noise Letter Report (Task 8) will be used to support preparation of the Categorical Exemption as well as the CEQA-PLUS documentation (Task 10) and NEPA documentation (Optional Task 12), if needed.

The Categorical Exemption Memorandum will also document how the Project does not meet any of the following exceptions identified in CEQA Guidelines Section 15300.2:

(b) Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time, is significant.

(c) Significant Effect. A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances.

(d) Scenic Highways. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. This does not apply to improvements which are required as mitigation by an adopted negative declaration or certified EIR.

(e) Hazardous Waste Sites. A categorical exemption shall not be used for a project located on a site that is included on any list compiled pursuant to Section 65962.5 of the Government Code.

(f) Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource.

HELIX will electronically submit the draft Categorical Exemption Memorandum and a completed Notice of Exemption form (NOE) to Craftwater for submittal to the District for review. Following receipt of one set of comments, HELIX will revise the document in Microsoft Word "tracked changes" mode and submit the final Categorical Exemption Memorandum and NOE for use by the District's decision-making body in consideration of Project approval. No formal public review of the Categorical Exemption Memorandum and NOE is anticipated, and no responses to public comments will be provided.

If the Project is approved, HELIX will file the NOE with the Riverside County Clerk via their online system and with the State Clearinghouse via their CEQA Submit web portal within five working days, on the District's behalf. The budget assumes that approximately 40 hours of professional staff time will be needed to prepare the draft and final Categorical Exemption Memorandum/NOE and to file the NOE; the County Clerk filing fee for the NOE is included ($50).

## Task 10: Federal Environmental Compliance (DWSRF Program)

HELIX will provide assistance, in cooperation with Craftwater, to prepare federal environmental compliance documentation consistent with current SERP processes for the DWSRF. Specifically, HELIX will assist in preparing the SWRCB DWSRF Federal Cross-cutting Environmental Regulations Evaluation Form for Environmental Review and Federal Coordination (SWRCB Cross-cutting Form), which is assumed to apply to the Project for the purposes of this Scope of Services. This form will be based on information in the record provided by Craftwater, the District, the Project engineer, and other relevant team members; information from the Categorical Exemption Memorandum/NOE and the technical studies prepared in Tasks 5 through 8 herein, which include compliance with federal cross-cutting requirements; and additional analyses required for the CEQA-Plus process as applicable. This form is a primary component of the Environmental Package section of the DWSRF application.

The Environmental Package includes the completed federal SRF Cross-cutting Form, a copy of the NOE stamped and filed at both the County Clerk and State Clearinghouse, and the supporting technical studies. This Scope of Services assumes Craftwater or the District will be responsible for submitting the DWSRF application materials to the SWRCB via the FAAST website. This Scope of Services assumes up to 16 hours of professional staff time to assist in preparing the SWRCB Cross-cutting Form and other components of the Environmental Package not included in Tasks 1 and 5 through 9.

## Task 11: CEQA/NEPA Project Management and Meetings

Project management of the CEQA and federal compliance processes will consist of formal and informal communication with Craftwater, the District staff, and other members of the Project team as appropriate. Other management responsibilities will include budget tracking and reviewing schedule progress. Before the submittal of all major deliverables, quality assurance reviews will be completed by senior staff. HELIX anticipates the Scope of Services outlined herein can be completed within approximately 24 weeks (6 months) upon receipt of NTP. This Scope of Services assumes up to 24 hours of Senior Project Manager management time. Additionally, HELIX's Project Manager will be available to participate in meetings and hearings (assumed to be virtual), as requested, up to a total of 8 hours of Senior Project Manager meeting time.

## Optional Task 12: Federal Environmental Compliance (USEPA Community Grants)

HELIX understands that federal funding from the USEPA Community Grants Program, via the Congressional Project Funding process, may be utilized for completion of Phases 1 through 3 (i.e., alternatives, research, piloting, and engineering report); as such, NEPA compliance may be required and subject to USEPA requirements. However, as Phases 1 through 3 do not involve a physical effect or a permanent change in the environment, it is possible that NEPA compliance may not be required. HELIX will coordinate with the District and the USEPA contact from the Region 9 office in City of San Francisco to confirm the applicable environmental review process and associated details. The following describes the anticipated process if formal NEPA documentation is required.

In April 2025, USEPA issued the *Programmatic Environmental Assessment for the Community Grants Program* (PEA) (Document Number N2025023). This PEA was in the form of an Environmental Assessment/ Finding of No Significant Impact (EA/FONSI). The USEPA prepared this PEA "to analyze the potential environmental impacts related to the issuance of grant funding for the planning, design, and construction of eligible drinking water, wastewater, and stormwater infrastructure projects, and water quality protection projects under the Community Project Funding (CPF)/Congressionally Directed Spending (CDS), otherwise known as the Community Grants Program." Appendix A of the PEA is an Environmental Evaluation and Checklist (Checklist). The completed Checklist helps verify the applicability of the programmatic PEA, informs the Community Grants program of impacts from implementing water infrastructure projects, and assists with USEPA's NEPA compliance. Specifically, the Checklist evaluation supports the PEA "tiering" framework, the associated preliminary FONSI, and activity-specific NEPA documentation for the grant award.

