



# JOSHUA BASIN WATER DISTRICT

P.O. BOX 675 • 61750 CHOLLITA ROAD • JOSHUA TREE • CALIFORNIA 92252  
TELEPHONE (760) 366-8438 FAX (760) 366-9528 E-MAIL [jbwd@jbwd.com](mailto:jbwd@jbwd.com)

JOSHUA BASIN WATER DISTRICT  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
WEDNESDAY DECEMBER 15, 2010 7:00 PM  
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. COMMENTS BY DEPARTING DIRECTOR
6. APPROVAL OF RESOLUTION 10-865 IN APPRECIATION OF STEVEN WHITMAN
7. PUBLIC COMMENT
8. CONSENT CALENDAR
  - A. Minutes of the November 3, 2010 Regular Board Meeting
  - B. Financial Report for October 2010
- Pg. 1-3  
Pg. 4-39 9. REPORT ON DISTRICT AUDITED FINANCIAL STATEMENT FYE 06 30 2010  
Recommend that the Board receive the presentation, ask questions and approve report.
- Pg. 40-76 10. SELECTION OF BOARD PRESIDENT AND VICE PRESIDENT  
Recommend that the Board select a President and a Vice President for the 2011 year.
- Pg. 77 11. APPOINTMENT OF BOARD REPRESENTATIVES TO MOJAVE WATER AGENCY,  
MORONGO BASIN PIPELINE COMMISSION, AND ASSOCIATION OF THE SAN  
BERNARDINO COUNTY SPECIAL DISTRICTS  
Recommend that the Board receive the appointments to be made by the Board President for  
representatives to the above agencies; or, defer to a future meeting.
- Pg. 78-79

12. PUBLIC COMMENT
13. GENERAL MANAGER REPORT
14. DIRECTORS COMMENTS/REPORTS
15. CLOSED SESSION  
CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION  
At this time, the Board will go into Closed Session to confer with Legal Counsel pursuant to subdivision (c) of Government Code Section 54956.9 for the purpose of deciding whether to initiate litigation (one matter – unidentified).
16. ADJOURNMENT

The Board of Directors reserves the right to take action on items reserved for discussion only.

### INFORMATION

During either "Public Comment" Item, please use the podium microphone. State your name and have your information prepared and be ready to provide your comments to the Board. The District is interested and appreciates your comments. A 3-minute time limit may be imposed. Thank you.

Any person with a disability who requires accommodation in order to participate in this meeting should telephone Joshua Basin Water District at (760) 366-8438, at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

Materials related to an item on this Agenda submitted to the Board of Directors 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 normal business hours.

**JOSHUA BASIN WATER DISTRICT**  
**Minutes of the**  
**REGULAR MEETING OF THE BOARD OF DIRECTORS**  
**November 3, 2010**

**1. CALL TO ORDER** 7:00 PM

**2. PLEDGE OF ALLEGIANCE**

**3. DETERMINATION OF QUORUM:** Mickey Luckman  
Bill Long  
Mike Reynolds  
Steven Whitman  
Gary Wilson

**STAFF PRESENT:** Joe Guzzetta, General Manager  
Susan Greer, Assistant General Manager/Controller  
Keith Faul, GIS Coordinator

**GUESTS** 5

**4. APPROVAL OF AGENDA**

MSC Long/Whitman 5/0 to approve the agenda of the November 3, 2010 Regular Meeting of the Board of Directors.

**5. PUBLIC COMMENT**

Al Marquez of Joshua Tree thanked candidates of the recent election and congratulated those elected; he reminded the Board that a director had made a public information request at the prior regular meeting.

**6. CONSENT CALENDAR**

Director Whitman commented that the minutes seemed incomplete; General Manager Guzzetta noted that this is an unfinished document and should not have been included in the agenda packet. MSC Long/Reynolds 5/0 to approve the minutes of the October 20, 2010 Regular Board Meeting.

**7. WRITE-OFF BAD DEBT FOR FISCAL YEAR 09/10**

Assistant General Manager/Controller Greer gave a presentation of the District bad debt from customers whose accounts have been turned off due to non-payment. She reviewed a number of options that will be brought back later for consideration to limit bad debt. It was emphasized that the bad debt was less than 1% which is a very low level.

MSC Long/Whitman 5/0 to approve staff recommendation to approve \$23,228.82 bad debt write-off.

