



**REGULAR FINANCE COMMITTEE MEETING
WEDNESDAY, NOVEMBER 13, 2019, AT 9:00 AM
61750 CHOLLITA ROAD, JOSHUA TREE, CA 92252**

AGENDA

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. DETERMINATION OF QUORUM
4. APPROVAL OF AGENDA
5. PUBLIC COMMENT
6. APPROVE MINUTES OF THE PRIOR COMMITTEE MEETING
 - Draft Minutes – September 11, 2019
- Pages 2-3
- Pages 4-23 7. REVIEW AUGUST & SEPTEMBER 2019 CHECK REGISTERS – Review and refer to the Board of Directors for approval.
- Pages 24-85 8. 18/19 AUDIT PRESENTATION BY FEDAK & BROWN – Recommend that the Finance Committee receive report, ask questions, and refer to the Board of Directors for approval.
- Pages 86-89 9. CAPITAL IMPROVEMENT & REPLACEMENT PROGRAM – FISCAL YEAR 20/21 WATERMAIN REPLACEMENT DESIGN – Recommend that the Finance Committee consider supporting the inclusion of a proposal from West Coast Civil with the regular meeting of the Board of Directors agenda for the November 20, 2019 regular meeting.
- Pages 90-91 10. BOARDROOM TECHNOLOGY – Recommend that the Finance Committee support the inclusion of a proposal from Southwest Networks within the regular meeting of the Board of Director agenda for the November 20, 2019 regular meeting.
11. STAFF REPORT – Mark Ban, GM or Susan Greer, AGM-Finance
12. ADJOURNMENT -

INFORMATION

During "Public Comment," please use the podium microphone. State your name, have your information prepared, and be ready to provide your comments. The District is interested and appreciates your comments. A 3-minute time limit will be imposed. Any person with a disability who requires accommodation to participate in this meeting should telephone Joshua Basin Water District at (760) 366-8438, at least 48 hours before the meeting to request a disability-related modification or accommodation. Materials related to an item on this Agenda submitted to the Committee after distribution of the agenda packet are available for public inspection in the District's office located at 61750 Chollita Road, Joshua Tree, California 92252 during regular business hours.

JOSHUA BASIN WATER DISTRICT
Minutes of the
REGULAR MEETING OF THE FINANCE COMMITTEE
Wednesday, September 11, 2019
61750 Chollita Road, Joshua Tree, CA 92252

CALL TO ORDER/PLEDGE OF ALLEGIANCE

President Johnson called the meeting to order at 9:00 a.m. this was followed by a moment of silence in memory of 9/11.

DETERMINATION OF A QUORUM – President Johnson and Vice President Unger

STAFF PRESENT

Mark Ban, GM, Susan Greer, AGM - Finance, Anne Roman, Accountant, Sarah Johnson, Director of Administration

GUESTS -3

APPROVAL OF AGENDA -

MSC¹ (Unger/Johnson) motion carried to approve September 11, 2019, Finance Committee Agenda.

PUBLIC COMMENT – None

APPROVE MINUTES OF THE PRIOR COMMITTEE MEETING

- Draft Minutes of August 14, 2019

MSC¹ (Unger/Johnson) motion carried to approve the draft minutes of August 14, 2019.

REVIEW JULY 2019 CHECK REGISTER –

MSC¹ (Unger/Johnson) motion carried to refer the July 2019 check register to the Board of Directors for approval.

ANNUAL RE-APPROVAL OF INVESTMENT POLICY- AGM Greer gave the staff report and a brief discussion followed.

MSC¹ (Unger/Johnson) motion carried to refer the annual re-approval of the Investment Policy to the Board of Directors for approval.

ADOPTION OF RESOLUTION NO. 19-1008, ESTABLISHING THE APPROPRIATION LIMIT FOR FISCAL YEAR 2019/2020 – AGM Greer gave the staff report and a brief discussion followed.

MSC¹ (Unger/Johnson) motion carried to refer Resolution NO. 19-1008 to the Board of Directors for approval.

4TH QUARTER ENDING 6/30/19 FINANCIAL REPORT – AGM Greer gave the staff report and a brief discussion followed.

MSC¹ (Unger/Johnson) motion carried to refer the 4th Quarter Ending 6/30/19 Financial Report to the Board of Directors for approval.

CONSIDER POLICY TO REQUIRE OWNER AUTHORIZATION FOR TENANT ACCOUNTS AND OWNER CONTINUOUS SERVICE AGREEMENT – AGM Greer gave the staff report and a brief discussion followed.

MSC¹ (Unger/Johnson) motion carried to refer the Owner Authorization for Tenant Accounts and Owner Continuous Service Agreement to the Board of Directors for approval.

STAFF REPORT – AGM Greer updated the Committee that the Audit begins next week with a big thank you to Anne Roman and Autumn Rich for all of the overtime they put in for the Audit. AGM Greer gave an update on the CIRP loan balance of \$888,000.

ADJOURNMENT - MSC' (Unger/Johnson) to adjourn the Finance Committee meeting at 10:13 a.m.

Respectfully Submitted,

Susan Greer, Assistant General Manager/Controller

DRAFT



Joshua Basin Water District

***Check Report JBWD**

By Check Number

Date Range: 08/01/2019 - 08/31/2019

Vendor Number Payable #	Vendor DBA Name Payable Type	Payable Date	Payment Date Payable Description	Payment Type	Discount Amount Discount Amount	Payment Amount Payable Amount	Number
013812 073119	SIGNS FOR LESS Invoice	08/07/2019	08/07/2019 SIGNS: SADDLEBACK MAINLINE REPLACE	Regular	0.00 0.00	500.00 500.00	61517
013812 013812 073119	SIGNS FOR LESS SIGNED FOR LESS Invoice	08/07/2019	08/07/2019 08/07/2019 SIGNS: SADDLEBACK MAINLINE REPLACE	Regular Regular	0.00 0.00	-500.00 500.00	61517 61518
000501 0623375	ACWA/JPIA Invoice	08/14/2019	08/14/2019 EE HEALTH BENEFIT & EAP SEPT 19	Regular	0.00 0.00	22,385.32 22,385.32	61519
000501 0005729	ACWA/JPIA Invoice	08/14/2019	08/14/2019 PROPERTY INSURANCE 7/1/19 - 6/30/20	Regular	0.00 0.00	20,878.12 20,878.12	61520
013346 80611	ANDY'S LANDSCAPE & TREE SERVICE INC. Invoice	08/14/2019	08/14/2019 DEMO GARDEN/BUILD MAINT THRU 7/15	Regular	0.00 0.00	650.00 650.00	61521
VEND1090 1500-00459285	ASBURY ENVIRONMENTAL SERVICES Invoice	08/14/2019	08/14/2019 HAZARDOUS WASTE DISPOSAL	Regular	0.00 0.00	65.00 65.00	61522
001630 829480028X0805	AT&T MOBILITY Invoice	08/14/2019	08/14/2019 IPADS, IPHONES & COMMUNICATIONS - J	Regular	0.00 0.00	11,921.69 11,921.69	61523
001555 190803197101	CENTRATEL Invoice	08/14/2019	08/14/2019 DISPATCH SERVICES - JUL 19	Regular	0.00 0.00	460.63 460.63	61524
013790 39690	COLANTUONO, HIGHSMITH & WHATLEY, PC Invoice	08/14/2019	08/14/2019 LEGAL SERVICES - JUL 19	Regular	0.00 0.00	1,003.38 1,003.38	61525
000237 3990561-070531	COLONIAL LIFE & ACCIDENT INSURANCE CO, IN Invoice	08/14/2019	08/14/2019 EE LIFE INSURANCE - JUL 19	Regular	0.00 0.00	2,097.91 2,097.91	61526
013365 25AR984487	IMAGE SOURCE Invoice	08/14/2019	08/14/2019 OFFICE EXPENSE 7/5/19 - 8/4/19	Regular	0.00 0.00	311.52 311.52	61527
001933 2017-0062PT	COUNTY OF SAN BERNARDINO Invoice	06/30/2019	08/14/2019 UNPAID SPECIAL ASSESSMENT REPORT	Regular	0.00 0.00	456.80 456.80	61528
013223 DW073119	LAW OFFICE OF DAVID L. WYSOCKI Invoice	08/14/2019	08/14/2019 LEGAL SERVICES - JUL 19	Regular	0.00 0.00	393.75 393.75	61529
002846 93679913	ESRI, INC. Invoice	08/14/2019	08/14/2019 GIS MAINT PROG 8/24/19 - 8/23/20	Regular	0.00 0.00	3,000.00 3,000.00	61530
VEND1466 FR073119	FEDAK & BROWN LLP Invoice	08/14/2019	08/14/2019 FINANCIAL AUDIT 18/19 - JUL 19	Regular	0.00 0.00	1,205.00 1,205.00	61531
003025 6-675-32506	FEDEX Invoice	08/14/2019	08/14/2019 SHIPPING	Regular	0.00 0.00	25.74 25.74	61532
013222 FC0819	FRONTIER CALIFORNIA INC. Invoice	08/14/2019	08/14/2019 HDMC WWTP - TELEPHONE	Regular	0.00 0.00	204.17 204.17	61533
000058 10504240	GARDA CL WEST, INC. Invoice	08/14/2019	08/14/2019 COURIER FEES - AUG 19	Regular	0.00 0.00	684.29 684.29	61534
VEND1076 57504	HI-DESERT AIR, INC. Invoice	08/14/2019	08/14/2019 A/C MAINTENANCE - OFFICE	Regular	0.00 0.00	60.00 60.00	61535
004720	INLAND WATER WORKS		08/14/2019	Regular	0.00	10,469.98	61536

* Check Report JBWD

Date Range: 08/01/2019 - 08/31/21

Vendor Number	Vendor DBA Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Payable Date	Payable Description	Discount Amount	Payable Amount	
51025350.001	Invoice	08/14/2019	MAINLINE/LEAK REPAIR SUPPLIES & INVE	0.00	5,004.90	
51025558.001	Invoice	08/14/2019	INVENTORY	0.00	5,465.08	
009054	KATHLEEN J. RADNICH	08/14/2019	Regular	0.00	2,516.65	61537
190804-1	Invoice	08/14/2019	PUBLIC RELATIONS SERVICES	0.00	1,034.05	
190811-1	Invoice	08/14/2019	PUBLIC RELATIONS SERVICES	0.00	1,482.60	
010633	LISA THOMPSON	08/14/2019	Regular	0.00	142.00	61538
LT061319	Invoice	06/30/2019	EDUCATION REIMBURSEMENT	0.00	142.00	
000205	LORI G. HERBEL	08/14/2019	Regular	0.00	128.00	61539
LH090119	Invoice	08/14/2019	PUBLIC INFO/FARMER'S MARKET	0.00	128.00	
013867	MAGNATE FUND #2 LLC	08/14/2019	Regular	0.00	40.97	61540
MF081219	Invoice	08/14/2019	PROJECT #C19001 RECONCILIATION REFU	0.00	40.97	
006507	McMASTER-CARR SUPPLY COMPANY	08/14/2019	Regular	0.00	2,765.40	61541
10539178	Invoice	06/14/2019	PUMPING PLANT/SMALL TOOLS/SHOP EX	0.00	2,067.10	
12155363	Invoice	06/14/2019	PUMPING PLANT SUPPLIES & SMALL TOO	0.00	698.30	
000156	FORSHOCK	08/14/2019	Regular	0.00	243.00	61542
1900367	Invoice	08/14/2019	MONTHLY SCADA MONITORING	0.00	38.00	
1900368	Invoice	08/14/2019	MONTHLY SCADA MONITORING	0.00	205.00	
006800	MOJAVE WATER AGENCY	08/14/2019	Regular	0.00	154,208.00	61543
MWA072919	Invoice	08/14/2019	WATER RECHARGE PURCHASE	0.00	154,208.00	
007500	NORTHAMERICAN TRANSPORTATION	08/14/2019	Regular	0.00	12.00	61544
29677	Invoice	08/14/2019	MEMBERSHIP IN DRUG PROGRAM	0.00	12.00	
000283	OCCU-MED, LTD.	08/14/2019	Regular	0.00	2,118.00	61545
02197720A	Invoice	08/14/2019	EE RECRUITING EXPENSE	0.00	2,118.00	
013866	OFFICE OF THE ASSESSOR-RECORDER-CLERK	08/14/2019	Regular	0.00	7.00	61546
108520	Invoice	08/14/2019	MAP REVISIONS - AUGUST 19	0.00	7.00	
000070	ONLINE INFORMATION SERVICES, INC.	08/14/2019	Regular	0.00	305.70	61547
946906	Invoice	08/14/2019	ID VERIF. SERV. THRU 7/31/19	0.00	305.70	
008405	PRECISION ASSEMBLY	08/14/2019	Regular	0.00	328.71	61548
18432	Invoice	08/14/2019	SHIPPING; RETURNED BILL STOCK & ENVE	0.00	328.71	
008415	PRUDENTIAL OVERALL SUPPLY	08/14/2019	Regular	0.00	354.95	61549
22833969	Invoice	08/14/2019	SHOP EXPENSE	0.00	97.37	
22833971	Invoice	08/14/2019	SHOP EXPENSE	0.00	104.23	
22841186	Invoice	08/14/2019	SHOP EXPENSE	0.00	55.98	
22841188	Invoice	08/14/2019	SHOP EXPENSE	0.00	97.37	
013360	REDWINE AND SHERRILL, LLP	08/14/2019	Regular	0.00	2,886.50	61550
1197	Invoice	08/14/2019	LEGAL SERVICES - THRU 7/31/19	0.00	2,886.50	
013835	4 SPORTS N MORE	08/14/2019	Regular	0.00	250.79	61551
2024	Invoice	08/14/2019	UNIFORMS	0.00	250.79	
008414	PROVIDEO	08/14/2019	Regular	0.00	150.00	61552
1683	Invoice	08/14/2019	VIDEO TAPING & YOU TUBE BD MEETINGS	0.00	150.00	
000091	SAN BERNARDINO COUNTY RECORDER	08/14/2019	Regular	0.00	24.00	61553
58080519	Invoice	08/14/2019	RELEASE OF LIENS	0.00	24.00	
013833	SERVICEMASTER 360 PREMIER CLEANING	08/14/2019	Regular	0.00	2,479.50	61554
181173	Invoice	06/30/2019	JANITORIAL SERVICES - JUN 19	0.00	1,239.75	
181259	Invoice	08/14/2019	JANITORIAL SERVICES - AUG 19	0.00	1,239.75	
VEN01020	SOUTHWEST NETWORKS, INC.	08/14/2019	Regular	0.00	4,493.43	61555
19-7061	Invoice	08/14/2019	SUPPLEMENTAL IT SERVICES (AMC) - THR	0.00	1,757.50	