HELIX will complete the Checklist for the Project and provide electronically to Craftwater and the District to submit to the USEPA Community Grants Program. This will be based on information in the record provided by Craftwater, the District, the Project engineer, and other relevant team member(s); information from the Categorical Exemption Memorandum/NOE and the technical studies prepared in Tasks 5 through 8 herein, which include compliance with federal requirements; and additional analyses required for the federal process as applicable.

The USEPA Community Grants Program staff will review the Checklist and associated technical documents to verify completeness and adequacy. This Scope of Services assumes one round of revision based on USEPA staff comments on the Checklist. This Scope of Work assumes that no revisions will be required to the filed NOE or final technical studies pursuant to USEPA's Community Grants process. Once the Checklist is finalized, it is assumed USEPA staff will complete the appropriate documentation to demonstrate compliance with applicable federal cross-cutting requirements and conduct any relevant federal consultations. This Scope of Services assumes no significant impacts will occur due to the Cr-6 Treatment Project and a Categorical Exclusion tiering from the PEA will be the appropriate NEPA documentation. It is assumed that USEPA staff will prepare and file the Categorical Exclusion. The budget assumes that approximately 30 hours of professional

staff time will be needed to coordinate with the USEPA on behalf of the District and prepare the draft and revised Environmental Evaluation and Checklist.

## ESTIMATED FEE

Craftwater proposes to perform the scope of services for a total lump sum (fixed fee) of $127,763. If additional out of scope services are requested, these items will be negotiated based on the approved billing rates. See attachment for a fee breakdown.

Should you have any questions, you may contact me at 323.797.1498 or Greg.Jaquez@craftwater.com.

Regards,



Greg Jaquez, PE
Craftwater, Grants Manager

## ATTACHMENTS

1. Fee Proposal

CRAFTWATER

| FEE PROPOSAL FOR: | JOSHUA BASIN WATER DISTRICT<br>STATE WATER RESOURCES CONTROL BOARD<br>DRINKING WATER STATE REVOLVING FUND<br>GRANT WRITING & ENVIRONMENTAL PLANNING SERVICES |
|---|---|
| CONTRACT TYPE: | Fixed Fee |