**8. LETTER FROM ATTORNEY GIL GRANITO SUPPORTING YORBA LINDA WATER DISTRICT (YLWD) IN DEFENDING AN INVERSE CONDEMNATION LAWSUIT ALLEGING THAT THE DISTRICT CONDEMNED PRIVATE PROPERTY BY FAILING TO PROVIDE SUFFICIENT WATER DURING A CATASTROPHIC FIRE STORM**

GM Guzzetta reported that the Yorba Linda Water District (YLWD) and the Association of California Water Agencies had requested a letter of support. At issue is a suit brought against YLWD alleging that YLWD has liability for property damage suffered during a severe firestorm. Discussion ensued, and the Board took the following action:

MSC Whitman/Long 5/0 to approve staff recommendation to authorize Legal Counsel Gil Granito to submit an “Amicus Curiae” letter supporting the YLWD in defending the suit.

**9. NOMINATION OF VICE PRESIDENT REYNOLDS FOR BOARD OF DIRECTORS OF ASSOCIATION OF SAN BERNARDINO COUNTY SPECIAL DISTRICTS (ASBCSD)**

President Mickey Luckman reported that there is a vacant director seat on the ASBCSD. JBWD Vice President Reynolds is the District’s representative appointed to attend ASBCSD meetings; President Luckman recommended that Vice President Reynolds be nominated for the ASBCSD director position. Vice President Reynolds commented that he would accept this responsibility.

MSC Long/Whitman 4/1 to approve a resolution nominating Director Reynolds to the position of Director of the ASBCSD.

|          |     |
|----------|-----|
| Long     | Aye |
| Luckman  | Aye |
| Reynolds | Aye |
| Whitman  | Aye |
| Wilson   | No  |

**10. PROJECT PRIORITY LIST**

GM Guzzetta reported that there has been no change to the project list. There were no questions from the Board or the public.

**11. PUBLIC COMMENT**

Al Marquez of Joshua Tree commented opposing the cost of water that will be purchased in the future for the District’s Recharge Basin and Pipeline project.

**12. GENERAL MANAGER REPORT**

GM Guzzetta reported that the District received approval from Mojave Water Agency for \$350,000 to pay the cost of final engineering of the Recharge Basin and Pipeline Project; he noted that funds have not been budgeted for other costs related to the project at this time as the timing and amount of water purchases have yet to be determined. The timeline depends on completion of the project, which is dependent on grant funding. GM Guzzetta noted it is estimated that it will take from 18 months to 3 years for water in the recharge basins to reach the underground aquifer; once the ground under the recharge basin is saturated, water reaches the aquifer quickly. It is estimated that recharge from septage takes about 30 years to reach groundwater due to the relatively smaller amounts; USGS studies are near completion and will further refine these estimates. GM Guzzetta invited everyone to attend *The ABCs of Water* hosted by JBWD November 18<sup>th</sup>. Further discussion ensued regarding recharge.

**13. DIRECTOR COMMENTS/REPORTS**

Director Wilson commented that he and Al Marquez paved a hole on Hallee Road that has been there for about 8 to 10 years; Board members and staff thanked Director Wilson and Mr. Marquez. Vice President Reynolds reported on attending a webinar on legal updates last Friday with other Board members; he found the information helpful. Director Long, President Luckman, and Director Whitman also reported on attending the webinar. It was noted that this type of training is cost-saving for the District. Director Wilson reported that he found information regarding the responsibility of the District to prove a 20-year water supply for very large housing construction projects. Director Luckman congratulated Director Wilson on his re-election.

**14. ADJOURNMENT 7:45 PM**

MSC Long/Whitman 5/0 to adjourn the November 3, 2010 Regular Meeting of the Board of Directors.

Respectfully submitted;

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Joe Guzzetta, General Manager

The next Regular Meeting of the Board of Directors is scheduled for Wednesday November 17, 2010 at 7:00 pm.

JOSHUA BASIN WATER DISTRICT

**FINANCIAL REPORT HIGHLIGHTS – OCTOBER 2010**

FROM: Susan Greer



**NEW INFORMATION**

Please note the addition of individual reports itemizing Director Compensation paid. The reports provide detail, on an individual Director basis, regarding the payments made by the District to Directors.

**This report represents the fourth month of our 10/11 fiscal year.**

**SUMMARY**

- CASH – Total cash, \$4,904,000, decreased \$119,000 from prior month
- REVENUES – 66% Y-T-D
- EXPENSES – 26% Y-T-D

**ACCOUNT RECAP (CASH BALANCE STATEMENT)**

Total cash of \$4,904,000 is a decrease of \$119,000 from last month and a decrease of \$1,052,000 from October 2009.