*Check Report JBWD

Date Range: 08/01/2019 - 08/31/21

Vendor Number	Vendor DBA Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Payable Date	Payable Description	Discount Amount	Payable Amount	
19-7539	Invoice	08/14/2019	OFFICE SUPPLIES	0.00	2,014.93	
19-80075C	Invoice	08/14/2019	OFFICE 365 MONTHLY MAINT - SEPT 19	0.00	716.00	
19-8505	Invoice	08/14/2019	OFFICE SUPPLIES	0.00	5.00	
011101	VAGABOND WELDING SUPPLY	08/14/2019	Regular	0.00	44.15	61556
108891	Invoice	08/14/2019	SHOP EXPENSE	0.00	44.15	
010635	TOPS N BARRICADES	08/14/2019	Regular	0.00	254.15	61557
1076700	Invoice	08/14/2019	SMALL TOOLS	0.00	254.15	
010850	UNDERGROUND SERVICE ALERT	08/14/2019	Regular	0.00	209.49	61558
18D5BFEE3903	Invoice	08/14/2019	DIG SAFE BOARD FEES - 2018	0.00	93.89	
729190346	Invoice	08/14/2019	TICKET DELIVERY SERVICE - JUL 19	0.00	115.60	
010990	UTIUQUEST L.L.C.	08/14/2019	Regular	0.00	785.60	61559
278622-Q	Invoice	08/14/2019	CONTRACT LOCATING EXPENSE	0.00	229.84	
278881-Q	Invoice	08/14/2019	CONTRACT LOCATING EXPENSE	0.00	119.24	
279099-Q	Invoice	08/14/2019	CONTRACT LOCATING EXPENSE	0.00	173.40	
279435-Q	Invoice	08/14/2019	CONTRACT LOCATING EXPENSE	0.00	263.12	
000327	WATER QUALITY SPECIALISTS	08/14/2019	Regular	0.00	3,310.00	61560
5081	Invoice	08/14/2019	HDMC WWTP: OPERATION & MAINT - JUL	0.00	3,310.00	
013809	WEST COAST CIVIL, INC.	08/14/2019	Regular	0.00	8,215.50	61561
1703	Invoice	08/14/2019	ENGINEERING: SADDLEBACK MAINLINE R	0.00	8,215.50	
011615	WESTERN EXTERMINATOR CO.	08/14/2019	Regular	0.00	34.00	61562
WE073119	Invoice	08/14/2019	PEST CONTROL SERVICES - SHOP	0.00	34.00	
000233	NAPA AUTO PARTS	08/14/2019	Regular	0.00	509.80	61563
290689	Invoice	08/14/2019	VEHICLE REPAIRS: V29	0.00	248.90	
290969	Invoice	08/14/2019	VEHICLE REPAIRS: V29	0.00	260.90	
VEN01257	YUCCA VALLEY CHRYSLER CENTER INC.	08/14/2019	Regular	0.00	183.81	61564
111040	Invoice	08/14/2019	VEHICLE REPAIRS: V31	0.00	183.81	
013865	AFSCME	08/21/2019	Regular	0.00	8.00	61582
AFSCME0819	Invoice	08/21/2019	VOLUNTARY CONTRIBUTION BY UNION M	0.00	8.00	
000575	AFSCME LOCAL 1902	08/21/2019	Regular	0.00	558.06	61583
AFSCME0819	Invoice	08/21/2019	EE UNION DUES - AUG 19	0.00	558.06	
013365	IMAGE SOURCE	08/21/2019	Regular	0.00	90.34	61584
25AR984380	Invoice	08/21/2019	SHOP EXPENSE 7/01/19 - 7/31/19	0.00	90.34	
004152	HI-DESERT STAR	08/21/2019	Regular	0.00	216.00	61585
20783	Invoice	06/30/2019	PUBLIC NOTICE: WATER AVAILABILITY ASS	0.00	216.00	
009054	KATHLEEN J. RADNICH	08/21/2019	Regular	0.00	947.15	61586
190818-1	Invoice	08/21/2019	PUBLIC RELATIONS SERVICES	0.00	947.15	
009952	KELLY STEWART	08/21/2019	Regular	0.00	53.99	61587
K5081719	Invoice	08/21/2019	REIMB: SHIPPING	0.00	53.99	
013808	NOBEL SYSTEMS, INC.	08/21/2019	Regular	0.00	39,000.00	61588
14630	Invoice	08/21/2019	GEOVIEWER ANNUAL SUBSCRIPTION - 9/1	0.00	39,000.00	
000236	PAYPRO ADMINISTRATORS	08/21/2019	Regular	0.00	55.00	61589
72430	Invoice	08/21/2019	FSA ADMIN FEES - JUL 19	0.00	55.00	
VEN01020	SOUTHWEST NETWORKS, INC.	08/21/2019	Regular	0.00	16,943.69	61590
19-7517	Invoice	08/21/2019	OFFICE SUPPLIES: 17 COMPUTERS	0.00	16,943.69	
013359	XEROX FINANCIAL SERVICES	08/21/2019	Regular	0.00	612.06	61591
1725824	Invoice	08/21/2019	SHOP EXPENSE 7/27/19 - 8/26/19	0.00	216.40	

*Check Report JBWD

Date Range: 08/01/2019 - 08/31/21

Vendor Number Payable #	Vendor DBA Name Payable Type	Payable Date	Payment Date Payable Description	Payment Type	Discount Amount Discount Amount	Payment Amount Payable Amount	Number
1277139	Invoice	08/21/2019	OFFICE EXPENSE 8/7/19 - 9/6/19		0.00	395.66	
013868 CNB080119	CITY NATIONAL BANK Invoice	08/28/2019	08/28/2019 PIPELINE REPLACEMENT LOAN - CIRP	Regular	0.00	267,890.90	61605
009054 192418-1	KATHLEEN J. RADNICH Invoice	08/28/2019	08/28/2019 PUBLIC RELATIONS SERVICES	Regular	0.00	840.00	61606
013831 116932 119368 123358 126193 128721	SATMODO LLC Invoice Invoice Invoice Invoice Invoice	06/30/2019 06/30/2019 06/30/2019 08/28/2019 08/28/2019	08/28/2019 EMERGENCY SATELLITE PHONES - APR 19 EMERGENCY SATELLITE PHONES - MAY 19 EMERGENCY SATELLITE PHONES - JUN 19 EMERGENCY SATELLITE PHONES - JUL 19 EMERGENCY SATELLITE PHONES - AUG 19	Regular	0.00	759.30	61607
013366 0061451-PP 0703756-IN 0703757-IN	THE SOCO GROUP, INC. Credit Memo Invoice Invoice	08/28/2019 08/28/2019 08/28/2019	08/28/2019 CREDIT: FUEL FOR VEHICLES FUEL FOR VEHICLES FUEL FOR VEHICLES	Regular	0.00	4,285.58	61608
013871 TM082819	TOMER MEGHNAGI Invoice	08/28/2019	08/28/2019 APPRAISAL SERVICES: APN 0588-152-11-0	Regular	0.00	300.00	61609
000233 291489	NAPA AUTO PARTS Invoice	08/28/2019	08/28/2019 VEHICLE MAINTENANCE/CIRP SUPPLIES	Regular	0.00	183.20	61610
009880 SC0719	SOUTHERN CALIFORNIA EDISON CO Invoice	08/01/2019	08/01/2019 POWER TO BLDGS & GEN - JUL 19	Manual	0.00	3,203.51	901218
000510 0008970072219	TIME WARNER CABLE Invoice	08/09/2019	08/09/2019 CABLE & INTERNET - JUL 19	Manual	0.00	354.11	901219
000236 PPE 8-2-19	PAYPRO ADMINISTRATORS Invoice	08/09/2019	08/09/2019 EE FSA DEDUCTIONS 8-9-19	Manual	0.00	79.16	901220
001517 PPE 8-2-19	CalPERS Invoice	08/09/2019	08/09/2019 PAY PERIOD ENDING 8/02/19	Manual	0.00	13,043.34	901221
004110 BW073119	BURRTEC WASTE & RECYCLING SVCS Invoice	08/14/2019	08/14/2019 TRASH REMOVAL (SHOP) - AUG 19	Manual	0.00	378.78	901222
004110 BW0819	BURRTEC WASTE & RECYCLING SVCS Invoice	08/14/2019	08/14/2019 TRASH & RECYCLING (OFFICE) - AUG 19	Manual	0.00	156.51	901223
004110 BW0819B	BURRTEC WASTE & RECYCLING SVCS Invoice	08/14/2019	08/14/2019 TRASH REMOVAL (SHOP) - AUG 19	Manual	0.00	287.68	901224
001004 BA0719	BUSINESS CARD Invoice	08/14/2019	08/14/2019 TELEPHONE (OFFICE) & PUBLIC INFO SUP	Manual	0.00	861.31	901225
001005 BA0719	BANK OF AMERICA Invoice	08/14/2019	08/14/2019 DIRECTOR TRAINING	Manual	0.00	992.31	901226
001009 BA0719	BUSINESS CARD Invoice	08/14/2019	08/14/2019 SMALL TOOLS/MAINLINE/LEAK REPAIR/U	Manual	0.00	10,561.15	901227
001011 BA0719	BUSINESS CARD Invoice	08/14/2019	08/14/2019 OFFICE SUPPLIES/PERSONNEL SUPPLIES/S	Manual	0.00	3,095.97	901228
001013 BA0719	BUSINESS CARD Invoice	08/14/2019	08/14/2019 OFFICE SUPPLIES	Manual	0.00	66.67	901229
004195 HD0719	HOME DEPOT CREDIT SERVICES Invoice	08/14/2019	08/14/2019 PUMPING PLANT/SHOP EXPENSE/EQUIP	Manual	0.00	1,418.01	901230
009878	SOUTHERN CALIFORNIA EDISON		08/14/2019	Manual	0.00	31,127.15	901231

9/13/2019 11:23:27 AM

*Check Report JBWD

Date Range: 08/01/2019 - 08/31/2019

Vendor Number	Vendor DBA Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Payable Date	Payable Description	Discount Amount	Payable Amount	
	<u>SCEQ719</u>	08/05/2019	POWER FOR PUMPING - JUL 19	0.00	31,127.15	
013196	TELEPACIFIC COMMUNICATIONS	08/14/2019	Manual	0.00	483.80	901232
	<u>119265641-0</u>	08/14/2019	TELEPHONE (OFFICE) - JUL 19	0.00	483.80	
VEN01533	PAYMENTUS GROUP INC.	08/19/2019	Manual	0.00	2,690.50	901233
	<u>US19070248</u>	08/19/2019	CREDIT CARD PROCESSING FEE - JUL 19	0.00	2,690.50	
000236	PAYPRO ADMINISTRATORS	08/23/2019	Manual	0.00	79.16	901234
	<u>PPF 8-16-19</u>	08/23/2019	EE FSA DEDUCTIONS 8-23-19	0.00	79.16	
000248	PAYCHEX	08/23/2019	Manual	0.00	354.03	901235
	<u>333553</u>	08/23/2019	PAYROLL PROCESSING FEE	0.00	354.03	
009880	SOUTHERN CALIFORNIA EDISON CO	08/28/2019	Manual	0.00	2,884.55	901236
	<u>SCEQ819</u>	08/28/2019	POWER TO BLDGS & GEN - AUG 19	0.00	2,884.55	
000025	ICMA RC	08/31/2019	Manual	0.00	5,370.32	901237
	<u>ICMARCO819</u>	08/31/2019	457 REMITTANCE - AUG 19	0.00	5,370.32	
001517	CalPERS	08/31/2019	Manual	0.00	12,866.53	901239
	<u>PPF 8-16-19</u>	08/30/2019	PAY PERIOD ENDING 8/16/19	0.00	12,866.53	

Bank Code AP Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	87	64	0.00	597,017.67
Manual Checks	21	21	0.00	90,354.55
Voided Checks	0	1	0.00	-500.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	108	86	0.00	686,872.22

*Check Report JBWD

Date Range: 08/01/2019 - 08/31/2019

Vendor Number	Vendor DBA Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Payable Date	Payable Description	Discount Amount	Payable Amount	
Bank Code: CN-CITY NATIONAL BANK - MUNI FIN LOAN						
009065	RDO EQUIPMENT COMPANY	08/15/2019	Manual	0.00	909.99	800021
<u>P34210</u>	Invoice	08/15/2019	JD EXCAVATOR 135G MAINTENANCE	0.00	939.48	
<u>P35165</u>	Credit Memo	08/15/2019	CREDIT: JD EXCAVATOR 135G MAINTENAN	0.00	-939.48	
<u>P35166</u>	Invoice	08/15/2019	JD EXCAVATOR 135G MAINTENANCE	0.00	909.99	
013848	INDUSTRIAL METAL SUPPLY CO.	08/15/2019	Manual	0.00	603.62	800022
<u>299166</u>	Invoice	08/15/2019	CIRP SUPPLIES	0.00	603.62	
004720	INLAND WATER WORKS	08/15/2019	Manual	0.00	2,903.61	800023
<u>S1025740.001</u>	Invoice	08/15/2019	CIRP SUPPLIES	0.00	111.79	
<u>S1025740.002</u>	Invoice	08/15/2019	CIRP SUPPLIES	0.00	131.24	
<u>S1025740.003</u>	Invoice	08/15/2019	CIRP SUPPLIES	0.00	2,660.58	
004720	INLAND WATER WORKS	08/15/2019	Manual	0.00	17,652.64	800024
<u>S1025328.001</u>	Invoice	08/15/2019	INVENTORY	0.00	12,965.51	
<u>S1025328.002</u>	Invoice	08/15/2019	CIRP INVENTORY	0.00	4,687.13	
008001	PERRIS FENCE & SUPPLY	08/15/2019	Manual	0.00	3,996.56	800025
<u>36214</u>	Invoice	08/15/2019	TEMP FENCING - EQUIPMENT SECURITY	0.00	3,996.56	

Bank Code CN Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	0	0	0.00	0.00
Manual Checks	10	5	0.00	26,066.42
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	10	5	0.00	26,066.42

**JOSHUA BASIN WATER DISTRICT
UTILITY REFUND REGISTER**

Account

<u>Number</u>	<u>Name</u>	<u>Date</u>	<u>Type</u>	<u>Amount</u>	<u>Reference</u>
01-00026-013	JONES, KEVIN P	8/14/2019	Refund	16.60	Check #: 61565
05-00051-007	WALTERS, MINDEE	8/14/2019	Refund	15.40	Check #: 61566
08-00109-016	WALSTON, AMBER	8/14/2019	Refund	18.58	Check #: 61567
09-00002-011	MERLIN, SAYLER VAN	8/14/2019	Refund	35.10	Check #: 61568
10-00109-012	PDQ INVESTMENTS	8/14/2019	Refund	51.04	Check #: 61569
12-00225-014	SATIN, PETER M	8/14/2019	Refund	16.60	Check #: 61570
13-00098-008	EBSARY, KELLY A	8/14/2019	Refund	166.60	Check #: 61571
13-00244-009	FJALLSTAM, THOMAS P	8/14/2019	Refund	30.70	Check #: 61572
52-00067-004	PANTUS, ROLAND R	8/14/2019	Refund	132.39	Check #: 61573
52-00074-003	BURTON, JUDY A	8/14/2019	Refund	124.90	Check #: 61574
52-00127-011	PATTERSON, MERCEDES	8/14/2019	Refund	59.95	Check #: 61575
55-00080-028	CUSHMAN, ALICIA	8/14/2019	Refund	225.00	Check #: 61576
55-00308-014	AIM RENTAL PROPERTIES	8/14/2019	Refund	207.73	Check #: 61577
56-00132-016	LIVINGSTONE, BARRIE	8/14/2019	Refund	165.96	Check #: 61578
58-00087-008	HOUT, MARANIE	8/14/2019	Refund	9.46	Check #: 61579
61-00219-012	FAJARDO, KATY	8/14/2019	Refund	4.81	Check #: 61580
63-00012-008	LAGRAPPE, JAMES C III	8/14/2019	Refund	118.44	Check #: 61581
06-00057-017	GARRISON, JULIETTE K	8/21/2019	Refund	0.10	Check #: 61592
07-00098-009	THOMPSON, BROOKE I	8/21/2019	Refund	70.12	Check #: 61593
07-00125-000	MONUMENT DEVELOPMENT	8/21/2019	Refund	0.99	Check #: 61594
07-00146-000	MONUMENT DEVELOPMENT 1	8/21/2019	Refund	0.99	Check #: 61595
07-00147-000	MONUMENT DEVELOPMENT 1	8/21/2019	Refund	0.99	Check #: 61596
07-00148-000	MONUMENT DEVELOPMENT	8/21/2019	Refund	1.00	Check #: 61597
10-00018-001	MCCLATCHY, MARLEEN K	8/21/2019	Refund	1.90	Check #: 61598
56-00132-016	LIVINGSTONE, BARRIE	8/21/2019	Refund	165.96	Check #: 61599
03-00487-000	STANFORD, JONATHAN TOBIAS	8/28/2019	Refund	0.50	Check #: 61600
50-00002-012	WYNWOOD, BRYAN	8/28/2019	Refund	30.70	Check #: 61601
53-00022-004	GRAHAM, MELVERN	8/28/2019	Refund	25.24	Check #: 61602
59-00012-003	HARTMAN, CHRISTOPHER P	8/28/2019	Refund	48.30	Check #: 61603
64-00059-002	HOYT, JASON M	8/28/2019	Refund	73.90	Check #: 61604
				<u>1,819.95</u>	