| | | CRAFTWATER ENGINEERING INC | | | | HELIX | | |
|---|---|---|---|---|---|---|---|---|
| Employee | | Jaquez, PE Greg | Garrett, Linkynn | | | | | |
| | BILLING RATE | GRANTS MANAGER | ASSOCIATE WATER RESOURCES PLANNER/ GRANT WRITER | TOTAL LABOR HOURS | CRAFTWATER LABOR | HELIX LABOR EFFORT | HELIX LABOR EFFORT + 5% markup | TOTAL LABOR EFFORT |
| | | $270 | $195 | | | | | |
| | | HOURS | | | | | | |
| **TASK 1: Project Management, Coordination and Meetings** | | | | | | | | |
| 1.01 - Kick-off Meeting and Coordination Meetings | | 12.0 | 12.0 | 24.0 | $5,580 | $3,000 | $3,150 | $8,730 |
| 1.02 - Project Administration | | 8.0 | | 8.0 | $2,160 | | $0 | $2,160 |
| **Task 1 Subtotal** | | **20.0** | **12.0** | **32.0** | **$7,740** | **$3,000** | **$3,150** | **$10,890** |
| **TASK 2: Information Request and Collection** | | | | | | | | |
| 2.01 - Information Request and Collection | | 1.0 | 5.0 | 6.0 | $1,245 | $1,000 | $1,050 | $2,295 |
| 2.02 - Document Review | | 6.0 | | 6.0 | $1,620 | $1,000 | $1,050 | $2,670 |
| **Task 2 Subtotal** | | **7.0** | **5.0** | **12.0** | **$2,865** | **$2,000** | **$2,100** | **$4,965** |
| **TASK 3: DWSRF Application Preparation** | | | | | | | | |
| General Information Package | | | | | | | | |
| 3.01 - Section I - Applicant Information | | | | | $0 | | $0 | $0 |
| 3.02 - Section II - Project Information and Proposed Schedules (including Attachment G1) | | | | | $0 | | $0 | $0 |
| 3.03 - Section III - Managerial Information (including Attachment G2) | | | | | | | | |
| 3.03a - System Information | | | | | $0 | | $0 | $0 |
| 3.03b - Privately-owned entities (Attachment G2) (N/A) | | | | | | | | |
| 3.03c - CPUC regulation (Attachment G3) (N/A) | | | | | | | | |
| 3.03d - Key officers/decision-making personnel (Attachment G4) | | | | | $0 | | $0 | $0 |
| 3.03e - Pending litigation/sale/audit/investigation (Attachment G5) | | | | | $0 | | $0 | $0 |
| 3.03f - Land/system leasing (Attachment G6) | | | | | $0 | | $0 | $0 |
| 3.03g - Service area/boundaries map (Attachment G7) | | | | | $0 | | $0 | $0 |
| 3.03h - Private operating contract (Attachment G8) (N/A) | | | | | | | | |
| 3.03i - Urban Water Management Plan (Attachment G9) | | | | | $0 | | $0 | $0 |
| 3.03j - Certification for Compliance with Water Metering Form (Attachment G10) | | | | | $0 | | $0 | $0 |
| 3.03k - Potential Flags Worksheet (Attachment G11) | | | | | $0 | | $0 | $0 |
| 3.03l - Authorized Representative Resolution/Ordinance (Attachment G12) (See subtask 3.19) | | | | | | | | |
| 3.03m - Corporate Resolution to Apply, Borrow and Grant Security (Attachment G13) (N/A) | | | | | | | | |
| 3.03n - Other Entity Type (Attachment G14) (N/A) | | | | | | | | |
| 3.03o - Payee Data Record, STD 204 (Attachment G15) (N/A) | | | | | | | | |
| 3.03p - Government Agency Taxpayer ID Form (Attachment G16) | | | | | $0 | | $0 | $0 |
| **General Information Package Sub-subtotal** | | **0.0** | **0.0** | **0.0** | **$0** | **$0** | **$0** | **$0** |
| Technical Package | | | | | | | | |
| 3.04 - Section I - Technical Information (Attachments T1, T2, T3, and T4) | | | | | | | | |
| 3.04a - Engineering Report (Attachment T1) (QA/QC review) | | 3.0 | | 3.0 | $810 | | $0 | $810 |
| 3.04b - Technical, Managerial, and Financial (TMF) Assessment (Attachment T2) | | 12.0 | | 12.0 | $3,240 | | $0 | $3,240 |
| 3.04c - Professional Engineering Services Contract (Attachment T3) | | 0.5 | | 0.5 | $135 | | $0 | $135 |
| 3.04d - Plans and Specifications (Attachment T4) | | 0.5 | | 0.5 | $135 | | $0 | $135 |
| 3.05 - Section II - Project Summary | | 0.5 | 4.0 | 4.5 | $915 | | $0 | $915 |
| 3.06 - Section III - Water Rights (Attachment T5) | | 0.5 | 4.0 | 4.5 | $915 | | $0 | $915 |
| 3.07 - Section IV - Comprehensive Response to Climate Change | | 1.0 | 6.0 | 7.0 | $1,440 | | $0 | $1,440 |
| 3.08 - Section V - Drought Planning (Attachment T6) | | 0.5 | 2.0 | 2.5 | $525 | | $0 | $525 |
| **Technical Package Sub-subtotal** | | **18.5** | **16.0** | **34.5** | **$8,115** | **$0** | **$0** | **$8,115** |
| Environmental Package | | | | | | | | |
| 3.09 - Section I - General Information | | | 1.0 | 1.0 | $195 | | $0 | $195 |
| 3.10 - Section II - California Environmental Quality Act (CEQA) | | 0.5 | 2.0 | 2.5 | $525 | | $0 | $525 |
| 3.11 - Section III - CEQA Exemption Information | | 2.0 | 8.0 | 10.0 | $2,100 | | $0 | $2,100 |
| 3.12 - Section IV - Additional Program Requirements | | 0.5 | 2.5 | 3.0 | $623 | | $0 | $623 |
| 3.13 - Section V - Federal Environmental Requirements | | | 1.0 | 1.0 | $195 | | $0 | $195 |
| **Environmental Package Sub-subtotal** | | **3.0** | **14.5** | **17.5** | **$3,638** | **$0** | **$0** | **$3,638** |