**CASH FLOW STATEMENT**

Water collections are \$1,000 more than the same *month* last year. Water usage for the *month* is 6% less than the same *month* last year; water usage year-to-date is 5% less than last year. Capital expenditures of \$73,000 for the month represent an increase of \$57,000 over the previous month and a decrease of \$70,000 from the prior year. Operating expenses for the *month* increased \$54,000 over the previous month, primarily attributable to October being a three-payday month. Year-to-date meter installation sales are 2 compared to zero the prior year, two in the previous year and 14 for the year ending 6/30/08.

**BOARD REPORT**

**This is the fourth month of the fiscal year; if evenly distributed throughout the year, expenses and revenues should be at 33% for the month.**

**REVENUES – total revenues are 66% year-to-date**

- Metered Water Sales are *not* equally distributed throughout the year since water usage is highest in the summer. For example, February is typically the month of lowest consumption and August is the highest, with August consumption more than double that of February. We are currently at 44% of budget year-to-date, as compared to the typical 42% as of October. Revenues for the month of October typically account for 8% of annual revenue; October this year is 9% of budget.
- Basic Fees are equally distributed, and at 33% of budget, right on target.

JOSHUA BASIN WATER DISTRICT

- Property Taxes including Standbys, a major source of revenue, have been sent to the County for inclusion on the property tax bills. These are one-time revenues, recorded in full early in the fiscal year with payments collected over many months during the remainder of the year. Current year tax payments from the County begin in November.

**EXPENSES – total expenses are 26% year-to-date**

**Production**

Including allocated costs, Production expenses are 28% year-to-date.

**Distribution**

Distribution expenses are 32% year-to-date, including allocated costs.

**Customer Service**

Including allocated costs, Customer Service expenses are 25% year-to-date. Note that the Bad Debt account reflects a negative balance; this is the result of existing bad debt being transferred to new, active accounts.

**Administration**

Administration expenses are 33% year-to-date including allocated expenses.

**Engineering**

Engineering expenses are 32% year-to-date including allocations.

**Finance**

Including allocated expenses, Finance expenses are 32% year-to-date.

**Personnel**

Including allocations, Personnel expense is 35% year-to-date.

**Legal**

Legal Services expense is 7% year-to-date.

**Bonds & Loans**

Bonds and Loans expense is 17% year-to-date.

**Capital Replacement Expense**

|                             |              |    |         |
|-----------------------------|--------------|----|---------|
| Capital Replacement Expense | October      | \$ | 93,014  |
|                             | Year-to-date | \$ | 371,659 |

Revenues total 66% year-to-date including the billing of most property taxes; with expenses at 26% year-to-date. Revenues exceed expenses by \$1,936,000 before Capital Replacement Expense and by \$1,564,000 after.

Please contact me if you have any questions, comments or suggestions.

**October 2010**

**Director Compensation**

| <u>Check #</u>                 | <u>Pay Date</u> | <u>Amount</u> | <u>Vendor</u> | <u>Invoice</u>  | <u>Description</u>     | <u>Amount</u>   |
|--------------------------------|-----------------|---------------|---------------|-----------------|------------------------|-----------------|
| 48691                          | 10/07/2010      | \$173.63      | 006045        | WILLIAM C. LONG |                        |                 |
|                                |                 |               |               | WL100610        | 10/06/10 BOARD MEETING | \$173.63        |
| 48809                          | 10/29/2010      | \$173.63      | 006045        | WILLIAM C. LONG |                        |                 |
|                                |                 |               |               | WL102010        | 10/20/10 BOARD MEETING | \$173.63        |
| <b>TOTAL NET DISBURSEMENTS</b> |                 |               |               |                 |                        | <b>\$347.26</b> |



| <u>Check #</u>                 | <u>Pay Date</u> | <u>Amount</u> | <u>Vendor</u> | <u>Invoice</u>    | <u>Description</u>           | <u>Amount</u>   |
|--------------------------------|-----------------|---------------|---------------|-------------------|------------------------------|-----------------|
| 48740                          | 10/15/2010      | \$245.63      | 000018        | MICKEY C. LUCKMAN |                              |                 |
|                                |                 |               |               | ML100110REIMB     | REIMB MILES: 10/1/10 DINNER  | \$72.00         |
|                                |                 |               |               | ML100610          | 10/06/10 BOARD MEETING       | \$173.63        |
| 48810                          | 10/29/2010      | \$267.13      | 000018        | MICKEY C. LUCKMAN |                              |                 |
|                                |                 |               |               | ML101810          | REIMB: 10/18/10 ASBCSD MILES | \$93.50         |
|                                |                 |               |               | ML102010          | 10/20/10 BOARD MEETING       | \$173.63        |
| <b>TOTAL NET DISBURSEMENTS</b> |                 |               |               |                   |                              | <b>\$512.76</b> |