JOSHUA BASIN WATER
 DISTRICT
 PO BOX 675
 JOSHUA TREE, CA 92252

DIRECTOR PAY
 07/20/2019 - 08/16/2019

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>
10511	Floen, Thomas	07/31/2019	Director Pay Note: SPECIAL JBWD BOARD MEETING 1/DIR/504/	1.0000	\$173.63	
		08/07/2019	Director Pay Note: LEGISLATIVE & PUBLIC INFO COMMITTEE 1/DIR/504/	1.0000	\$173.63	
Totals:					\$347.26	\$0.00
Employee Total:					\$347.26	

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>
10510	Hund, Geary	08/03/2019	Director Training Note: BOARD MEMBER LEADERSHIP TRAINING: 7/7/19 - 7/10/19 1/DIR/504/		\$684.52	
		08/03/2019	Director Training Note: MEALS: BOARD MEMBER LEADERSHIP TRAINING: 7/7/19 - 7/10/19 1/DIR/504/		\$107.14	
		08/03/2019	Director Training Note: LODGING: BOARD MEMBER LEADERSHIP TRAINING: 7/7/19 - 7/10/19 1/DIR/504/		\$992.31	
		08/03/2019	Director Training Note: TRANSPORTATION: BOARD MEMBER LEADERSHIP TRAINING: 7/7/19 - 7/10/19 1/DIR/504/		\$477.12	
Totals:					\$2,271.09	\$0.00
Employee Total:					\$2,271.09	

DIRECTOR PAY
07/20/2019 - 08/16/2019

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>
10508	Johnson, Robert	07/31/2019	Director Pay Note: SPECIAL JBWD BOARD MEETING 1/DIR/504/	1.0000	\$173.63	
		08/14/2019	Director Pay Note: FINANCE COMMITTEE MEETING 1/DIR/504/	1.0000	\$173.63	
Totals:					\$347.26	\$0.00
Employee Total:					\$347.26	

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>
10505	Reynolds, Michael	07/31/2019	Director Pay Note: SPECIAL JBWD BOARD MEETING 1/DIR/504/	1.0000	\$173.63	
		08/14/2019	Director Pay Note: WATER RESOURCES & OPS COMMITTEE MEETING 1/DIR/504/	1.0000	\$173.63	
Totals:					\$347.26	\$0.00
Employee Total:					\$347.26	

DIRECTOR PAY
07/20/2019 - 08/16/2019

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>	
10509	Unger, Rebecca	07/31/2019	Director Pay Note: SPECIAL JBWD BOARD MEETING 1/DIR/504/	1.0000	\$173.63		
		08/07/2019	Director Pay Note: LEGISLATIVE & PUBLIC INFO COMMITTEE 1/DIR/504/	1.0000	\$173.63		
		08/08/2019	Director Pay Note: MWA BOARD MEETING 1/DIR/504/	1.0000	\$173.63		
		08/08/2019	Mileage / Vehicle Exp Note: MILES: MWA BOARD MEETING 1/DIR/504/		\$77.72		
		08/14/2019	Director Pay Note: FINANCE & WATER RESOURCES & OPS COMMITTEE MEETINGS 1/DIR/504/	1.0000	\$173.63		
					Totals:	\$772.24	\$0.00
					Employee Total:	\$772.24	

Pay Adjustment Summary

<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>	<u>Grand Totals:</u>	<u>\$4,085.11</u>	<u>50.00</u>
Director Pay	10.0000	\$1,736.30		Grand Total:	\$4,085.11	
Director Training		\$2,271.09				
Mileage / Vehicle Exp		\$77.72				



Joshua Basin Water District

***Check Report JBWD**

By Check Number

Date Range: 09/01/2019 - 09/30/2019

Vendor Number	Vendor DBA Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Payable Date	Payable Description	Discount Amount	Payable Amount	
Bank Code: AP-AP Cash						
013346	ANDY'S LANDSCAPE & TREE SERVICE INC.	09/05/2019	Regular	0.00	650.00	61613
<u>8071L</u>	Invoice	09/05/2019	DEMO GARDEN/BUILD MAINT THRU 8/15	0.00	650.00	
013863	ATKINSON, ANDELSON, LOYA, RUUD AND ROM	09/05/2019	Regular	0.00	9,071.48	61614
<u>574668</u>	Invoice	09/05/2019	LEGAL SERVICES - THRU 7/31/19	0.00	9,071.48	
013863	ATKINSON, ANDELSON, LOYA, RUUD AND ROM	09/05/2019	Regular	0.00	-9,071.48	61614
000237	COLONIAL LIFE & ACCIDENT INSURANCE CO, IN	09/05/2019	Regular	0.00	2,251.64	61615
<u>3990561-080527</u>	Invoice	09/05/2019	EE LIFE INSURANCE - AUG 19	0.00	2,251.64	
013802	HASA, INC.	09/05/2019	Regular	0.00	550.32	61616
<u>651954</u>	Invoice	09/05/2019	WATER TREATMENT EXPENSE	0.00	550.32	
009054	KATHLEEN J. RADNICH	09/05/2019	Regular	0.00	609.00	61617
<u>190901-1</u>	Invoice	09/05/2019	PUBLIC RELATIONS SERVICES	0.00	609.00	
009920	STANDARD INSURANCE CO	09/05/2019	Regular	0.00	1,235.73	61618
<u>ST0919</u>	Invoice	09/05/2019	EE LIFE INSURANCE - SEPT 19	0.00	1,235.73	
013800	WATER SYSTEMS OPTIMIZATION INC.	09/05/2019	Regular	0.00	2,500.00	61619
<u>1599</u>	Invoice	09/05/2019	SYSTEM WATER AUDIT - LEVEL 1	0.00	2,500.00	
000501	ACWA/JPIA	09/23/2019	Regular	0.00	30,081.74	61620
<u>0627633</u>	Invoice	09/23/2019	EE HEALTH BENEFIT & EAP OCT 19	0.00	30,081.74	
000214	BABCOCK LABORATORIES, INC.	09/23/2019	Regular	0.00	84.00	61621
<u>BI90556-2287</u>	Invoice	09/23/2019	SAMPLING - TILFORD	0.00	84.00	
013813	BACKFLOW SOLUTIONS, INC.	09/23/2019	Regular	0.00	495.00	61622
<u>3911</u>	Invoice	09/23/2019	BACKFLOW SOLUTIONS ONLINE SUBSCRIP	0.00	495.00	
001015	BAVCO	09/23/2019	Regular	0.00	119.80	61623
<u>917656</u>	Invoice	09/23/2019	CALIBRATION CHECK TEST KIT	0.00	119.80	
013874	BLU SEQUOIA MODERN	09/23/2019	Regular	0.00	57.00	61624
<u>BSM082919</u>	Invoice	09/23/2019	REFUND OF 3 METER QUOTE FEES PAID 8/	0.00	57.00	
001555	CENTRATTEL	09/23/2019	Regular	0.00	642.81	61625
<u>190903192101</u>	Invoice	09/23/2019	DISPATCH SERVICES - AUG 19	0.00	642.81	
001850	CLINICAL LAB OF S.B. INC	09/23/2019	Regular	0.00	2,454.00	61626
<u>970086</u>	Invoice	09/23/2019	SAMPLING - JUL 19	0.00	867.00	
<u>970087</u>	Invoice	09/23/2019	HDMC WWTP SAMPLING- JUL 19	0.00	1,062.00	
<u>970600</u>	Invoice	09/23/2019	SAMPLING - AUG 19	0.00	525.00	
013365	IMAGE SOURCE	09/23/2019	Regular	0.00	424.00	61627
<u>25AR1002731</u>	Invoice	09/23/2019	OFFICE EXPENSE 8/5/19 - 9/4/19	0.00	380.37	
<u>25AR999564</u>	Invoice	09/23/2019	SHOP EXPENSE 8/01/19 - 8/31/19	0.00	43.63	
001953	COUNTY OF SAN BERNARDINO DEPT OF PUBLIC	09/23/2019	Regular	0.00	400.00	61628
<u>CSBDP083119</u>	Invoice	09/23/2019	EXCAVATION PERMIT #T1900577 - VARIO	0.00	400.00	
013873	CROWN MOTORS	09/23/2019	Regular	0.00	69,200.00	61629
<u>JBWD18D326</u>	Invoice	09/23/2019	2018 DODGE RAM 5500 CHASSIS (REPLAC	0.00	69,200.00	
010956	DOI-USGS	09/23/2019	Regular	0.00	3,735.08	61630
<u>90749334</u>	Invoice	06/30/2019	USGS CO OP WATER RES PRGM- THRU 6/3	0.00	3,735.08	
002565	DUDEK AND ASSOCIATES, INC	09/23/2019	Regular	0.00	21,942.50	61631

*Check Report JBWD

Date Range: 09/01/2019 - 09/30/2019

Vendor Number	Vendor DBA Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Payable Date	Payable Description	Discount Amount	Payable Amount	
<u>20191885</u>	Invoice	06/30/2019	CHROMIUM III REOXIDATION	0.00	17,920.00	
<u>20195666</u>	Invoice	09/23/2019	ENG SERV: MULTIPLE PROJECTS THRU 7/2	0.00	4,022.50	
VEN01466	FEDAK & BROWN LLP	09/23/2019	Regular	0.00	1,464.00	61632
<u>FB082819</u>	Invoice	09/23/2019	FINANCIAL AUDIT 18/19 - AUG 19	0.00	1,464.00	
003025	FEDEX	09/23/2019	Regular	0.00	51.36	61633
<u>6-716-56255</u>	Invoice	09/23/2019	SHIPPING	0.00	25.74	
<u>6-737-39135</u>	Invoice	09/23/2019	SHIPPING	0.00	25.62	
000229	C & S ELECTRIC	09/23/2019	Regular	0.00	205.00	61634
<u>2847</u>	Invoice	09/23/2019	BUILDING MAINTENANCE - SHOP	0.00	205.00	
013222	FRONTIER CALIFORNIA INC.	09/23/2019	Regular	0.00	204.17	61635
<u>FC0919</u>	Invoice	09/23/2019	HDMC WWTP - TELEPHONE	0.00	204.17	
000058	GARDA CL WEST, INC.	09/23/2019	Regular	0.00	684.29	61636
<u>10511172</u>	Invoice	09/23/2019	COURIER FEES - SEPT 19	0.00	684.29	
VEN01076	HI-DESERT AIR, INC.	09/23/2019	Regular	0.00	300.00	61637
<u>57899</u>	Invoice	09/23/2019	A/C MAINTENANCE - OFFICE	0.00	300.00	
004720	INLAND WATER WORKS	09/23/2019	Regular	0.00	39,096.16	61638
<u>S1024946.002</u>	Invoice	09/23/2019	INVENTORY & MAINLINE/LEAK REPAIR SU	0.00	32,178.08	
<u>S1026703.001</u>	Invoice	09/23/2019	INVENTORY/MAINLINE & CIRP SUPPLIES	0.00	3,692.59	
<u>S1026703.002</u>	Invoice	09/23/2019	MAINLINE/LEAK REPAIR SUPPLIES	0.00	110.98	
<u>S1026703.003</u>	Invoice	09/23/2019	MAINLINE/LEAK REPAIR SUPPLIES	0.00	107.75	
<u>S1026703.004</u>	Invoice	09/23/2019	INVENTORY	0.00	2,796.65	
<u>S1026703.005</u>	Invoice	09/23/2019	MAINLINE/LEAK REPAIR SUPPLIES	0.00	210.11	
009054	KATHLEEN J. RADNICH	09/23/2019	Regular	0.00	1,596.87	61639
<u>190908-1</u>	Invoice	09/23/2019	PUBLIC RELATIONS SERVICES	0.00	693.00	
<u>191508-1</u>	Invoice	09/23/2019	PUBLIC RELATIONS SERVICES	0.00	903.87	
005640	KILLER BEE PEST CONTROL	09/23/2019	Regular	0.00	80.00	61640
<u>5459</u>	Invoice	09/23/2019	BEE REMOVAL	0.00	80.00	
000205	LORI G. HERBEL	09/23/2019	Regular	0.00	128.00	61641
<u>LH100119</u>	Invoice	09/23/2019	PUBLIC INFO/FARMER'S MARKET	0.00	128.00	
003215	FRED'S TIRE & AUTOMOTIVE	09/23/2019	Regular	0.00	711.96	61642
<u>24753</u>	Invoice	09/23/2019	VEHICLE MAINT: V25	0.00	696.96	
<u>24992</u>	Invoice	09/23/2019	VEHICLE MAINT: V35	0.00	15.00	
006507	McMASTER-CARR SUPPLY COMPANY	09/23/2019	Regular	0.00	239.01	61643
<u>13075054</u>	Invoice	09/23/2019	CIRP SUPPLIES	0.00	161.22	
<u>14096142</u>	Invoice	09/23/2019	TOOL REPAIR	0.00	77.79	
000156	FORSHOCK	09/23/2019	Regular	0.00	243.00	61644
<u>1900371</u>	Invoice	09/23/2019	MONTHLY SCADA MONITORING	0.00	38.00	
<u>1900372</u>	Invoice	09/23/2019	MONTHLY SCADA MONITORING	0.00	205.00	
006800	MOJAVE WATER AGENCY	09/23/2019	Regular	0.00	183,912.00	61645
<u>MWA091019</u>	Invoice	09/23/2019	WATER RECHARGE PURCHASE	0.00	183,912.00	
000070	ONLINE INFORMATION SERVICES, INC.	09/23/2019	Regular	0.00	191.15	61646
<u>951475</u>	Invoice	09/23/2019	ID VERIF. SERV. THRU 8/31/19	0.00	191.15	
000236	PAYPRO ADMINISTRATORS	09/23/2019	Regular	0.00	55.00	61647
<u>72725</u>	Invoice	09/23/2019	FSA ADMIN FEES - AUG 19	0.00	55.00	
008403	PRECISION GARAGE DOORS & GATES, INC.	09/23/2019	Regular	0.00	3,750.00	61648
<u>56010</u>	Invoice	09/23/2019	GATE ENTRY PHONE INTERCOM SYSTEM	0.00	3,750.00	
013828	PRO SECURITY SYSTEMS, INC.	09/23/2019	Regular	0.00	2,115.49	61649