| Financial Package | | | | | | | | |
| 3.14 - General Information | | 0.5 | 4.0 | 4.5 | $915 | | $0 | $915 |
| 3.15 - Audited Financial Statements (Attachment F1) | | | 2.0 | 2.0 | $390 | | $0 | $390 |
| 3.16 - Budget Projections (Revenue/Expense) (Attachment F2) | | 0.5 | 4.0 | 4.5 | $915 | | $0 | $915 |
| 3.17 - Tax Questionnaire (Attachment F3) | | 1.0 | 6.0 | 7.0 | $1,440 | | $0 | $1,440 |
| 3.18 - Reimbursement Resolution (Attachment F4) | | | 2.0 | 2.0 | $390 | | $0 | $390 |
| 3.19 - Authorizing Resolution/Ordinance (publicly owned entities) (Attachment F5a) | | | 2.0 | 2.0 | $390 | | $0 | $390 |
| 3.20 - Corporate Resolution to Apply, Borrow and Grant Security (private applicants) (Attachment F5b) (N/A) | | | | | | | | |
| 3.21 - Other Entity Type (Attachment F5c) (N/A) | | | | | | | | |
| 3.22 - Rate Adoption Resolution, Copy of Rates, and Public Notice of Proposition 218 Meeting (Attachment F6) | | | 1.0 | 1.0 | $195 | | $0 | $195 |
| 3.23 - Schedule of System Obligations / Schedule of Related Debt and Debt Document Copies (Attachment F7) | | 0.5 | 2.0 | 2.5 | $525 | | $0 | $525 |
| 3.24 - Debt Management Policy (Attachment F8) | | 0.5 | 2.0 | 2.5 | $525 | | $0 | $525 |
| 3.25 - New Special Tax, Assessment District, or service charge projections (Attachment F9) | | | 1.0 | 1.0 | $195 | | $0 | $195 |
| 3.26 - Relevant Service, Management, Operating, or Joint Powers Agreements (Attachment F10) | | | 1.0 | 1.0 | $195 | | $0 | $195 |
| 3.27 - District Certification of Interim Report (School Districts) (Attachment F11) (N/A) | | | | | | | | |
| **Financial Package Sub-subtotal** | | **3.0** | **27.0** | **30.0** | **$6,075** | **$0** | **$0** | **$6,075** |
| **Task 3 Subtotal** | | **24.5** | **57.5** | **82.0** | **$17,828** | **$0** | **$0** | **$17,828** |
| **TASK 4: Final Application / Submittal / Post-Submittal Coordination** | | | | | | | | |
| 4.01 - Final Application | | 2.0 | | 2.0 | $540 | | $0 | $540 |
| 4.02 - Submittal | | 0.5 | | 0.5 | $135 | | $0 | $135 |
| 4.03 - Post-Submittal Coordination | | 6.0 | 6.0 | 12.0 | $2,790 | | $0 | $2,790 |
| **Task 4 Subtotal** | | **8.5** | **6.0** | **14.5** | **$3,465** | **$0** | **$0** | **$3,465** |
| **Task 5: Air Quality and Greenhouse Gas Letter Report** | | | | | | | | |
| Air Quality and Greenhouse Gas Letter Report | | | | | | $12,600 | $13,230 | $13,230 |
| **Task 5 Subtotal** | | **8.5** | **6.0** | **14.5** | **$3,465** | **$12,600** | **$13,230** | **$16,695** |
| **Task 6: Biological Resources Letter Report** | | | | | | | | |
| 6.01 - General Biological Survey and Jurisdictional Assessment | | | | | | $7,300 | $7,665 | $7,665 |
| 6.02 - Biological Resources Letter Report | | | | | | $7,300 | $7,665 | $7,665 |
| 6.03 - Biological Meetings/Management | | | | | | $3,500 | $3,675 | $3,675 |
| **Task 6 Subtotal** | | **0.0** | **0.0** | **0.0** | **$0** | **$18,100** | **$19,005** | **$19,005** |
| **Task 7: Cultural Resources Report (Section 106 Compliant)** | | | | | | | | |
| Cultural Resources Report (Section 106 Compliant) | | | | | | $17,500 | $18,375 | $18,375 |
| **Task 7 Subtotal** | | **0.0** | **0.0** | **0.0** | **$0** | **$17,500** | **$18,375** | **$18,375** |
| **Task 8: Noise Letter Report** | | | | | | | | |
| Noise Letter Report | | | | | | $11,500 | $12,075 | $12,075 |
| **Task 8 Subtotal** | | **0.0** | **0.0** | **0.0** | **$0** | **$11,500** | **$12,075** | **$12,075** |
| **Task 9: Categorical Exemption** | | | | | | | | |
| Categorical Exemption | | | | | | $6,500 | $6,825 | $6,825 |
| **Task 9 Subtotal** | | **0.0** | **0.0** | **0.0** | **$0** | **$6,500** | **$6,825** | **$6,825** |
| **Task 10: Federal Environmental Compliance (DWSRF Program)** | | | | | | | | |
| **Federal Environmental Compliance (DWSRF Program)** | | | | | | $3,800 | $3,990 | $3,990 |
| **Task 10 Subtotal** | | **0.0** | **0.0** | **0.0** | **$0** | **$3,800** | **$3,990** | **$3,990** |
| **Task 11: CEQA/NEPA Project Management and Meetings** | | | | | | | | |
| CEQA/NEPA Project Management and Meetings | | | | | | $7,600 | $7,980 | $7,980 |
| **Task 11 Subtotal** | | **0.0** | **0.0** | **0.0** | **$0** | **$7,600** | **$7,980** | **$7,980** |
| **Optional Task 12: Federal Environmental Compliance (USEPA Community Grants)** | | | | | | | | |
| Federal Environmental Compliance (USEPA Community Grants) | | | | | | $5,400 | $5,670 | $5,670 |
| **Optional Task 12 Subtotal** | | **0.0** | **0.0** | **0.0** | **$0** | **$5,400** | **$5,670** | **$5,670** |
| **Total** | | **68.5** | **86.5** | **155.0** | **$35,363** | **$88,000** | **$92,400** | **$127,763** |