**October 2010**

**Director Compensation**

| <u>Check #</u>                 | <u>Pay Date</u> | <u>Amount</u> | <u>Vendor</u> | <u>Invoice</u>        | <u>Description</u>     | <u>Amount</u>   |
|--------------------------------|-----------------|---------------|---------------|-----------------------|------------------------|-----------------|
| 48695                          | 10/07/2010      | \$173.63      | 000017        | MICHAEL PAUL REYNOLDS |                        |                 |
|                                |                 |               |               | MR100610              | 10/06/10 BOARD MEETING | \$173.63        |
| 48818                          | 10/29/2010      | \$173.63      | 000017        | MICHAEL PAUL REYNOLDS |                        |                 |
|                                |                 |               |               | MR102010              | 10/20/10 BOARD MEETING | \$173.63        |
| <b>TOTAL NET DISBURSEMENTS</b> |                 |               |               |                       |                        | <b>\$347.26</b> |

**October 2010**

**Director Compensation**

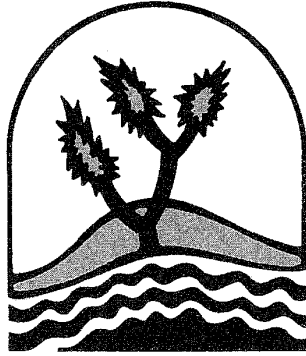
| <u>Check #</u>                 | <u>Pay Date</u> | <u>Amount</u> | <u>Vendor</u> | <u>Invoice</u>        | <u>Description</u>            | <u>Amount</u>     |
|--------------------------------|-----------------|---------------|---------------|-----------------------|-------------------------------|-------------------|
| 48701                          | 10/07/2010      | \$173.63      | 000115        | STEVEN MANLEY WHITMAN |                               |                   |
|                                |                 |               |               | SW100610              | 10/06/10 BOARD MEETING        | \$173.63          |
| 48827                          | 10/29/2010      | \$1,275.41    | 000115        | STEVEN MANLEY WHITMAN |                               |                   |
|                                |                 |               |               | SW102010              | 7 MEETINGS BTWN 6/15-10/20/10 | \$1,215.41        |
|                                |                 |               |               | SW102010REIMB         | REIMB: MILES TO MWA 10/14/10  | \$60.00           |
| <b>TOTAL NET DISBURSEMENTS</b> |                 |               |               |                       |                               | <b>\$1,449.04</b> |

**October 2010**

**Director Compensation**

| <u>Check #</u>                 | <u>Pay Date</u> | <u>Amount</u> | <u>Vendor</u> | <u>Invoice</u> | <u>Description</u>     | <u>Amount</u>   |
|--------------------------------|-----------------|---------------|---------------|----------------|------------------------|-----------------|
| 48702                          | 10/07/2010      | \$173.63      | 011701        | GARY WILSON    |                        |                 |
|                                |                 |               |               | GW100610       | 10/06/10 BOARD MEETING | \$173.63        |
| 48828                          | 10/29/2010      | \$173.63      | 011701        | GARY WILSON    |                        |                 |
|                                |                 |               |               | GW102010       | 10/20/10 BOARD MEETING | \$173.63        |
| <b>TOTAL NET DISBURSEMENTS</b> |                 |               |               |                |                        | <b>\$347.26</b> |