Vendor Number	Vendor DBA Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Payable Date	Payable Description	Discount Amount	Payable Amount	
<u>12994</u>	Invoice	09/23/2019	ALARM SYSTEM UPGRADES @ OFFICE	0.00	2,115.49	
008415	PRUDENTIAL OVERALL SUPPLY	09/23/2019	Regular	0.00	511.72	61650
<u>22848391</u>	Invoice	09/23/2019	SHOP EXPENSE	0.00	107.65	
<u>22848393</u>	Invoice	09/23/2019	SHOP EXPENSE	0.00	97.37	
<u>22856103</u>	Invoice	09/23/2019	SHOP EXPENSE	0.00	55.98	
<u>22856104</u>	Invoice	09/23/2019	SHOP EXPENSE	0.00	97.37	
<u>22863320</u>	Invoice	09/23/2019	SHOP EXPENSE	0.00	55.98	
<u>22863323</u>	Invoice	09/23/2019	SHOP EXPENSE	0.00	97.37	
009065	RDO EQUIPMENT COMPANY	09/23/2019	Regular	0.00	82,584.03	61651
<u>CDIR26</u>	Credit Memo	06/30/2019	REFUND DMV FEES	0.00	-78.00	
<u>E06164</u>	Invoice	09/23/2019	2019 MCLAUGHLIN VX50-800 VACUUM	0.00	82,662.03	
008414	PROVIDED	09/23/2019	Regular	0.00	150.00	61652
<u>1689</u>	Invoice	09/23/2019	VIDEO TAPING & YOU TUBE BD MEETINGS	0.00	150.00	
000091	SAN BERNARDINO COUNTY RECORDER	09/23/2019	Regular	0.00	8.00	61653
<u>SB091219</u>	Invoice	09/23/2019	RELEASE OF A LIEN	0.00	8.00	
000091	SAN BERNARDINO COUNTY RECORDER	09/23/2019	Regular	0.00	48.00	61654
<u>SB090919</u>	Invoice	09/23/2019	RELEASE OF LIENS	0.00	48.00	
004201	SCOTT HUDSON	09/23/2019	Regular	0.00	698.90	61655
<u>SH091319</u>	Invoice	09/23/2019	REIMB MILES: APR - SEPT 19	0.00	698.90	
013833	SERVICEMASTER 360 PREMIER CLEANING	09/23/2019	Regular	0.00	1,239.75	61656
<u>J81305</u>	Invoice	09/23/2019	JANITORIAL SERVICES - SEPT 19	0.00	1,239.75	
VEN01020	SOUTHWEST NETWORKS, INC.	09/23/2019	Regular	0.00	17,329.45	61657
<u>19-8031</u>	Invoice	09/23/2019	SUPPLEMENTAL IT SERVICES (AMC) - THR	0.00	4,108.75	
<u>19-8533</u>	Invoice	09/23/2019	OFFICE 365 MONTHLY MAINT - SEPT 19	0.00	30.00	
<u>19-8536</u>	Invoice	09/23/2019	OFFICE EQUIPMENT	0.00	59.20	
<u>19-9001SC</u>	Invoice	09/23/2019	IT SERVICES - 10/19 - 12/19	0.00	11,880.00	
<u>19-9007SC</u>	Invoice	09/23/2019	OFFICE 365 MONTHLY MAINT - OCT 19	0.00	746.00	
<u>19-9508</u>	Invoice	09/23/2019	OFFICE EQUIPMENT	0.00	505.50	
011101	VAGABOND WELDING SUPPLY	09/23/2019	Regular	0.00	115.16	61658
<u>109161</u>	Invoice	09/23/2019	CIRP SUPPLIES	0.00	47.73	
<u>109273</u>	Invoice	09/23/2019	SHOP EXPENSE	0.00	67.43	
010850	UNDERGROUND SERVICE ALERT	09/23/2019	Regular	0.00	212.79	61659
<u>18D5BFF4512</u>	Invoice	09/23/2019	DIG SAFE BOARD FEES - 2018	0.00	93.89	
<u>820190341</u>	Invoice	09/23/2019	TICKET DELIVERY SERVICE - AUG 19	0.00	118.90	
013870	UPS	09/23/2019	Regular	0.00	95.00	61660
<u>228753394</u>	Invoice	09/23/2019	SHIPPING	0.00	95.00	
010990	UTILIQUEST L.L.C.	09/23/2019	Regular	0.00	1,317.88	61661
<u>279702-Q</u>	Invoice	09/23/2019	CONTRACT LOCATING EXPENSE	0.00	233.92	
<u>279965-Q</u>	Invoice	09/23/2019	CONTRACT LOCATING EXPENSE	0.00	133.76	
<u>280208-Q</u>	Invoice	09/23/2019	CONTRACT LOCATING EXPENSE	0.00	104.40	
<u>280540-Q</u>	Invoice	09/23/2019	CONTRACT LOCATING EXPENSE	0.00	595.08	
<u>280784-Q</u>	Invoice	09/23/2019	CONTRACT LOCATING EXPENSE	0.00	127.40	
<u>281062-Q</u>	Invoice	09/23/2019	CONTRACT LOCATING EXPENSE	0.00	123.32	
011114	VAN DYKE CORP	09/23/2019	Regular	0.00	920.00	61662
<u>18543</u>	Invoice	09/23/2019	EXCAVATOR RELOCATION SERVICES	0.00	920.00	
000327	WATER QUALITY SPECIALISTS	09/23/2019	Regular	0.00	7,900.86	61663
<u>6129</u>	Invoice	09/23/2019	HDMC WWTP: OPERATION & MAINT - AU	0.00	3,310.00	
<u>6146</u>	Invoice	09/23/2019	HDMC WWTP: MAINT & REPAIR	0.00	4,590.86	
011510	WELLS TAPPING SERVICE, INC.	09/23/2019	Regular	0.00	900.00	61664

*Check Report JBWD

Date Range: 09/01/2019 - 09/30/2019

Vendor Number	Vendor DBA Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Payable Date	Payable Description	Discount Amount	Payable Amount	
<u>8546</u>	Invoice	09/23/2019	2 HOT TAPS: TILFORD & SUNNYVISTA	0.00	900.00	
011615	WESTERN EXTERMINATOR CO.	09/23/2019	Regular	0.00	34.00	61665
<u>WF083119</u>	Invoice	09/23/2019	PEST CONTROL SERVICES - SHOP	0.00	34.00	
013359	XEROX FINANCIAL SERVICES	09/23/2019	Regular	0.00	612.06	61666
<u>1769331</u>	Invoice	09/23/2019	OFFICE EXPENSE 9/7/19 - 10/6/19	0.00	395.66	
<u>1769332</u>	Invoice	09/23/2019	SHOP EXPENSE 8/27/19 - 9/26/19	0.00	216.40	
000233	NAPA AUTO PARTS	09/23/2019	Regular	0.00	823.17	61667
<u>293820</u>	Invoice	09/23/2019	VEHICLE MAINTENANCE: V38	0.00	108.21	
<u>295348</u>	Invoice	09/23/2019	SMALL TOOLS - CIRP	0.00	301.20	
<u>295837</u>	Invoice	09/23/2019	SMALL TOOLS/VEHICLE MAINT: V31	0.00	316.03	
<u>295841</u>	Invoice	09/23/2019	VEHICLE MAINTENANCE: V31	0.00	10.31	
<u>296464</u>	Invoice	09/23/2019	SMALL TOOLS - CIRP	0.00	56.08	
<u>296851</u>	Invoice	09/23/2019	VEHICLE MAINTENANCE: V30 & V32	0.00	31.34	
013863	ATKINSON, ANDELSON, LOYA, RUUD AND ROM	09/24/2019	Regular	0.00	9,071.48	61672
<u>574668</u>	Invoice	09/05/2019	LEGAL SERVICES - THRU 7/31/19	0.00	9,071.48	
009880	SOUTHERN CALIFORNIA EDISON CO	09/24/2019	Regular	0.00	3,085.73	61674
<u>SCE0919</u>	Invoice	09/24/2019	POWER TO BLDGS & GEN - SEPT 19	0.00	3,085.73	
009500	USDA RURAL DEVELOPMENT	09/02/2019	Manual	0.00	180,314.85	901238
<u>USDA 09/19 LN</u>	Invoice	09/02/2019	CMM PRINCIPAL & INT LOAN #2	0.00	180,314.85	
000510	TIME WARNER CABLE	09/05/2019	Manual	0.00	354.11	901240
<u>0008970082219</u>	Invoice	09/05/2019	CABLE & INTERNET - AUG 19	0.00	354.11	
000248	PAYCHEX	09/06/2019	Manual	0.00	354.03	901241
<u>333979</u>	Invoice	09/06/2019	PAYROLL PROCESSING FEE	0.00	354.03	
000236	PAYPRO ADMINISTRATORS	09/06/2019	Manual	0.00	360.41	901242
<u>PPE 8-30-19</u>	Invoice	09/06/2019	EE FSA DEDUCTIONS 9-6-19	0.00	360.41	
001517	CalPERS	09/11/2019	Manual	0.00	12,882.27	901243
<u>PPE 8-30-19</u>	Invoice	09/11/2019	PAY PERIOD ENDING 8/30/19	0.00	12,882.27	
009878	SOUTHERN CALIFORNIA EDISON	09/16/2019	Manual	0.00	30,145.24	901244
<u>SCE0819</u>	Invoice	09/16/2019	POWER FOR PUMPING - AUG 19	0.00	30,145.24	
004110	BURRTEC WASTE & RECYCLING SVCS	09/16/2019	Manual	0.00	444.19	901245
<u>BW0919</u>	Invoice	09/16/2019	TRASH & RECYCLING (OFFICE) - SEPT 19	0.00	156.51	
<u>BW0919B</u>	Invoice	09/16/2019	TRASH REMOVAL (SHOP) - SEPT 19	0.00	287.68	
001009	BUSINESS CARD	09/18/2019	Manual	0.00	2,018.18	901246
<u>BA0819</u>	Invoice	09/18/2019	OPS COMP EQUIP/COMPUTER SUPPORT/	0.00	2,018.18	
001013	BUSINESS CARD	09/18/2019	Manual	0.00	42.98	901247
<u>BA0819</u>	Invoice	09/16/2019	OFFICE SUPPLIES & POSTAGE	0.00	42.98	
001011	BUSINESS CARD	09/18/2019	Manual	0.00	5,623.49	901248
<u>BA0819</u>	Invoice	09/16/2019	EMPLOYEE TRAINING/OFFICE EQUIP MAI	0.00	5,623.49	
001004	BUSINESS CARD	09/18/2019	Manual	0.00	1,219.95	901249
<u>BA0819</u>	Invoice	09/18/2019	TELEPHONE (OFFICE)/MEMBERSHIP/PUBL	0.00	1,219.95	
001517	CalPERS	09/18/2019	Manual	0.00	700.00	901250
<u>10000001577979</u>	Invoice	09/18/2019	GASB-68 REPORTS & SCHEDULES	0.00	700.00	
013196	TELEPACIFIC COMMUNICATIONS	09/18/2019	Manual	0.00	483.80	901251
<u>120374750-0</u>	Invoice	09/18/2019	TELEPHONE (OFFICE) - AUG 19	0.00	483.80	
001630	AT&T MOBILITY	09/18/2019	Manual	0.00	3,127.56	901252
<u>829480028X0905</u>	Invoice	09/18/2019	COMMUNICATIONS - AUG 19	0.00	3,127.56	

*Check Report JBWD

Date Range: 09/01/2019 - 09/30/2019

Vendor Number	Vendor DBA Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Payable Date	Payable Description	Discount Amount	Payable Amount	
000236	PAYPRO ADMINISTRATORS	09/20/2019	Manual	0.00	135.41	901253
<u>PPE 9-13-19</u>	Invoice	09/20/2019	EE FSA DEDUCTIONS 9-20-19	0.00	135.41	
000248	PAYCHEX	09/20/2019	Manual	0.00	369.03	901254
<u>334403</u>	Invoice	09/20/2019	PAYROLL PROCESSING FEE	0.00	369.03	
001517	CalPERS	09/20/2019	Manual	0.00	13,068.07	901255
<u>PPE 9-13-19</u>	Invoice	09/20/2019	PAY PERIOD ENDING 9/13/19	0.00	13,068.07	
VEN01533	PAYMENTUS GROUP INC.	09/20/2019	Manual	0.00	2,734.70	901256
<u>US19080502</u>	Invoice	09/20/2019	CREDIT CARD PROCESSING FEE - AUG 19	0.00	2,734.70	
001517	CalPERS	09/23/2019	Manual	0.00	400.00	901257
<u>10000001578991</u>	Invoice	09/23/2019	SSA 218 ANNUAL FEE	0.00	400.00	
004195	HOME DEPOT CREDIT SERVICES	09/23/2019	Manual	0.00	7,682.43	901258
<u>HD0819</u>	Invoice	09/23/2019	EQUIP RENTAL/SMALL TOOLS/ALARM UP	0.00	7,682.43	
000025	ICMA RC	09/30/2019	Manual	0.00	4,170.32	901260
<u>ICMARC0919</u>	Invoice	09/30/2019	457 REMITTANCE - SEPT 19	0.00	4,170.32	

Bank Code AP Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	96	57	0.00	509,189.54
Manual Checks	22	21	0.00	266,631.02
Voided Checks	0	1	0.00	-9,071.48
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	118	79	0.00	766,749.08

**JOSHUA BASIN WATER DISTRICT
UTILITY REFUND REGISTER**

<u>Account Number</u>	<u>Name</u>	<u>Date</u>	<u>Type</u>	<u>Amount</u>	<u>Reference</u>
10-00261-017	ERWIN, SHELBY	9/5/2019	Refund	152.38	Check #: 61611
56-00060-013	HERNANDEZ, NURIAN N	9/5/2019	Reverse Refund Check Adjustment	(73.92)	VOID REFUND CHECK #61396
56-00060-013	HERNANDEZ, NURIAN N	9/5/2019	Refund	73.92	Check #: 61612
08-00039-003	BRAIN, TRACI L	9/23/2019	Refund	64.78	Check #: 61668
14-00004-009	66031 TWENTYNINE PALMS HWY, LLC	9/23/2019	Refund	157.20	Check #: 61669
55-00300-010	SANDOVAL, DANIELLE L	9/23/2019	Refund	140.81	Check #: 61670
65-05953-001	WHITNEY, MARGARET	9/23/2019	Refund	19.79	Check #: 61671
05-00003-007	ANDERSON, DAWN	9/24/2019	Reverse Refund Check Adjustment	(215.79)	VOID REFUND CHECK
05-00003-007	ANDERSON, DAWN	9/24/2019	Refund	215.79	Check #: 61673
				<u>534.96</u>	

JOSHUA BASIN WATER
 DISTRICT
 PO BOX 675
 JOSHUA TREE, CA 92252

DIRECTOR PAY
 08/17/2019 - 09/13/2019

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>
10511	Floen, Thomas	08/19/2019	Director Pay Note: 8/13/19 GROUNDBREAKING CEREMONY 1/DIR/504/	1.0000	\$173.63	
		08/21/2019	Director Pay Note: JBWD BOARD MEETING 1/DIR/504/	1.0000	\$173.63	
		08/31/2019	Director Pay Note: 8/28/19 MEETING W/ HR RE: EMPLOYEE HANDBOOK 1/DIR/504/	1.0000	\$173.63	
		09/09/2019	Director Pay Note: SPECIAL JBWD BOARD MEETING 1/DIR/504/	1.0000	\$173.63	
		09/11/2019	Director Pay Note: WATER RESOURCES & OPS COMMITTEE MEETING 1/DIR/504/	1.0000	\$173.63	
		09/12/2019	Director Pay Note: MWA BOARD MEETING 1/DIR/504/	0.0000		
Totals:					\$868.15	\$0.00
Employee Total:					\$868.15	

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>
10510	Hund, Geary	08/19/2019	Director Pay Note: 8/13/19 GROUNDBREAKING CEREMONY 1/DIR/504/	1.0000	\$173.63	
		08/21/2019	Director Pay Note: JBWD BOARD MEETING 1/DIR/504/	1.0000	\$173.63	
		09/11/2019	Director Pay Note: WATER RESOURCES & OPS COMMITTEE MEETING 1/DIR/504/	1.0000	\$173.63	
Totals:					\$520.89	\$0.00
Employee Total:					\$520.89	

DIRECTOR PAY
08/17/2019 - 09/13/2019

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>
10508	Johnson, Robert	08/19/2019	Director Pay Note: 8/13/19 GROUNDBREAKING CEREMONY 1/DIR/504/	1.0000	\$173.63	
		08/20/2019	Director Pay Note: INTERIM GM REVIEW 1/DIR/504/	1.0000	\$173.63	
		08/20/2019	Meal / Lodging Note: MEAL: INTERIM GM REVIEW 1/DIR/504/		\$48.75	
		08/21/2019	Director Pay Note: JBWD BOARD MEETING 1/DIR/504/	1.0000	\$173.63	
		08/31/2019	Director Pay Note: 8/28/19 MEETING W/ HR RE: EMPLOYEE HANDBOOK 1/DIR/504/	1.0000	\$173.63	
		09/09/2019	Director Pay Note: SPECIAL JBWD BOARD MEETING 1/DIR/504/	1.0000	\$173.63	
		09/11/2019	Director Pay Note: FINANCE COMMITTEE MEETING 1/DIR/504/	1.0000	\$173.63	
Totals:					\$1,090.53	\$0.00
Employee Total:					\$1,090.53	

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>
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DIRECTOR PAY
08/17/2019 - 09/13/2019

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>
10505	Reynolds, Michael	08/19/2019	Director Pay Note: ASBCSD DINNER 1/DIR/504/	1.0000	\$173.63	
		08/19/2019	Director Pay Note: 8/13/19 GROUNDBREAKING CEREMONY 1/DIR/504/	1.0000	\$173.63	
		08/19/2019	Meal / Lodging Note: MEAL: ASBCSD DINNER 1/DIR/504/		\$34.00	
		08/20/2019	Director Pay Note: INTERIM GM REVIEW 1/DIR/504/	1.0000	\$173.63	
		08/21/2019	Director Pay Note: JBWD BOARD MEETING 1/DIR/504/	1.0000	\$173.63	
		08/31/2019	Director Pay Note: 8/22/19 MWA BOARD MEETING 1/DIR/504/	1.0000	\$173.63	
		08/31/2019	Director Pay Note: 8/28/19 MEETING W/ HR RE: EMPLOYEE HANDBOOK 1/DIR/504/	1.0000	\$173.63	
		09/09/2019	Director Pay Note: SPECIAL JBWD BOARD MEETING 1/DIR/504/	1.0000	\$173.63	
Totals:					\$1,249.41	\$0.00
Employee Total:					\$1,249.41	

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>
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DIRECTOR PAY
08/17/2019 - 09/13/2019

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>
10509	Unger, Rebecca	08/19/2019	Director Pay Note: 8/13/19 GROUNDBREAKING CEREMONY 1/DIR/504/	1.0000	\$173.63	
		08/21/2019	Director Pay Note: JBWD BOARD MEETING 1/DIR/504/	1.0000	\$173.63	
		08/31/2019	Director Pay Note: 8/29/19 MEETING W/ HR RE: EMPLOYEE HANDBOOK 1/DIR/504/	1.0000	\$173.63	
		09/09/2019	Director Pay Note: SPECIAL JBWD BOARD MEETING 1/DIR/504/	1.0000	\$173.63	
		09/11/2019	Director Pay Note: FINANCE COMMITTEE MEETING 1/DIR/504/	1.0000	\$173.63	
Totals:					\$868.15	\$0.00
Employee Total:					\$868.15	

Pay Adjustment Summary

<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>	Grand Totals:	\$4,597.13	\$0.00
Director Pay	26.0000	\$4,514.38		Grand Total:	\$4,597.13	
Meal / Lodging		\$82.75				

JOSHUA BASIN WATER DISTRICT
MEETING AGENDA REPORT

Meeting of the Finance Committee

November 13, 2019

Report to: Committee

Prepared by: Susan Greer

TOPIC:

18/19 AUDIT PRESENTATION BY FEDAK & BROWN, CPA'S

RECOMMENDATION:

Receive report, ask questions, refer to Board of Directors

ANALYSIS:

The 18/19 audit is finally complete and Alec German, the In-Charge Staff Auditor, will be at the Finance Committee meeting to present the audit, attached. The Audit Manager Chris Brown will present the audit at the Board meeting on December 18, 2019.