JOSHUA BASIN WATER DISTRICT
*Proudly providing water from an ancient source…well into the future*

| | |
|---|---|
| **AGENDA ITEM NO:** | 8E |
| **MEETING DATE:** | 11.18.26 |

# Staff Report

| | |
|---|---|
| **PRESENTED BY:** | Anne Roman, General Manager Pro Tem |
| **TOPIC:** | **APPROVAL OF ASSISTANT GENERAL MANAGER JOB DESCRIPTION** |
| **RECOMMENDATION:** | Consider and approve proposed Assistant General Manager (AGM) job description. |

**SUMMARY:** Consideration of a proposed Assistant General Manager (AGM) job description to strengthen executive coordination, management oversight and continuity of District operations.

**ANALYSIS:** The District's current executive management structure places substantial responsibility on the General Manager for coordination among departments, Board support, policy development, personnel matters, regulatory oversight, development-related issues and long-range initiatives. The proposed AGM classification is intended to provide additional management capacity, strengthen continuity of leadership, and establish clearer accountability for cross-departmental activities. The proposed classification is being brought forward at the request of the Board of Directors for consideration as an additional executive management position.

The proposed description was developed with reference to the District's existing management classifications and is designed to supplement, rather than replace, the specialized responsibilities of the department directors.

The AGM would report to the General Manager and directly supervise the Directors of Administration and Operations, including work priorities, performance oversight and evaluations. The Director of Finance would continue to report directly to the General Manager and collaborate with the AGM on District-wide initiatives. This structure preserves a direct financial advisory relationship with the General Manager while providing supervisory capacity for administrative and operational functions. **Maintaining the Director of Finance's direct reporting relationship with the General Manager preserves an independent channel for financial advice on budgets, reserves, debt, rates, internal controls and the financial implications of initiatives overseen by the AGM.** This separation supports checks and balances between program advocacy and financial evaluation, while allowing the AGM and Director of Finance to collaborate closely on District-wide priorities. It does not limit the AGM's ability to coordinate financial matters or assume delegated executive responsibilities during the General Manager's absence.

The proposed duties include executive coordination of District-wide governance documents and planning initiatives; oversight of development review processes and regulatory compliance coordination; grant opportunity identification and application leadership; Board agenda and staff-report

coordination; personnel administration; and executive oversight of GIS and cross-connection control/backflow prevention programs.

The description expressly retains technical, professional and implementation responsibilities with the appropriate directors and qualified staff. Financial accounting, investments, internal controls and reporting remain with the Director of Finance. Operational and engineering decisions, field activities and technical compliance remain with the Director of Operations and designated personnel. The AGM would assume delegated day-to-day executive responsibilities during temporary absences of the General Manager, consistent with District policy and Board direction; the classification does not guarantee succession to a future General Manager vacancy.

If the classification is approved and implemented, staff will return with a proposed compensation range, related organizational chart updates, conforming revisions to affected director job descriptions, and any necessary delegations or administrative procedures to clarify supervisory and approval authority.

**Comparable Salary Information (Preliminary):**

| Agency | Position / measure | Annual compensation |
|---|---|---|
| Hi-Desert Water District | AGM - Operations; FY 25/26 range | $197,885-$273,327 |
| Hi-Desert Water District | Chief Financial Officer; FY 25/26 range | $179,165-$247,470 |
| Bighorn-Desert View Water Agency | AGM; 2024 actual pay (not range) | $136,159 |
| Twentynine Palms Water District | General Manager; FY 25/26 range | $175,427-$210,475 |
| Twentynine Palms Water District | Director of Operations; FY 25/26 range | $143,853-$171,184 |
| JBWD | Director of Finance; annualized reference | $199,763 |
| JBWD | General Manager; annualized reference | $266,864 |

Note: The figures mix adopted salary ranges, reported actual pay and annualized hourly references. Different positions and measures are not directly comparable. The Hi-Desert AGM range midpoint is approximately $235,606.

A preliminary AGM planning range of $205,000-$245,000, with a $225,000 midpoint, would position the role above the District director reference and below the General Manager reference. The range is illustrative only, subject to confirmation of current adopted schedules, position scope and the District salary-step structure. It is not proposed for approval with this item.

If the classification is approved and implemented, staff will return with a proposed compensation range, related organizational chart updates,

conforming revisions to affected director job descriptions, and any necessary delegations or administrative procedures to clarify supervisory and approval authority.

Attachment: Proposed Assistant General Manager Job Description.

**RECOMMENDED ACTION:** Consider and approve proposed Assistant General Manager (AGM) job description.

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**FISCAL IMPACT:** Approval of the job description, by itself, has no immediate fiscal impact. Establishment of a compensation range, position funding, recruitment and any associated benefits or organizational changes would be evaluated and presented separately for approval as required. No compensation amount or hiring authorization is requested through this item.

Anticipated range of $205,000 to $245,000. Existing budget of $200,000 in Temporary Labor – Office exists for this purpose. A budget adjustment may be required, depending on the starting rate and date.

# JOSHUA BASIN WATER DISTRICT

## JOB DESCRIPTION

**POSITION: Assistant General Manager**

**SALARY RANGE: To Be Determined**

**FLSA STATUS: Exempt**

**HOURS - FT/PT: Full Time**

**SAFETY SENSITIVE: No**

**ESTABLISHED DATE: To Be Determined**

**REVISION DATE(S): New Classification**

### SUMMARY

Under general direction of the General Manager, the Assistant General Manager (AGM) assists in planning, organizing, coordinating and evaluating the District's overall activities. The AGM directly supervises the Directors of Administration and Operations and provides executive oversight of assigned District-wide programs. The Director of Finance reports directly to the General Manager and collaborates with the AGM on cross-departmental priorities, financial planning and funding initiatives. The AGM coordinates governance documents, supports implementation of Board policies and strategic objectives, and integrates departmental priorities while preserving each director's professional and functional responsibilities.