The simplest read of the audit is on pages three through seven, *Management's Discussion and Analysis* section of the report, basically the executive summary.

Some of the year's highlights are listed below:

Total revenues increased 7.8%, or \$494K, including a 6.7% increase to operating revenues driven by water rate increases and a 13.8% increase to non-operating revenues resulting substantially from increased investment earnings related to both higher rates and the unspent CIRP loan proceeds that are generating interest. In 17/18, total revenues increased 9.4%.

Total expenses increased 37.2%, or \$2.2M. Significant increases were for Well 14 rehab expenses that could not be capitalized, additional recharge water purchase compared to no recharge purchase in 17/18, interest expense increase associated with CIRP loan, and the \$606K depreciation expense increase for various studies/reports, which are fully depreciated immediately upon capitalization. In 17/18, total expenses increased 7.6%.

Total current assets, which includes cash or items easily converted to cash within one year, increased 4.5% or \$1.7M, related primarily to \$963K increase to cash and \$626K increase to inventory, both related to the CIRP program.

Capital assets valued at \$3.4M were added during the year including \$1.7M for CIRP vehicles and equipment, \$606K for studies and reports (Districting, Cr6 Study, Emergency Response Plan, Strategic Plan), \$834K for transmission and distribution system improvements (Well 14 rehab and SCADA improvements), and \$225K for structures and improvements (shop remodel and office lighting improvements.) These increases to depreciable assets were offset by \$1.9M accumulated depreciation expense, increased \$617K from prior year.

In a rare situation, the District's net position decreased 3.4%, or \$1.3M, driven by increases to expenses. In 17/18, net position increased 2.0%. The last decrease to net position occurred in 15/16 related to significant

increases to costs for water recharge and pumping plant repair and maintenance and elimination of recharge grant funding. The District was embarking on the current rate study around this time, which was the plan to address the issue. Another net position decrease is not seen again as far back as 06/07, 11 more years.

Also attached is the Management Report, which is the Auditors report to the Board of Directors. This report addresses internal controls and many other issues. Internal controls are financial management practices that are used to prevent misuse and misappropriation of assets, such as might occur through theft or embezzlement. Internal controls may be *detective*, designed to find errors after they occur, such as performing an inventory count. Internal controls may also be *preventative*, such as requiring secondary approvals or passwords to perform specific tasks. Internal controls may also be *corrective*, designed to address errors found as a result of detective internal controls. Training or reporting an error to a supervisor are examples of corrective internal controls.

While internal control issues may present themselves during any audit, the audit is not specifically designed to test or evaluate internal controls, and the Auditors do not express an opinion on the effectiveness of the District's internal controls; that's a different type of audit. However, during the audit they did not identify any deficiencies in internal control to be material weaknesses.

Only six adjusting journal entries were required as a result of the audit. Four of those entries are for the very complex pension liability reporting related to our CalPERS pension plan.

Audit compliance continues to increase each year, as evidenced by the discussion beginning on page 35 of the audit with note number 16 regarding the GASB (Governmental Accounting Standards Board Statements) issued, but not yet effective statements. GASB has issued new pronouncements, #84, #87, #89, #90 and #91, which are effective in the next year or two, which again increase the audit requirements.

While each of the financial transactions occurring throughout the year ultimately gets rolled up into the year-end financial report (audit), with each employee involved sharing a responsibility, Anne Roman pulls together and manages the audit and gets 90% of the credit for this final report. My Finance Team includes Anne, Autumn Rich and Gail Emery, and they are a competent and devoted group and I'm grateful for their hard work. Again, there are no findings or internal control issues identified in the 18/19 audit and only six adjusting journal entries from the Auditors. Anne puts in countless extra hours during audit season, which takes at least a third of the year now. Anne has exceptional attention to detail, she takes a lot of pride in her work, and has a positive attitude that makes it all work. I hear each year from the Audit Manager what outstanding work Anne does, and the District is lucky to have her on the job.

This is the 32nd audit report that I will submit to the Board of Directors, beginning in fiscal year 87/88. I take a lot of pride in presenting the audit report to the Board, our Financial Finale, so to speak, but the results reflect the proficiency and talent of my Team and they, especially Anne, deserve the credit. Next year, in preparation for her succession to the Director of Finance position after my retirement at the end of 2020, I think Anne should do the presentation.

FISCAL IMPACT:

N/A, information only



Joshua Basin Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2019 and 2018

DRAFT



**Joshua Basin Water District
Board of Directors as of June 30, 2019**

<u>Name</u>	<u>Title</u>	<u>Elected/ Appointed</u>	<u>Current Term</u>
Robert Johnson	President	Elected	12/16-12/20
Rebecca Unger	Vice President	Elected	12/18-12/22
Tom Floen	Director	Appointed	07/19-12/20
Geary Hund	Director	Elected	12/16-12/20
Mike Reynolds	Director	Elected	12/18-12/22

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

Joshua Basin Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2019 and 2018

DRAFT

**Joshua Basin Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2019 and 2018**

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Financial Section

DRAFT

Independent Auditor's Report

Board of Directors
Joshua Basin Water District
Joshua Tree, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Joshua Basin Water District (District), which comprises the statements of net position as of June 30, 2019 and 2018, and the related statements of revenues, expenses and changes in net position for the fiscal years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independent Auditor's Report, continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Joshua Basin Water District as of June 30, 2019 and 2018, and the respective changes in net position, and, where applicable, cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

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 3 through 7 and the required supplementary information on pages 39 to 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 41 and 42.

Fedak & Brown LLP
Cypress, California
December 18, 2019

Joshua Basin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2019 and 2018

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, 2019 and 2018. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net position decreased 3.41% or \$1,290,843 to \$36,563,587. In fiscal year 2018, the District's net position increased 1.99% or \$739,437 to \$37,854,430.
- The District's total revenues increased 7.81% or \$494,257 to \$6,819,130. In fiscal year 2018, the District's total revenues increased 9.43% or \$544,946 to \$6,324,873.
- The District's total expenses increased 37.22% or \$2,244,744 to \$8,276,036. In fiscal year 2018, the District's total expenses increased 7.56% or \$423,696 to \$6,031,292.

Using This Financial Report

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

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in them. You can think of the District's net position – the difference between assets plus deferred outflows of resources and liabilities plus 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.

Joshua Basin Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2019 and 2018

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 13 through 38.

Statements of Net Position

Condensed Statements of Net Position					
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>2017</u>	<u>Change</u>
Assets:					
Current assets	\$ 13,010,870	11,296,670	1,714,200	10,808,287	488,383
Non-current assets	596,883	671,494	(74,611)	746,104	(74,610)
Capital assets, net	<u>29,969,302</u>	<u>29,737,371</u>	<u>231,931</u>	<u>29,612,924</u>	<u>124,447</u>
Total assets	<u>43,577,055</u>	<u>41,705,535</u>	<u>1,871,520</u>	<u>41,167,315</u>	<u>538,220</u>
Deferred outflows of resources	<u>430,690</u>	<u>477,782</u>	<u>(47,092)</u>	<u>446,356</u>	<u>31,426</u>
Liabilities:					
Current liabilities	1,150,138	784,266	365,872	1,003,659	(219,393)
Non-current liabilities	<u>6,294,020</u>	<u>3,531,815</u>	<u>2,762,205</u>	<u>3,451,436</u>	<u>80,379</u>
Total liabilities	<u>7,444,158</u>	<u>4,316,081</u>	<u>3,128,077</u>	<u>4,455,095</u>	<u>(139,014)</u>
Deferred inflows of resources	<u>-</u>	<u>12,806</u>	<u>(12,806)</u>	<u>43,583</u>	<u>(30,777)</u>
Net position:					
Net investment in capital assets	24,015,432	26,717,030	(2,701,598)	26,535,924	181,106
Restricted	4,060,706	2,887,542	1,173,164	2,734,640	152,902
Unrestricted	<u>8,487,449</u>	<u>8,249,858</u>	<u>237,591</u>	<u>7,844,429</u>	<u>405,429</u>
Total net position	<u>\$ 36,563,587</u>	<u>37,854,430</u>	<u>(1,290,843)</u>	<u>37,114,993</u>	<u>739,437</u>

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 of the District exceeded liabilities and deferred inflows of resources by \$36,563,587 and \$37,854,430, as of June 30, 2019 and 2018, respectively.

Compared to prior year, net position of the District decreased 3.41% or \$1,290,843. The District's total net position is made up of three components: (1) net investment of capital assets, (2) restricted net position and (2) unrestricted net position.

By far the largest portion of the District's net position (68.68% and 70.58% as of June 30, 2019 and 2018, 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 2019 and 2018, the District showed a positive balance in its unrestricted net position of \$4,982,285 and \$8,249,858, respectively, which may be utilized in future years. See note 14 for further information.

Joshua Basin Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2019 and 2018

Statements of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2019	2018	Change	2017	Change
Revenue:					
Operating revenue	\$ 5,646,298	5,294,374	351,924	4,903,804	390,570
Non-operating revenue	1,172,832	1,030,499	142,333	876,123	154,376
Total revenue	6,819,130	6,324,873	494,257	5,779,927	544,946
Expense:					
Operating expense	5,864,131	4,284,015	1,580,116	3,880,431	403,584
Depreciation	1,846,558	1,235,914	610,644	1,212,568	23,346
Non-operating expense	565,347	511,363	53,984	514,597	(3,234)
Total expense	8,276,036	6,031,292	2,244,744	5,607,596	423,696
Net income (loss) before capital contributions	(1,456,906)	293,581	(1,750,487)	172,331	121,250
Capital contributions	166,063	445,856	(279,793)	394,814	51,042
Change in net position	(1,290,843)	739,437	(2,030,280)	567,145	172,292
Net position, beginning of period	37,854,430	37,114,993	739,437	36,547,848	567,145
Net position, end of period	\$ 36,563,587	37,854,430	(1,290,843)	37,114,993	739,437

Net position decreased 3.41% or \$1,290,843 to \$36,563,587, as a result of ongoing operations. In fiscal year 2018, the District's net position increased 1.99% or \$739,437 to \$37,854,430, as a result of ongoing operations.

Total revenues increased 7.81% or \$494,257 to \$6,819,130. Operating revenues increased 6.65% or \$351,924, primarily due to increases in water consumption sales of \$293,072, and water service charges of \$171,400. Non-operating revenue increased 13.81% or \$142,333, primarily due to investment earnings of \$170,650 and property tax revenue of \$31,641. In fiscal year 2018, the District's total revenues increased 9.43% or \$544,946 to \$6,324,873. Operating revenues increased 7.96% or \$390,570, primarily due to increases in water consumption sales of \$251,556, and water service charges of \$64,502. Non-operating revenue increased 17.62% or \$154,376, primarily due to investment earnings of \$77,744 and HDMC operations revenue of \$47,119.

Total capital contributions decreased 62.75% or \$279,793 to \$166,063. The decrease in capital contributions was primarily due to decreases of \$66,360 in water capacity charges and \$48,538 in grant revenue from the State. In fiscal year 2018, capital contributions increased 12.93% or \$51,042 to \$445,856. The increase in capital contributions was primarily due to an increase in water capacity charges of \$63,808.

Total expenses increased by 37.22% or \$2,244,744 to \$8,276,036. Operating expense increased 36.88% or \$1,580,116, primarily due to increases of \$1,155,591 in pumping production and treatment, and \$353,824 in general and administrative. Non-operating expense increased 10.56% or \$53,984, primarily due an increase of \$86,780 in interest expense. In fiscal year 2018, total expenses increased by 7.56% or \$423,696 to \$6,031,292. Operating expense increased 10.40% or \$403,584, primarily due to increases of \$269,206 in general and administrative, and \$218,108 in transmission and distribution. Non-operating expense decreased 0.63% or \$3,234.

Joshua Basin Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2019 and 2018

Capital Asset Administration

Changes in capital asset for 2019, were as follows:

	<u>Balance 2018</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2019</u>
Capital assets:				
Non-depreciable assets	\$ 2,126,625	2,462,483	(3,809,682)	779,426
Depreciable assets	54,494,316	3,432,482	-	57,926,798
Accumulated depreciation	<u>(26,883,570)</u>	<u>(1,853,352)</u>	<u>-</u>	<u>(28,736,922)</u>
Total capital assets, net	<u>\$ 29,737,371</u>	<u>4,041,613</u>	<u>(3,809,682)</u>	<u>29,969,302</u>

Changes in capital asset for 2018, were as follows:

	<u>Balance 2017</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2018</u>
Capital assets:				
Non-depreciable assets	\$ 1,401,019	1,284,857	(559,251)	2,126,625
Depreciable assets	54,032,325	640,284	(178,293)	54,494,316
Accumulated depreciation	<u>(25,820,420)</u>	<u>(1,236,019)</u>	<u>172,869</u>	<u>(26,883,570)</u>
Total capital assets, net	<u>\$ 29,612,924</u>	<u>689,122</u>	<u>(564,675)</u>	<u>29,737,371</u>

At the end of fiscal year 2019 and 2018, the District's capital assets amounted to \$29,969,302 and \$29,737,371 (net of accumulated depreciation), respectively. These capital assets include land, transmission and distribution systems, buildings, equipment, vehicles and construction-in-process. See note 9 to the basic financial statements for further detailed information on the District's capital assets.

Debt Administration

Changes in long-term debt for 2019, were as follows:

	<u>Balance 2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2019</u>
Long-term debt:				
Bonds payable	\$ 2,970,000	-	(111,000)	2,859,000
Notes payable	-	3,010,000	-	3,010,000
Loans payable	<u>50,341</u>	<u>34,529</u>	<u>-</u>	<u>84,870</u>
Total long-term debt	<u>\$ 3,020,341</u>	<u>3,044,529</u>	<u>(111,000)</u>	<u>5,953,870</u>

Changes in long-term debt for 2018, were as follows:

	<u>Balance 2017</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2018</u>
Long-term debt:				
Bonds payable	\$ 3,077,000	-	(107,000)	2,970,000
Loans payable	<u>-</u>	<u>50,341</u>	<u>-</u>	<u>50,341</u>
Total long-term debt	<u>\$ 3,077,000</u>	<u>50,341</u>	<u>(107,000)</u>	<u>3,020,341</u>

In 2019, long-term debt increased by \$2,933,529, primarily due to additions to long-term debt of \$3,044,529, which was offset by an \$111,000 decrease due to principal payments. In 2018, long-term debt decreased by \$56,659, primarily due to additions to long-term debt of \$50,341, which was offset by a \$107,000 decrease due to principal payments.

Joshua Basin Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2019 and 2018

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the District's current financial position, net position or operating results based on past, present and future events.

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 Assistant General Manager/Controller, Susan Greer 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, 2019 and 2018

	2019	2018
Current assets:		
Cash and cash equivalents (note 2)	\$ 7,267,826	7,539,542
Cash and cash equivalents - restricted (note 2)	3,347,928	2,112,718
Accrued interest receivable	45,164	38,568
Accrued interest receivable - restricted	30,050	16,360
Accounts receivable – water sales and services, net (note 3)	1,149,143	1,061,836
Property taxes receivable	12,509	23,433
Special assessments receivable - restricted	85,845	86,970
Grants receivable (note 5)	79,763	63,961
Loan receivable (note 4)	84,870	50,341
Accounts receivable – other	79,490	102,014
Materials and supplies inventory	746,137	119,752
Prepaid expenses and other deposits	82,145	81,175
Total current assets	13,010,870	11,296,670
Non-current assets:		
Note receivable – restricted (note 6)	596,883	671,494
Capital assets – not being depreciated (note 9)	779,426	2,126,625
Capital assets, net – being depreciated (note 9)	29,189,876	27,610,746
Total non-current assets	30,566,185	30,408,865
Total assets	43,577,055	41,705,535
Deferred outflows of resources:		
Deferred pension outflows (note 12)	430,690	477,782
Total deferred outflows of resources	\$ 430,690	477,782

Continued on next page

See accompanying notes to the basic financial statements

Joshua Basin Water District
Statements of Net Position, continued
June 30, 2019 and 2018

	2019	2018
Current liabilities:		
Accounts payable and accrued expenses	\$ 317,034	256,558
Accrued wages and related payables	53,916	50,997
Customer deposits and unearned revenue	331,182	277,253
Accrued interest payable	134,630	44,550
Long-term liabilities – due within one year:		
Compensated absences (note 10)	45,370	43,908
Notes payable (note 11)	152,006	-
Bonds payable (note 11)	116,000	111,000
Total current liabilities	1,150,138	784,266
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 10)	136,110	131,724
Notes payable (note 11)	2,857,994	-
Bonds payable (note 11)	2,743,000	2,859,000
Loans payable (note 11)	84,870	50,341
Net pension liability (note 12)	472,046	490,750
Total non-current liabilities	6,294,020	3,531,815
Total liabilities	7,444,158	4,316,081
Deferred inflows of resources:		
Deferred pension inflows (note 12)	-	12,806
Total deferred inflows of resources	-	12,806
Net position: (note 14)		
Net investment in capital assets	24,015,432	26,717,030
Restricted	4,060,706	2,887,542
Unrestricted	8,487,449	8,249,858
Total net position	\$ 36,563,587	37,854,430

See accompanying notes to the basic financial statements

Joshua Basin Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2019 and 2018

	2019	2018
Operating revenues:		
Water consumption sales	\$ 2,309,364	2,016,292
Water service charges	1,964,922	1,793,522
Standby service charges	1,209,566	1,251,065
Other charges for services	162,446	233,495
Total operating revenues	5,646,298	5,294,374
Operating expenses:		
Pumping, production and treatment	2,156,542	1,000,951
Transmission and distribution	959,283	949,091
Customer service	501,953	441,444
General and administrative	2,246,353	1,892,529
Total operating expenses	5,864,131	4,284,015
Operating income before depreciation expense	(217,833)	1,010,359
Depreciation expense	(1,846,558)	(1,235,914)
Operating loss	(2,064,391)	(225,555)
Non-operating revenue (expense):		
Property taxes	473,043	441,402
Special assessments for debt service	268,331	275,638
Investment earnings	304,094	133,444
Morongo Basin pipeline (note 13)	(219,880)	(219,594)
Interest expense	(221,207)	(134,427)
Debt administration charges	(68,087)	(11,142)
Property tax administration charge	(1,210)	(1,104)
HDMC operations revenue (note 7)	127,364	180,015
HDMC project – District expense (note 7)	(97,886)	(145,749)
Other non-operating revenues (expenses), net	42,923	653
Total non-operating revenue, net	607,485	519,136
Net income before capital contributions	(1,456,906)	293,581
Capital contributions:		
Water capacity charges	65,670	132,030
Wastewater capacity charges	19,141	36,311
State capital grant	77,552	126,091
Capital contributions	-	145,787
Local capital grant – MWA	3,700	5,637
Total capital contributions	166,063	445,856
Change in net position	(1,290,843)	739,437
Net position, beginning of period	37,854,430	37,114,993
Net position, end of period	\$ 36,563,587	37,854,430

See accompanying notes to the basic financial statements

Joshua Basin Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	\$ 5,635,444	5,149,034
Cash paid to employees for salaries and wages	(2,222,004)	(3,055,618)
Cash paid to vendors and suppliers for materials and services	(4,184,657)	(1,278,957)
Net cash (used in) provided by operating activities	(771,217)	814,459
Cash flows from non-capital financing activities:		
Property taxes	414,670	429,913
Morongo Basin pipeline	(219,880)	(219,594)
Other non-operating expenses, net	42,923	653
Net cash provided by non-capital financing activities	237,713	210,972
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,078,489)	(1,360,361)
HDMC project expense	29,478	34,266
Capital contributions	88,511	319,765
Payments received for note receivable	74,611	74,610
Proceeds from capital grants	61,750	401,700
Loan receivable from State Revolving Fund	(34,529)	(50,341)
Special assessments for debt service	269,456	278,154
Principal received (paid) from debt issuance	2,933,529	(56,659)
Interest paid on debt	(131,127)	(136,032)
Net cash provided by (used in) capital and related financing activities	1,213,190	(494,898)
Cash flows from investing activities:		
Investment earnings	283,808	104,825
Net cash provided by investing activities	283,808	104,825
Net increase in cash and cash equivalents	963,494	635,358
Cash and cash equivalents, beginning of period	9,652,260	9,016,902
Cash and cash equivalents, end of period	\$ 10,615,754	9,652,260
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and cash equivalents	\$ 7,267,826	7,539,542
Cash and cash equivalents - restricted	3,347,928	2,112,718
Total cash and cash equivalents	\$ 10,615,754	9,652,260

Continued on next page

See accompanying notes to the basic financial statements

Joshua Basin Water District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2019 and 2018

	2019	2018
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (2,064,391)	(225,555)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	1,846,558	1,235,914
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable – water sales and services, net	(87,307)	(50,680)
Accounts receivable – other	22,524	(27,475)
Materials and supplies inventory	(626,385)	30,110
Prepaid expenses and other deposits	(970)	(4,902)
Deferred outflows of resources	47,092	(31,426)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	60,476	(177,398)
Accrued wages and related payables	2,919	12,765
Customer deposits and unearned revenue	53,929	(67,185)
Compensated absences	5,848	40,120
Net pension liability	(18,704)	110,948
Deferred inflows of resources	(12,806)	(30,777)
Total adjustments	1,293,174	1,040,014
Net cash provided by operating activities	\$ (771,217)	814,459

See accompanying notes to the basic financial statements

Joshua Basin Water District
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2019 and 2018

(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 system 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 Board of Directors made up of five members elected by the qualified voters in the District.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements 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 District normally conducts two monthly general meetings of the Board of Directors which are held on the first and third Wednesdays of the month in the District's office.

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 and liabilities 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 gives (receives) value without directly (giving) value in exchange.

C. Financial Reporting

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

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

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

C. Financial Reporting, continued

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

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

Governmental Accounting Standards Board Statement No. 83

In November 2016, the GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement (1) addresses accounting and financial reporting for certain asset retirement obligations (AROs), (2) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (3) requires that recognition occur when the liability is both incurred and reasonably estimable, (4) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, (5) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually, and (6) requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 88

In April 2018, the GASB issued Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(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 and liabilities and disclosures of contingent assets and liabilities 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 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 Certificates-of-deposit and the California Local Agency Investment Fund (LAIF). The District's investment policy does contain specific provisions intended to limit its exposure to interest rate risk, credit risk, custodial risk, and concentration of credit risk.

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

4. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

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

5. 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.

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

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

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

6. 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 Offices 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

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

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

10. Deferred Outflows of Resources

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

11. Deferred Inflows of Resources

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

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

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

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

12. Compensated Absences

The District's policy is to permit employees to accumulate earned vacation up to a total of 400 hours, with amounts exceeding the limit being paid out as part of the employee's regular compensation. Upon termination of employment, employees are paid all unused vacation and forfeit any unused sick time.

13. 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 Date: June 30, 2017
- Measurement Date: June 30, 2018
- Measurement Period: July 1, 2017 to June 30, 2018

14. Net Position

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

- **Investment in Capital Assets** – Investment in capital assets, net of related debt 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** – 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** – 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 component of net position.

15. Water Sales and Services

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

16. 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.

17. Reclassification

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

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

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

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

18. 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.

(2) Cash and Cash Equivalents

Cash and investments as of June 30 are classified in the Statement of Net Position as follows:

	2019	2018
Cash and cash equivalents	\$ 7,267,826	7,539,542
Cash and cash equivalents - restricted	3,347,928	2,112,718
Total cash and investments	\$ 10,615,754	9,652,260

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

	2019	2018
Cash on hand	\$ 2,469	2,300
Deposits held with financial institutions	407,603	354,615
Deposits held with the California Local Agency Investment Fund:		
Unrestricted	6,857,754	7,182,627
Restricted	3,347,928	2,112,718
Subtotal	10,205,682	9,295,345
Total cash and investments	\$ 10,615,754	9,652,260

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

	2019	2018
Deposits held with the California Local Agency Investment Fund	173 days	193 days

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(2) Cash and Cash Equivalents, continued

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations - CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Collateralize Bank Deposits	5 years	None	None
Corporate debt - Short and Long Term	5 years	None	None
Commercial Paper - Pooled Funds	270 days	40% of the District's	None
Commercial Paper - Non-Pooled Funds	270 days	money	
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 District 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. Bank balances are secured by the pledging of a pool of eligible securities to collateralize the District's deposits with the bank in accordance with the Code.

District's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of \$5,000, in increments of \$1,000 dollars.
- Withdrawals of \$10,000,000 or more require 24 hours advance.
- Prior to funds transfer, an authorized person must call LAIF for verbal authorization.

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(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 flows from maturities so that a portion of the portfolio matures, or comes close to maturity evenly over time, as necessary to provide requirements for cash flow and liquidity needed for operations.

Custodial Credit Risk

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

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

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.

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.

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 87% and 96% as of June 30, 2019 and 2018, 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.

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

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

The balance at June 30 consists of the following:

	2019	2018
Accounts receivable – water sales	\$ 529,975	592,847
Unbilled water sales receivables	376,635	351,488
Standby charges receivables	303,601	298,339
Property liens	100,970	-
Allowance for doubtful accounts	(162,038)	(180,838)
Total accounts receivable, net	\$ 1,149,143	1,061,836

(4) Loan Receivable

On December 17, 2015, the District was awarded a federal pass through grant funding from the State Water Resources Control Board (State) in the form of Drinking Water State Revolving Fund financing. The financing is designed to assist the District in financing the planning regarding the possible implementation of the Chromium VI Remediation Project. The total project cost is estimated to be \$2,016,000, consisting of \$1,516,000 in state revolving fund and \$500,000 in grant fund (see Note 5). As of June 30, 2019 and 2018, the receivable balance from the State amounted to \$84,870 and \$50,341, respectively.

(5) Grant Receivable

The balance at June 30 consists of the following:

	2019	2018
State Water Resources Control Board	\$ 75,885	63,961
Prop 84 IRWM Grant	3,878	-
Total accounts receivable, net	\$ 79,763	63,961

On December 17, 2015, the District was awarded with a state pass through grant funding from the State Water Resources Control Board (State). The State provides funding pursuant from the California Health and Safety Code to assist the District in planning regarding the possible implementation of the Chromium VI Remediation Project. The agreement provides for a total funding of \$2,016,000, consisting of \$500,000 in grant fund and \$1,516,000 in state revolving fund (see Note 4). As of June 30, 2019 and 2018, the grant receivable balance from the State amounted to \$79,763 and \$63,961, respectively and is included as part of grants receivable.

On March 10, 2013, Mojave Water Agency and the State of California, Department of Water Resources, entered into a grant agreement to assist in financing projects associated with the Regional Water Management Plan Integrated Regional Water Management Plan (IRWMP) pursuant to Chapter 8 of Division 26.5 of the California Water Code. Funding is provided from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006. The grant agreement consists of three separate IRWMP projects; for Mojave Water Agency, Joshua Basin Water District and Hi-Desert Water District. The grant agreement provides for a total grant amount of \$8,000,000. The District used their \$3,000,000 grant funding for the Recharge Project, which was completed in 2014. The District was required to wait until all projects associated with the grant agreement were completed in order to apply for release of retention held by the state. As of June 30, 2019 and 2018, the receivable balance from DWR amounted to \$3,878 and \$0 respectively and is included as part of grants receivable.

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(6) 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 per year) with interest charged at the quarterly LAIF interest earnings rate. As of June 30, 2019 and 2018, the note principal balance remaining was \$596,883 and \$671,494, respectively. At June 30, 2019 and 2018, accrued interest receivable on the note was \$14,683 and \$9,642, respectively and is included as part of the accrued interest receivable balance in the statements of net position.

(7) Hi-Desert Medical Center Project

In fiscal year 2013, the District was engaged by the Hi-Desert Medical Center (HDMC) to construct, own 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. For the fiscal year ended June 30, 2019 and 2018, the District incurred \$97,886 and \$145,749, respectively, in reimbursable costs towards the project.

(8) Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. 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, 2019 and 2018, the market value of all plan assets held in trust by ICMA-RC was \$714,353 and \$616,393, 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 statement of net position.

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(9) Capital Assets

Changes in capital assets for the year ended June 30, 2019, were as follows:

	<u>Balance 2018</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2019</u>
Non-depreciable assets:				
Land and land rights	\$ 516,019	-	-	516,019
Construction-in-process	1,610,606	2,462,483	(3,809,682)	263,407
Total non-depreciable assets	<u>2,126,625</u>	<u>2,462,483</u>	<u>(3,809,682)</u>	<u>779,426</u>
Depreciable assets:				
Transmission and distribution system	41,044,351	834,054	98,222	41,976,627
Recharge facilities	9,108,029	-	-	9,108,029
Structures and improvements	1,118,796	224,569	-	1,343,365
Vehicles and large equipment	1,446,685	1,714,863	-	3,161,548
Office furniture and equipment	1,101,475	46,349	(98,222)	1,049,602
Water rights	-	-	-	-
Wastewater system in development	22,419	-	-	22,419
Studies and reports	652,561	605,852	-	1,258,413
Total depreciable assets	<u>54,494,316</u>	<u>3,425,687</u>	<u>-</u>	<u>57,920,003</u>
Accumulated depreciation:				
Transmission and distribution mains	(23,232,869)	(811,772)	(21,281)	(24,065,922)
Recharge facilities	(653,396)	(182,169)	-	(835,565)
Structures and improvements	(499,600)	(33,086)	-	(532,686)
Vehicles and large equipment	(935,967)	(126,047)	-	(1,062,014)
Office furniture and equipment	(886,758)	(87,631)	21,281	(953,108)
Water rights	-	-	-	-
Wastewater system in development	(22,419)	-	-	(22,419)
Studies and reports	(652,561)	(605,852)	-	(1,258,413)
Total accumulated depreciation	<u>(26,883,570)</u>	<u>(1,846,557)</u>	<u>-</u>	<u>(28,730,127)</u>
Total depreciable assets, net	<u>27,610,746</u>	<u>1,579,130</u>	<u>-</u>	<u>29,189,876</u>
Total capital assets, net	<u>\$ 29,737,371</u>	<u>4,041,613</u>	<u>(3,809,682)</u>	<u>29,969,302</u>

Major depreciable capital assets additions during the fiscal year ended 2019, include upgrades and extensions of the District's water transmission and distribution systems of \$834,054, purchases of structures and improvements of \$224,569, purchases of vehicles and large equipment of \$1,714,863, purchases of office furniture and equipment of \$46,349, and capital improvement plans related to surveys and plans of \$605,852. During the year, the District re-classed \$98,222 of office furniture and equipment to transmission and distribution systems.