The AGM is the designated first-in-line executive to assume the General Manager's day-to-day responsibilities during temporary absences, subject to the District's Administrative Code, applicable Board authority, and established delegations. The incumbent develops and maintains the broad executive competencies necessary for continuity of leadership. Service in this classification does not guarantee appointment to a future General Manager vacancy.

### DISTINGUISHING CHARACTERISTICS

This executive management classification differs from department director positions in its District-wide scope, cross-functional responsibilities, and direct accountability to the General Manager. The AGM exercises executive oversight, coordination, monitoring and accountability for assigned District-wide functions under the General Manager's direction. Department directors retain responsibility for departmental management, specialized professional and technical decisions, and implementation. The AGM does not independently exercise powers reserved to the General Manager or Board, or supersede statutory duties of designated officials. The position supports leadership continuity and development for potential future General Manager opportunities but does not confer an automatic right of succession. Although department directors and assigned staff retain primary responsibility for program implementation, the AGM may assume direct responsibility for assigned functions when necessary to support staffing coverage, program continuity, or District priorities, subject to applicable qualifications and delegated authority.

### SUPERVISION RECEIVED / EXERCISED

Receives general direction from the General Manager. Directly supervises the Directors of Administration and Operations, including assignment and prioritization of work, performance oversight, coaching and evaluations, consistent with District policy and authority delegated by the General Manager. The Director of Finance reports directly to the General Manager and is not under the AGM's routine line supervision; the AGM coordinates with Finance on District-wide initiatives. Directors retain day-to-day management of their respective departments. During the General Manager's temporary absence, serves as the District's first-in-line executive for continuity of management, exercising authority consistent with District policy, applicable Board direction and lawful delegation, including temporary coordination of Finance as authorized.

### EXAMPLES OF DUTIES

The following statements describe the general nature and level of work performed. Other duties may be assigned.

#### Executive Leadership and Administration

- Work with department directors to coordinate District-wide programs, operations, administrative functions and strategic priorities, while respecting their assigned responsibilities.
- Collaborate with the Directors of Operations, Finance and Administration to evaluate staffing, organizational effectiveness, internal controls, service delivery and cross-departmental needs.
- Provide executive oversight of assigned projects and initiatives; coordinate priorities, accountability measures and performance expectations with responsible department directors.
- Serve as the primary staff lead for District-wide governance documents, coordinating their development, review, maintenance and recommended updates, subject to General Manager direction and Board approval where required.

- Provide direct administrative, managerial, or program support for functions under the AGM's executive oversight when necessary due to staffing vacancies, employee absences, workload demands, or other operational needs. This may include temporarily assuming assigned program responsibilities, coordinating required activities, preparing reports, or performing other duties necessary to maintain continuity of services, consistent with applicable qualifications, delegated authority, and District policies.

### District-wide Governance Documents, Plans and Studies

- Serve as the primary staff coordinator for periodic review and recommended updates of the District's Rules and Regulations, Administration Code, District-wide policies and other governing documents. Maintain the review schedule and identify gaps, inconsistencies and obsolete provisions; responsible departments retain ownership of their specialized policies and technical content, and the General Manager and Board retain their respective direction and approval authority.
- Lead cross-departmental coordination of District-wide plans, studies and guiding documents, including strategic plans, capital improvement planning frameworks, water supply and resource planning, wastewater strategies, development review standards, and other major planning initiatives, while relying on designated technical and professional leads for specialized content.
- Establish document ownership, version control, amendment histories, implementation tracking and consistent procedures for staff review, legal review, public or stakeholder input when appropriate, and presentation of recommended revisions to the General Manager and Board.
- Coordinate with the Directors of Finance, Operations and Administration, legal counsel, engineers and other consultants to ensure proposed documents are operationally feasible, financially informed, legally reviewed where appropriate, and aligned with Board direction and applicable requirements.
- Monitor upcoming review cycles and changes in laws, regulations, District practices and strategic priorities that may require revisions; prepare work plans, staff reports and recommendations for timely consideration and implementation.