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(9) Capital Assets, continued

Changes in capital assets for the year ended June 30, 2018, were as follows:

	<u>Balance 2017</u>	<u>Additions/</u>	<u>Deletions/ Transfers</u>	<u>Balance 2018</u>
Non-depreciable assets:				
Land and land rights	\$ 516,019	-		516,019
Construction-in-process	885,000	1,284,857	(559,251)	1,610,606
Total non-depreciable assets	<u>1,401,019</u>	<u>1,284,857</u>	<u>(559,251)</u>	<u>2,126,625</u>
Depreciable assets:				
Transmission and distribution system	40,861,701	182,650	-	41,044,351
Recharge facilities	9,108,029	-	-	9,108,029
Structures and improvements	959,507	159,289	-	1,118,796
Vehicles and large equipment	1,360,220	91,206	(4,741)	1,446,685
Office furniture and equipment	1,115,289	159,738	(173,552)	1,101,475
Water rights	-	-	-	-
Wastewater system in development	22,419	-	-	22,419
Studies and reports	605,160	47,401	-	652,561
Total depreciable assets	<u>54,032,325</u>	<u>640,284</u>	<u>(178,293)</u>	<u>54,494,316</u>
Accumulated depreciation:				
Transmission and distribution mains	(22,377,693)	(855,176)	-	(23,232,869)
Recharge facilities	(471,227)	(182,169)	-	(653,396)
Structures and improvements	(470,632)	(28,968)	-	(499,600)
Vehicles and large equipment	(834,855)	(101,217)	105	(935,967)
Office furniture and equipment	(1,038,434)	(21,088)	172,764	(886,758)
Water rights	-	-	-	-
Wastewater system in development	(22,419)	-	-	(22,419)
Studies and reports	(605,160)	(47,401)	-	(652,561)
Total accumulated depreciation	<u>(25,820,420)</u>	<u>(1,236,019)</u>	<u>172,869</u>	<u>(26,883,570)</u>
Total depreciable assets, net	<u>28,211,905</u>	<u>(595,735)</u>	<u>(5,424)</u>	<u>27,610,746</u>
Total capital assets, net	<u>\$ 29,612,924</u>	<u>689,122</u>	<u>(564,675)</u>	<u>29,737,371</u>

Major depreciable capital assets additions during the fiscal year ended 2018, include upgrades and extensions of the District's water transmission and distribution systems of \$182,650, purchases of structures and improvements of \$159,289, purchases of vehicles and large equipment of \$91,206, purchases of office furniture and equipment of \$159,738, and capital improvement plans related to surveys and plans of \$47,401. During the year, the District wrote-off office furniture and equipment amounting to \$173,552 related to vehicles and large equipment, surveys and plans and office, furniture and equipment.

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.

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(9) Capital Assets, continued

Construction-In-Process

At June 30, 2019 and 2018, the balance of construction-in-process was \$263,407 and \$1,610,606, respectively.

Construction-in-process consisted of the following projects:

<u>Project Description</u>	<u>2019</u>	<u>2018</u>
Chromium study	\$ -	388,979
Well 14 Rehabilitation	-	1,098,448
Rate and fee study	41,993	-
Saddleback design and install	88,910	-
Various other minor projects < \$100,000	<u>132,504</u>	<u>123,179</u>
Total construction-in-process	<u>\$ 263,407</u>	<u>1,610,606</u>

(10) Compensated Absences

The changes to compensated absences for 2019, were as follows:

<u>Balance</u> <u>2018</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>2019</u>	<u>Due within</u> <u>One Year</u>	<u>Due in more</u> <u>than one year</u>
\$ 175,632	<u>281,769</u>	<u>(275,921)</u>	<u>181,480</u>	<u>45,370</u>	<u>136,110</u>

The changes to compensated absences for 2018, were as follows:

<u>Balance</u> <u>2017</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>2018</u>	<u>Due within</u> <u>One Year</u>	<u>Due in more</u> <u>than one year</u>
\$ 135,512	<u>296,214</u>	<u>(256,094)</u>	<u>175,632</u>	<u>43,908</u>	<u>131,724</u>

(11) Long-Term Debt

Changes in long-term debt amounts 2019 were as follows:

	<u>Balance</u> <u>2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>2019</u>	<u>Current</u> <u>Portion</u>
Long-term debt:					
Bonds payable:					
1996 Bonds	\$ 2,970,000	-	(111,000)	2,859,000	116,000
Note payable:					
Installment Sale #18-012	-	3,010,000	-	3,010,000	152,006
Loans payable:					
State Revolving Fund Loan	<u>50,341</u>	<u>34,529</u>	<u>-</u>	<u>84,870</u>	<u>-</u>
Total long-term debt	<u>\$ 3,020,341</u>	<u>3,044,529</u>	<u>(111,000)</u>	<u>5,953,870</u>	<u>268,006</u>

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(11) Long-Term Debt, continued

Changes in long-term debt amounts for 2018 were as follows:

	<u>Balance 2017</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2018</u>	<u>Current Portion</u>
Long-term debt:					
Bonds payable:					
1996 Bonds	\$ 3,077,000	-	(107,000)	2,970,000	111,000
Loans payable:					
State Revolving Fund Loan	-	50,341	-	50,341	-
Total long-term debt	<u>\$ 3,077,000</u>	<u>50,341</u>	<u>(107,000)</u>	<u>3,020,341</u>	<u>111,000</u>

1996 Limited Obligation Improvement Bonds

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 solely from and secured solely by special assessments on property parcels and the amounts held 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 interest at 4.5% per annum.

Principal and interest are payable on March 2nd and September 2nd of each year as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 116,000	126,045	242,045
2021	121,000	120,713	241,713
2022	127,000	115,133	242,133
2023	132,000	109,305	241,305
2024	138,000	103,230	241,230
2025-2029	788,000	415,033	1,203,033
2030-2034	981,000	216,743	1,197,743
2035-2036	456,000	20,700	476,700
Total	<u>2,859,000</u>	<u>1,226,902</u>	<u>4,085,902</u>
Current	<u>(116,000)</u>		
Long-term	<u>\$ 2,743,000</u>		

Drinking Water State Revolving Fund Loan

On December 17, 2015, the District entered into a grant funding agreement with California State Water Resources Control Board ("State") for a planning loan and grant under the California Water State Revolving Fund (SRF) pursuant to Chapter 4.5, Part 12 of Division 104 of the California Health and Safety Code (State Act) to be used for purposes of the Chromium VI Remediation Project.

The project under the funding agreement includes planning regarding the possible implementation of the Chromium VI Remediation Project. The agreement provides for a total funding of \$2,016,000. The amount consists of State Revolving Fund (SRF) in the amount of \$1,516,000 and a Grant in the amount of \$500,000. The SRF program is a federal state partnership that provides communities a permanent, independent source of low-cost financing for a wide range of water quality infrastructure projects. The State Revolving Fund has an interest rate of zero percent with a loan repayment term of 10 years. The loan repayment term shall commence after all disbursements have been paid and construction of the Project has been estimated to be completed in Fiscal Year 2020. Amounts outstanding as of June 30, 2019 and 2018, are \$84,870 and \$50,341, respectively.

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(11) Long-Term Debt, continued

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 a Project, the acquisition, and construction of which is to be paid by the proceeds of any contract. The agreement provides for a total funding of \$3,010,000 to fund startup of a 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.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 152,006	115,885	267,891
2021	157,858	110,033	267,891
2022	163,936	103,955	267,891
2023	170,247	97,644	267,891
2024	176,802	91,089	267,891
2025-2029	991,506	347,949	1,339,455
2030-2034	1,197,645	141,810	1,339,455
Total	3,010,000	1,008,364	4,018,365
Current	(152,006)		
Long-term	\$ 2,857,994		

(12) Defined Benefit Pension Plan

Plan Description

All qualified permanent and qualified temporary employees, even if employed through a temporary agency, are eligible to participate in the District’s Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and the District’s 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 the CalPERS website.

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 (vesting period). The death benefit range from simple return of contributions plus interest to a monthly allowance, based upon member eligibility.

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(12) Defined Benefit Pension Plan, continued

Benefits provided, continued

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

The Plans' provision and benefits in effect at June 30, 2019 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%
Required employee contribution rates	7.00%	6.500%
Required employer contribution rates	10.152%	7.266%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are 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, 2019 and 2018, the contributions recognized as part of pension expense for the Plan was as follows:

	2019	2018
Contributions – employer	\$ <u>188,604</u>	\$ <u>159,828</u>

Net Pension Liability

As of June 30, 2019 and 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	2019	2018
Proportionate share of net pension liability	\$ <u>472,046</u>	\$ <u>490,750</u>

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(12) 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. The net pension liability of the Plan is measured as of June 30, 2018 and 2017 (the measurement dates), 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, 2017 and 2016 (the valuation dates), rolled forward to June 30, 2018 and 2017, 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 proportionate share of the pension liability for the Plan as of the measurement date June 30, 2018 and 2017, were as follows:

	<u>Miscellaneous</u>
Proportion – June 30, 2016	0.00439%
Increase in proportion	0.00056%
Proportion – June 30, 2017	0.00495%
Decrease in proportion	-0.00005%
Proportion – June 30, 2018	0.00490%

Deferred Pension Outflows (Inflows) of Resources

For the fiscal years ended June 30, 2019 and 2018, the District recognized pension expense (credit) of \$15,583 and \$48,745, respectively.

As of June 30, 2019 and 2018, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$188,604 and \$159,828 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020 and 2019, respectively.

As of June 30, 2019 and 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>2019</u>		<u>2018</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 188,604	-	159,828	-
Differences between actual and expected experience	11,948	-	-	(12,806)
Changes in assumptions	40,626	-	110,140	-
Net differences between projected and actual earnings on plan investments	2,334	-	26,965	-
Differences between actual contribution and proportionate share of contribution	71,276	-	45,640	-
Net adjustment due to differences in proportions of net pension liability	115,902	-	135,209	-
Total	\$ 430,690	-	477,782	(12,806)

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(12) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

At June 30, 2019, the District recognized other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Deferred Net</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2020	\$ 133,040
2021	100,905
2022	12,387
2023	(4,246)
2024	-
Remaining	-

Actuarial Assumptions

The total pension liabilities were determined as of June 30, 2017, which were rolled forward to June 30, 2018, using the following actuarial assumptions:

Valuation Date	June 30, 2017 and 2016
Measurement Date	June 30, 2018 and 2017
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Discount rate	7.15%
Inflation	2.50% and 2.75%
Salary increases	Varies by Entry Age and Service
Period upon which actuarial experience survey assumptions were based	1997 - 2011
Post retirement benefit increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the amortization and smoothing periods recently adopted by CalPERS were utilized. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(12) Defined Benefit Pension Plan, continued

Discount Rate, continued

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

As of June 30, 2019, the target allocation and the long-term expected real rate of return by asset class were as follows:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Year 11+**</u>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Infrastructure and Forestland	0.0%	0.00%	0.00%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(12) Defined Benefit Pension Plan, continued

Discount Rate, continued

As of June 30, 2018, the target allocation and the long-term expected real rate of return by asset class were as follows:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Year 11+**</u>
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	<u>100.0%</u>		

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

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

As of June 30, 2019, 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:

	<u>Discount Rate - 1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate + 1%</u>
	<u>6.15%</u>	<u>7.15%</u>	<u>8.65%</u>
District's Net Pension Liability	\$ <u>914,172</u>	<u>472,046</u>	<u>107,079</u>

As of June 30, 2018, 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:

	<u>Discount Rate - 1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate + 1%</u>
	<u>6.15%</u>	<u>7.15%</u>	<u>8.65%</u>
District's Net Pension Liability	\$ <u>883,770</u>	<u>490,750</u>	<u>165,244</u>

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(12) Defined Benefit Pension Plan, continued

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 39 through 40 for the Required Supplementary Schedules.

Payable to the Pension Plan

At June 30, 2019 and 2018, the District reported no payables for the outstanding amount of contribution to the pension plan.

(13) Morongo Basin Pipeline Project

During the year ended June 30, 1991, the District executed an Agreement for construction, operation and financing of the Morongo Basin Pipeline project with the Mojave Water Agency (Agency). Pursuant to this Agreement, the Agency has constructed a pipeline to supply, on a wholesale basis, certain areas of San Bernardino County, including the Joshua Basin Water District, with water from the State Water Project. Voters within the area to be served by the pipeline project approved the issuance of \$66,500,000 principal amount of general obligation bonds to finance the pipeline project. This resulted in the formation of Improvement District M of the Mojave Water Agency. In the Agreement, the District has agreed to make certain payments to the Agency to cover the District's share of fixed project costs, including debt service. The District makes annual payments under the Agreement for Improvement District M's general obligation bond sales of \$12,000,000 principal amount in May 1991 (Series A) and \$40,735,000 principal amount in 1993 (Series B).

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

In April 1996, \$50,485,000 of the Improvement District Bonds was refinanced with \$51,780,000 Improvement District M of the Mojave Water Agency General Obligation Bonds (Morongo Basin Pipeline Project) election of 1990, refunding Series of 1996. Interest rates range from 3.75% to 5.80%.

Payments of fixed project costs to the Agency have been classified as non-operating expenses in the amount of \$219,880 and \$219,594 for the fiscal years ended June 30, 2019 and 2018, respectively.

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(14) Net Position

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

	<u>2019</u>	<u>2018</u>
Net Investment in capital assets, net of related debt:		
Capital assets, not being depreciated	\$ 779,426	2,126,625
Depreciable capital assets, net	29,189,876	27,610,746
Current:		
Bonds payable	(116,000)	(111,000)
Notes payable	(152,006)	-
Non-current:		
Bonds payable	(2,743,000)	(2,859,000)
Notes payable	(2,857,994)	-
Loans payable	(84,870)	(50,341)
Total net investment in capital assets	<u>24,015,432</u>	<u>26,717,030</u>
Restricted net position:		
Cash and cash equivalents - restricted	3,347,928	2,112,718
Accrued interest receivable - restricted	30,050	16,360
Special assessments receivable - restricted	85,845	86,970
Note receivable – Hi-Desert Medical Center, restricted	596,883	671,494
Total restricted net position	<u>4,060,706</u>	<u>2,887,542</u>
Unrestricted net position:		
Non-spendable net position:		
Materials and supplies inventory	746,137	119,752
Prepaid expenses and other deposits	82,145	81,175
Total non-spendable net position	<u>828,282</u>	<u>200,927</u>
Spendable net assets are designated as follows:		
Designated	6,857,755	4,644,315
Unrestricted	801,412	3,404,616
Total spendable net position	<u>7,659,167</u>	<u>8,048,931</u>
Total unrestricted net position	<u>8,487,449</u>	<u>8,249,858</u>
Total net position	<u>\$ 36,563,587</u>	<u>37,854,430</u>

(15) 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.

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

(15) Risk Management, continued

At June 30, 2019, the District participated in the liability, property and worker' compensation programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$5,000,000, combined single limit at \$5,000,000 per occurrence. The JPIA purchases additional excess coverage layers up to \$60 million per occurrence total for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.
- Cyber Liability coverage is included for all Agencies participating in the Liability Program. It protects the District from risks relating to information technology infrastructure and activities by first and third parties. The limit is \$3,000,000 per loss/\$5,000,000 program annual aggregate. The retention is based on annual revenue – the District's retention is \$25,000 per loss.

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to \$1,000,000 per loss includes public employee dishonesty, forgery or alteration and computer fraud subject to a \$1,000 deductible per loss. JPIA pools for the first \$100,000; excess coverage is purchased through Hartford.
- Property loss, including boiler and machinery coverage is paid at the replacement cost for buildings, fixed equipment and personal property on file of \$19,948,845 subject to a \$2,500 deductible per occurrence. Repairs or replacement must be completed within two years; otherwise loss is valued on an actual cash value basis. Mobile equipment and vehicles are valued based on actual cash value at time of loss, subject to a \$1,000 deductible per occurrence. ACWA JPIA has purchased excess coverage up to \$500 million.
- Workers' compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law. The ACWA/JPIA is self-insured up to \$2,000,000 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, 2019, 2018 and 2017. 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, 2019, 2018 and 2017.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2019, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 84

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

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

Governmental Accounting Standards Board Statement No. 84, continued

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 87

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 89

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

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

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

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

Governmental Accounting Standards Board Statement No. 90

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Governmental Accounting Standards Board Statement No. 91

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

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Joshua Basin Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2019 and 2018

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

Governmental Accounting Standards Board Statement No. 91, continued

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

(17) Commitments and Contingencies

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the 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.