### Strategic and Financial Management

- Work with the Director of Finance to evaluate the District's financial condition, operating and capital budgets, long-range forecasts, reserve requirements, debt obligations, rate studies and funding strategies; provide executive-level recommendations without assuming the Director of Finance's responsibility for budgeting, accounting, investments, internal controls or financial reporting.
- Collaborate with the Director of Finance and other affected directors to evaluate the financial, operational and regulatory implications of proposed policies, capital improvement projects, staffing changes and service expansions.
- Work with department directors and the General Manager to develop, implement and monitor strategic initiatives, infrastructure investment priorities, asset management objectives and organizational succession plans.
- Serve as the primary executive lead for District-wide grant opportunity identification, funding strategy and coordination of external funding pursuits consistent with District priorities. Coordinate eligibility assessment, application planning and submission schedules with the General Manager and affected departments; departmental grant preparation and technical project responsibilities remain with the responsible directors.
- Oversee grant-writing consultants and coordinate cross-departmental preparation and submission of District-wide grant applications, while responsible departments develop project scopes, technical studies, narratives and supporting materials. Track application status, funding decisions and major award milestones; coordinate grant administration without displacing departmental project delivery or required grant compliance activities.
- Coordinate with the Directors of Finance and Operations on grant budgets, matching-fund requirements, project scopes, cost estimates, schedules, technical deliverables and award compliance. Work with the Director of Finance on financial certifications, accounting, reimbursement requests, audit requirements and financial reporting, and with the Director of Operations on operational feasibility, engineering coordination, implementation and project reporting. The AGM retains primary oversight of grant seeking without assuming the Director of Finance's financial control responsibilities or the Director of Operations' technical and operational responsibilities.

### Water Utility Operations and Capital Programs

- Maintain executive-level knowledge of water production, treatment, storage, recharge, distribution, maintenance and system reliability.
- Work with the Director of Operations, technical managers and engineering consultants to evaluate system performance, infrastructure needs, water supply, water quality compliance, engineering studies and development proposals.

- Collaborate with the Directors of Operations and Finance, engineering consultants and other appropriate personnel to prioritize and coordinate capital improvement projects, considering infrastructure needs, regulatory requirements, financial capacity, procurement, legal review and scheduling.
- Work with the Director of Operations to support emergency preparedness and continuity of operations, without displacing the duties of certified operators or designated operational personnel.
- Provide executive oversight and coordination of the District's Geographic Information System (GIS) and cross-connection control/backflow prevention programs, including program planning, performance monitoring, interdepartmental coordination, data integrity, and identification of resource and policy needs. Coordinate with the Director of Operations and designated technical staff, who retain responsibility for field implementation, technical standards, testing, inspections, and applicable regulatory compliance.
- Provide executive oversight of the District's water conservation and water-use efficiency programs, including program planning, policy development, regulatory compliance coordination, public outreach, and performance monitoring. Coordinate with the Director of Administration on program administration and customer engagement, and with the Director of Operations on technical requirements, water-use data, and operational implementation.

### Development Review and Planning - Executive Oversight

- Provide primary executive oversight of the District-wide development review process, ensuring consistent coordination from initial inquiry through final service authorization. The Director of Administration and assigned staff retain administrative application processing and documentation; the Director of Operations, designated technical personnel and engineering consultants retain technical reviews, engineering determinations, inspections and facility acceptance.
- Oversee the establishment and periodic evaluation of development review procedures, checklists, timelines, applicant communication standards, escalation protocols and cost-recovery controls; direct improvements when needed.
- Monitor overall project status, interdepartmental coordination, consultant deliverables and unresolved issues; ensure responsible staff address delays and elevate significant policy or legal matters appropriately.
- Ensure development proposals requiring General Manager or Board action are identified and presented with relevant risks, recommendations and outstanding conditions; preserve established approval authority.
- Provide executive-level coordination with developers, the County, LAFCO and regulatory agencies as needed, while assigned staff and consultants prepare technical responses and environmental review comments.
- Oversee multidisciplinary review of wastewater-related development proposals, including package treatment facilities, ownership and operating arrangements, permitting, asset replacement and long-term financial obligations.
- Ensure the Director of Finance and appropriate staff evaluate development fees, capacity and connection charges, deposits, cost recovery, reimbursement arrangements, financial assurances and related fiscal impacts.
- Ensure responsible technical personnel and consultants evaluate proposed facilities, water system extensions, easements, construction standards, inspections, acceptance and long-term operation and maintenance requirements.
- Oversee consistency and timely coordination of development applications, demand and water supply evaluations, technical studies, plan checks, will-serve requests and connection conditions under District Rules and Regulations.
- Be accountable for the effectiveness, consistency and continuous improvement of the District-wide development review process without assuming the day-to-day duties or professional determinations of designated reviewers.

### Regulatory Compliance Oversight

- Serve as the primary executive lead for District-wide regulatory compliance oversight by coordinating an accountability framework for requirements, responsible departments, deadlines, reporting obligations and escalation. The Director of Administration and assigned staff may perform administrative compliance coordination; the Director of Operations and other designated officials retain operational, technical and legally assigned compliance duties.
- Oversee maintenance of a District-wide compliance calendar and tracking process through designated administrative and technical staff for permits, monitoring, inspections, reports, corrective actions and agency commitments; monitor completion and elevate unresolved issues rather than personally performing required technical reporting.
- Coordinate with Operations, Finance, Administration, legal counsel and technical consultants regarding drinking water quality, groundwater, environmental, wastewater, public agency governance and other applicable regulatory requirements.
- Elevate material noncompliance, regulatory findings, deadlines and corrective-action needs promptly to the General Manager, and coordinate Board reporting and resource recommendations as appropriate.
- Lead periodic assessments of compliance procedures and internal accountability, without replacing the legally assigned duties of certified operators, designated responsible officials or specialized professionals.