(18) Subsequent Events

Events occurring after June 30, 2019, have been evaluated for possible adjustment to the financial statements or disclosure as of December 18, 2019, which is the date the financial statements were available to be issued.

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Required Supplementary Information

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**Joshua Basin Water District
Schedule of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2019
Last Ten Years***

	Measurement Dates				
	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
District's Proportion of the Net Pension Liability	0.00490%	0.00495%	0.00439%	0.00394%	0.00463%
District's Proportionate Share of the Net Pension Liability	\$ 472,046	490,750	379,802	270,679	288,403
District's Covered-Employee Payroll	\$ 1,467,121	1,462,157	1,344,686	1,384,706	1,385,361
District's proportionate share of the net pension liability as a Percentage of its Covered-Employee Payroll	32.17%	33.56%	28.24%	19.55%	20.82%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	85.56%	82.83%	83.60%	87.09%	83.03%
Plan's Proportionate Share of Aggregate Employer Contributions	106,518	89,544	72,122	63,158	38,155

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

Changes in Benefit Terms – The District 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 the District's plan can be found in the plan's annual valuation report.

Changes of Assumptions – In fiscal year 2019, the financial reporting discount rate remained at 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used 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.

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

**Joshua Basin Water District
Schedule of Pension Plan Contributions
As of June 30, 2019
Last Ten Years***

Description	Fiscal Years					
	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Actuarially Determined Contribution	\$ 170,464	144,890	145,219	143,957	156,268	148,451
Contributions in Relation to the Actuarially Determined Contribution	(188,604)	(159,828)	(137,342)	(121,564)	(146,314)	(138,973)
Contribution Deficiency (Excess)	\$ (18,140)	(14,938)	7,877	22,393	9,954	9,478
Covered Payroll	\$ 1,467,121	1,462,157	1,344,686	1,384,706	1,385,361	1,335,190
Contributions as a percentage of Covered-Employee Payroll	11.62%	9.91%	10.80%	10.40%	11.28%	11.12%

Notes to the Schedule of Pension Plan Contributions

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

Report on Internal Controls and Compliance

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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 Joshua Basin Water District (District) as of and for the fiscal years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated December 18, 2019.

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 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.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fedak & Brown LLP
Cypress, California
December 18, 2019

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**Joshua Basin Water District
Management Report
June 30, 2019**

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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 Joshua Basin Water District (District) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Summary of Current Year Comments and Recommendations

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

Disclosure of Audit 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 audit adjustments and 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 adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

The District has reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system.

Summary of Comments and Recommendations Made in the Previous Year

Disclosure of Audit 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 audit adjustments and 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 adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

The District has reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system.

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

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

Fedak & Brown LLP
Cypress, California
December 18, 2019

APPENDIX

**Joshua Basin Water District
Audit/Finance Committee Letter
June 30, 2019**

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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, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated March 26, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the position in the basic financial statements were:

Management's estimate of the fair value of cash and cash equivalents 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 the allowance for delinquent/doubtful accounts is based on historical write-offs of past due delinquent/doubtful customer accounts, customer creditworthiness, and calculated assumptions of expected future write-offs. We evaluated the key factors and assumptions used to develop the allowance for delinquent/doubtful accounts 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.

Significant Audit Matters, continued

Qualitative Aspects of Accounting Practices, continued

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 evaluation 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.

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

The disclosure of fair value of cash and cash equivalents in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of the District's allowance for delinquent/doubtful accounts in Note 3 to the basic financial statements represents amounts susceptible to external factors the District has no control over, such as, the state of the economy in the District's service area.

The disclosure of capital assets, net in Note 9 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 12 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosures in the basic financial statements are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management. (See Page 4)

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated December 18, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to the District's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant Audit Matters, continued

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

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

Conclusion

We appreciate the cooperation extended us by Susan Greer, Assistant General Manager/Controller, and Anne Roman, Accountant, 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.

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.

Fedak & Brown LLP
Cypress, California
December 18, 2019

Joshua Basin Water District
 Schedule of Adjusting Journal Entries
 June 30, 2019

Adjusting Journal Entries JE # 1

To reduce over-accrued interest expense for FY19.

200-24000	ACCRUED INT PAYABLE - CIRP LOAN	\$	24,140.00	
509-08220	INTEREST EXPENSE-MUNICIPAL FINANCE LOAN (CIRP)			24,140.00

Adjusting Journal Entries JE # 2

To adjust accrued payroll to reflect actual finance department salary expense.

506-01101	FINANCE SALARY		5,694.81	
200-22100	ACCRUED WAGES PAYABLE			5,694.81

Adjusting Journal Entries JE # 3

To reclassify 2018 contributions to NPL at June 30, 2019.

200-22360	NET PENSION LIABILITY		159,828.00	
100-13600	DEFERRED OUTFLOWS OF RESOURCES			159,828.00

Adjusting Journal Entries JE # 4

To reclassify 2019 contributions to Deferred Outflows of Resources at June 30, 2019.

100-13600	DEFERRED OUTFLOWS OF RESOURCES		188,604.00	
509-09215	RETIREMENT: CALPERS GASB68 CONTRA			188,604.00

Adjusting Journal Entries JE # 5

To record changes in pension liability during FY17/18 at June 30, 2019.

100-13600	DEFERRED OUTFLOWS OF RESOURCES		29,241.00	
100-13600	DEFERRED OUTFLOWS OF RESOURCES		29,803.00	
100-13600	DEFERRED OUTFLOWS OF RESOURCES		53,310.00	
100-13600	DEFERRED OUTFLOWS OF RESOURCES		72,374.00	
200-23050	DEFERRED INFLOWS OF RESOURCES		12,806.00	
509-09215	RETIREMENT: CALPERS GASB68 CONTRA		37,582.00	
100-13600	DEFERRED OUTFLOWS OF RESOURCES			12,806.00
100-13600	DEFERRED OUTFLOWS OF RESOURCES			20,808.00
100-13600	DEFERRED OUTFLOWS OF RESOURCES			60,378.00
200-22360	NET PENSION LIABILITY			141,124.00

Adjusting Journal Entries JE # 6

To record changes in the deferred outflows and deferred inflows (amortization) during FY17/18 at June 30, 2019.

509-09215	RETIREMENT: CALPERS GASB68 CONTRA		166,605.00	
100-13600	DEFERRED OUTFLOWS OF RESOURCES			3,822.00
100-13600	DEFERRED OUTFLOWS OF RESOURCES			4,482.00
100-13600	DEFERRED OUTFLOWS OF RESOURCES			9,121.00
100-13600	DEFERRED OUTFLOWS OF RESOURCES			57,477.00
100-13600	DEFERRED OUTFLOWS OF RESOURCES	\$		91,703.00

JOSHUA BASIN WATER DISTRICT
MEETING AGENDA REPORT

Meeting of the Finance Committee

November 13, 2019

Report to: Finance Committee

Prepared by: Mark Ban, General Manager

**TOPIC: CAPITAL IMPROVEMENT AND REPLACEMENT PROGRAM - FISCAL YEAR 20/21
WATERMAIN REPLACEMENT DESIGN**

RECOMMENDATION:

Finance Committee to consider supporting the inclusion of a proposal from West Coast Civil within the Regular Meeting of the Board of Directors agenda for the November 20, 2019 regular meeting.

ANALYSIS:

In order to continue our Capital Improvement and Replacement Program's (CIRP) annual watermain replacement progress, the District must begin the design of a project the year prior to its execution. Our fiscal year 2019-20 project is currently underway via the "Saddleback" project and now the District is looking ahead to prepare for our 2020-21 project which is currently identified as the "Tilford Watermain Replacement Project". The "Tilford" project will consist of approximately 25,000 linear feet of watermain replacement with new service lines and properly spaced valves and fire hydrants.

The total cost of the design is \$105,860.00 (see attached proposal) and has been included within this years budget.

ATTACHMENT: West Coast Civil Proposal

REVISED

November 7, 2019

Joshua Basin Water District
ATTN: Mark Ban
61750 Chollita Road
Joshua Tree, CA 92252

Subject: Proposal for Tilford Waterline Replacement Project

Mr. Ban,

In response to your request, West Coast Civil, Inc. (WCC) is pleased to submit this proposal to provide engineering services for the Joshua Basin Water District's (District) Tilford Waterline Replacement Project. We are excited about the opportunity to assist the District with the improvement of the District's water distribution system.

WCC will provide construction documents and construction support services for approximately 31,200 LF of waterline replacement. Based on our understanding, it is anticipated that the project will consist of one design package. The technical support services are described below by task.

I. SCOPE OF SERVICES

A. Project Management and Meetings

WCC will perform project management services and attend project status meetings for the duration of the contract. Project management duties will consist of general coordination, preparing project status reports, and development of monthly invoices. It is anticipated that the design portion of the contract will last no longer than one year and the project will require regular meetings at typical submittal intervals. Up to 3 meetings at the District's office will be required for the Project. Conference calls and/or video conferences may also be required throughout the project duration.

B. Topographic Survey

WCC will retain Michael Baker International to perform the surveying services for the Project. It is anticipated that the surveying will consist of aerial photography supplemented with field survey shots of road centerline at intervals of 100 feet, existing fire hydrants and Survey Monuments.

C. Tilford Design Package

WCC will prepare design plan sets for the replacement of water mains identified for replacement within the public Right-of-Way maintained by Joshua Basin Water District. The plans will be designed at a minimum of 1-inch equal to 40-feet and will stack plan views for all 6" to 8" waterline replacement (18 sheets) and plan and profile for all 16" waterline improvements (5 sheets). The design package will encompass work to be performed in unpaved streets and is estimated to have 25 sheets. It is assumed that the package will have interim submittals at the design development (50%) and pre-final design (90%) stages for District review and comment. Design review submittal meetings have been included in Task 1. Quantities will be developed for each design package.

D. Construction Support

WCC will provide miscellaneous support services to answer any questions and/or requests for clarification. This task includes reviewing construction documents/submittals for conformance to plans and aiding the District if minor adjustments are required to support construction activities. WCC will prepare final record drawings from as-built mark-ups provided by the District. This task assumes that the as-built mark-ups are complete and thorough, and therefore, does not include field verification by WCC.

E. Expenses

As a result of the project location and required activities there will be reimbursable expenses incurred. An expense budget of \$1,000 has been allocated for reprographics, mileage and GSA standard per diem costs.

II. ADDITIONAL SERVICES

If requested by the District, WCC will provide the following additional services, beyond the services included in Section I, Scope of Services, on a time and material basis at WCC Standard Rates.

A. Attendance at additional meetings beyond those specifically identified in Section I, Scope of Services.

B. Geotechnical Investigation

At the District's request WCC will retain Converse Consultants to perform the geotechnical engineering services for the Project. It is anticipated that the investigation will consist of three borings with locations spread across the Project. The budget for this additional service is \$16,000.

C. Scour Analysis

At the District's request WCC will perform a scour analysis for the Project. The budget for this additional service is estimated to be \$13,000.

D. Plats and Legals

At the District's request WCC will retain Alyson Corp. to perform any necessary easement acquisition for the properties along La Crescenta Drive for the Project. The budget for this additional service is estimated to be \$20,000.

III. DISTRICT FURNISHED SERVICES

The District will provide the following services or information:

- A. GIS Utility Information
- B. Assign one person to serve as the District's project manager who has the authority to represent the District and will serve as the point of interface for all project issues and communications.

IV. FEES AND CONDITIONS

The services described in Section I, Scope of Services will be provided on a lump sum basis, with the estimated total cost amounting to **\$105,860** in accordance with our fee schedule.

Task	Principal \$170	Project Mngr. \$150	Design Engr. \$125	CAD Tech. \$90	Total Hours	FEE
1. Project Management	8	20			28	\$4,360
2. Surveying						\$31,300
3. Tilford Design Package (25 Sheets)	20	80	240	180	520	\$61,600
4. Construction Support	4	8	40	8	60	\$7,600
5. Expenses						\$1,000
TOTALS	32	108	280	188	608	\$105,860

Additional Services:

- 1. Additional Meetings - Varies
- 2. Geotechnical Investigation - \$16,000
- 3. Scour Analysis - \$13,000
- 4. Plats and Legals - \$20,000

The fees for the services described in Section II, Additional Services, will be provided on an hourly rate basis in accordance with the WCC Standard Rate Schedule in effect at the time the services are being performed.

We appreciate the opportunity to offer this proposal. If you have any questions, please contact myself or our President, Anthony Gonzalez.

Sincerely,



Sean McCarty, P.E., PMP, QSD
Project Manager, West Coast Civil, Inc.
(619) 929 -1866 | sean@westcoastcivil.com



Anthony Gonzalez, P.E.
President, West Coast Civil, Inc.
(858) 869 -1332 | anthony@westcoastcivil.com

JOSHUA BASIN WATER DISTRICT
MEETING AGENDA REPORT

Meeting of the Finance Committee

November 13, 2019

Report to: Finance Committee

Prepared by: Mark Ban, General Manager

TOPIC: BOARDROOM TECHNOLOGY UPGRADE

RECOMMENDATION:

Finance Committee to consider supporting the inclusion of a proposal from Southwest Networks within the Regular Meeting of the Board of Directors agenda for the November 20, 2019 regular meeting.

ANALYSIS:

Currently, the Board of Directors does not have ideal access to visual media during Board Meetings. In addition, the Board is also unable to access electronic forms of the agenda packet during meetings which would not only make reviewing information easier at times, but would also decrease staff time in preparing supplemental information and potentially agenda packets for meetings.

Using the technology outlined within the proposal provided by Southwest Networks, each Board member would have a monitor installed in front of their station on the dias where media such as PowerPoints and videos can be displayed. In addition, the proposal allows for "thin clients" (small computer) to be installed as part of a new terminal server that would allow staff to electronically move Board Agenda material to each individual station by clicking and dragging the information to a folder on the network from a desktop. Board Members would then be able to open and navigate through documents such as agenda packets and supplemental information via the use of a typical mouse and keyboard.

These changes would improve Board Members' experience during meetings but also, if there is a possibility of moving toward a fully electronic distribution of agenda items to the Board, the technology would exist to allow the District to move closer to a paperless environment during meetings.

There are other options available, that include: 1) a partial installation using monitors at each station without "thin clients" that would be controlled by a member of staff from a single computer; or 2) the installation of another television monitor located along the east wall of the Board Room without any monitor solution at each station. These options would reduce initial costs for equipment and labor, however limit the flexibility each Board member has to control what they are reviewing and do nothing to impact staff time in agenda packet preparation.

The total cost of the upgrades with all possible equipment including the monitors, thin clients, terminal server and miscellaneous connectors, splitters, chords, etc. is \$4827.88. Southwest's proposal has been provided as an attachment to this report.

ATTACHMENT: Southwest Networks Proposal



Quote

Salesperson: Matt Disher
Date: 10/9/2019
Terms: Net 20
Valid For: 10 days

Issued To:
 Beverly
 Joshua Basin Water District
 61750 Chollita Road
 Joshua Tree, CA 92252
 P: 760-366-2042

Qty	Description	Price	Extended Price
5	nComputing Thin Client	\$210.00	\$1,050.00
5	Windows 2019 RDP Device CAL	\$109.00	\$545.00
5	Viewsonic 24" LED Monitor - VGA, DVI, HDMI	\$145.00	\$725.00
5	USB Keyboard and Mouse Combo	\$20.00	\$100.00
5	Tilt Monitor Mount	\$50.00	\$250.00
1	HDMI Splitter - 1 x Input and 8 x Output	\$300.00	\$300.00
6	HDMI Cable	\$29.00	\$174.00
Labor Estimate = 12 to 16 hours			

Dear Beverly,

Here is the quote you requested.

Please call me with any questions.

Sincerely,

 Matt Disher

Subtotal	\$3,144.00
Tax rate	7.75%
Sales tax	\$243.60
Bench labor	TB
Onsite Labor	TB
Total	\$3,387.60