### Board, Regulatory and External Relations

- Work with the General Manager and responsible department directors to prepare and present Board and committee reports, recommendations, policy analyses and project updates as assigned.
- Assist the General Manager with Board and committee administration, including coordination of agenda development, staff reports, agenda packets, scheduling and tracking Board direction and follow-up. The General Manager retains overall responsibility for Board relations, agenda approval and duties assigned to the General Manager or Board Secretary under District policy.
- Implement Board direction through the General Manager and respect the distinction between Board governance and staff administration.
- Coordinate District-wide regulatory compliance oversight with department directors, legal counsel and regulatory agencies, without duplicating departmental compliance management or displacing the statutory and technical responsibilities of designated officials.
- Represent the District with other public agencies, professional associations, community stakeholders and legislative partners as authorized.

### Personnel and Organizational Development

- Lead District-wide workforce planning and organizational development under the General Manager's direction, consulting with department directors on staffing needs, leadership development, management succession and organizational effectiveness.
- Oversee District-wide personnel administration and human resources policy implementation under the General Manager's direction, including recruitment processes, performance management systems, employee relations and personnel policy development. Directly supervise and evaluate the Directors of Administration and Operations, while the General Manager retains direct supervisory responsibility for the Director of Finance. Exercise hiring, discipline, termination, compensation or other personnel authority only to the extent lawfully delegated; department directors retain direct supervision and evaluations of their assigned staff unless otherwise directed.
- Coordinate consistent personnel practices across departments and work with department directors to promote accountability, employee development, communication and workplace safety. Administrative staff may provide personnel records, benefits and transaction support as assigned; department directors retain day-to-day employee supervision and operational safety responsibilities. As needed, assist with preparation, review and timely submission of employee time cards and related timekeeping documentation for assigned personnel or during staffing absences, consistent with District policies and established supervisory approval and payroll controls.

### Executive Continuity

- Maintain working knowledge of significant District financial, operational, legal, personnel and governance matters.
- Assume responsibility for day-to-day executive management during the General Manager's temporary absences, including vacation, illness, and other short-term leave, as the designated first-in-line executive, without requiring a separate discretionary designation for each routine absence where authorized by District policy. Exercise only the powers lawfully delegated to the position and observe any matters reserved to the Board of Directors.
- Keep the General Manager and, when appropriate, the Board President informed of significant developments; document material decisions and ensure orderly transfer of responsibilities upon the General Manager's return. Extended absences, vacancies, or circumstances exceeding standing delegated authority remain subject to applicable District policy and Board action.

## MINIMUM QUALIFICATIONS

### Education and Training

Bachelor's degree from an accredited institution in public administration, business administration, engineering, finance, water resources, environmental science or a related field. A relevant master's degree is highly desirable.

### Experience

Ten (10) years of progressively responsible experience in public utility management, public administration, engineering, finance, operations or a related field, including six (6) years of substantial management responsibility. Experience with public governing boards, budgets, strategic initiatives and multidisciplinary programs is required. California public water utility or special district executive experience is highly desirable. Equivalent combinations of education and experience may be considered.

### Licenses and Certifications

Possession of a valid California Class C driver's license. Relevant professional credentials are desirable. Water treatment or distribution certification is desirable but not required for this executive classification.

## PERFORMANCE EXPECTATIONS: KNOWLEDGE, SKILLS AND ABILITIES

### Knowledge of

Executive leadership; California special district governance; public water utility operations; governmental budgeting and finance; strategic planning; capital projects; public agency law and regulatory compliance; personnel management; risk and emergency management; intergovernmental relations; and Board-management relationships.

### Ability to

Lead across departments; analyze complex financial, technical and policy issues; communicate effectively with elected officials and the public; supervise and mentor managers; prioritize competing needs; exercise sound independent judgment; respect delegated authority; manage confidential matters; and respond effectively during emergencies.

## PHYSICAL AND MENTAL DEMANDS

Physical Demands: Primarily office work requiring prolonged sitting, computer use and attendance at meetings. Occasional field visits may involve walking on uneven terrain. May occasionally lift or carry items up to 20 pounds, with reasonable accommodations as required by law.

Work Environment: Predominantly indoors, with occasional visits to District facilities and construction sites involving heat, dust, noise or equipment.

Equipment Use: Standard office equipment, computers, communications devices and presentation equipment.

Mental Demands: Complex analysis, independent judgment, multiple concurrent priorities, detailed written and oral communication, and interaction with elected officials, agencies, staff and the public.

Safety: Follows District safety practices. Travel: Occasional meetings, hearings, conferences and field visits. Other: Evening meetings, extended hours and emergency availability may be required.

## EMPLOYEE ACKNOWLEDGEMENT

I have read and understand that this description summarizes the general duties and requirements of the position and is not an exhaustive statement or an employment contract. Duties may be modified to meet District needs, consistent with applicable law.

Print Employee Name: _____

Employee Signature: _____

Date: _____