|               | BEGINNING<br>BALANCE | TOTAL<br>DEBITS | TOTAL<br>CREDITS | ENDING<br>BALANCE | AVERAGE<br>DAILY<br>BALANCE |
|---------------|----------------------|-----------------|------------------|-------------------|-----------------------------|
| GENERAL FUND  |                      |                 |                  |                   |                             |
| 01 -11100     | PETTY CASH FUND      | 600.00          | 0.00             | 600.00            | 600.00                      |
| 01 -11110     | CHANGE FUND          | 1,500.00        | 0.00             | 1,500.00          | 1,500.00                    |
| 01 -11200     | GENERAL FUND-U S     | 73,046.22       | 26.73            | 1,055.47CR        | 72,017.48                   |
| 01 -11210     | PAYROLL FUND - U     | 5,000.00        | 2.29             | 0.00              | 5,002.29                    |
| 01 -11220     | CREDIT CARD ACCO     | 54,856.16       | 5.75             | 1,143.39CR        | 53,718.52                   |
| 01 -11300     | LAIF-INVESTMENT      | 3,147,802.21    | 0.00             | 0.00              | 3,147,802.21                |
| 01 -11305     | LAIF-RESERVE FUN     | 1,000,000.00    | 0.00             | 0.00              | 1,000,000.00                |
| 01 -11306     | LAIF - EQUIP & T     | 264,175.69      | 0.00             | 0.00              | 264,175.69                  |
| 01 -11310     | LAIF - CAPACITY      | 126,834.82CR    | 0.00             | 0.00              | 126,834.82CR                |
| 01 -11313     | LAIF - SEWER CAP     | 5,270.00        | 0.00             | 0.00              | 5,270.00                    |
| 01 -11315     | LAIF-CAPITAL PRO     | 0.00            | 0.00             | 0.00              | 0.00                        |
| 01 -11320     | LAIF- CMM REDEMP     | 206,541.49      | 0.00             | 0.00              | 206,541.49                  |
| 01 -11325     | LAIF - CMM RESER     | 271,560.02      | 0.00             | 0.00              | 271,560.02                  |
| 01 -11330     | LAIF CMM PREPAYM     | 2,942.86        | 0.00             | 0.00              | 2,942.86                    |
| FUND 01 TOTAL |                      | 4,906,459.83    | 34.77            | 2,198.86CR        | 4,904,295.74                |
| REPORT TOTALS |                      | 4,906,459.83    | 34.77            | 2,198.86CR        | 4,904,295.74                |



# JOSHUA BASIN WATER DISTRICT

P.O. BOX 675 • 61750 CHOLLITA ROAD • JOSHUA TREE • CALIFORNIA 92252  
 TELEPHONE (760) 366-8438 FAX (760) 366-9528

## Cash Flow October 31, 2010

Beginning Cash 5,023,390.39

SOURCE OF FUNDS:

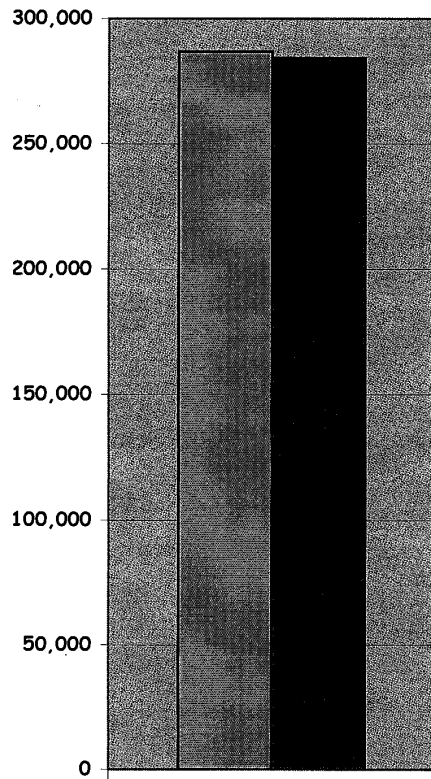
|                               |            |                   |
|-------------------------------|------------|-------------------|
| Water A/R Collections         | 262,905.26 |                   |
| Turn On/Misc                  | 6,034.54   |                   |
| Consumer Deposits             | 8,700.00   |                   |
| Project Deposits              | 0.00       |                   |
| Property Taxes G.D.           | 0.00       |                   |
| ID #2 Tax Collections         | 0.00       |                   |
| Standby Collections - Prior   | 0.00       |                   |
| Standby Collections - Current | 0.00       |                   |
| CMM Assessment Collections    | 0.00       |                   |
| LAIF CMM Payoff               | 0.00       |                   |
| Water Capacity Charges        | 0.00       |                   |
| Sewer Capacity Charges        | 0.00       |                   |
| Meter Installation Fees       | 0.00       |                   |
| Interest                      | 6,628.06   |                   |
| <b>TOTAL SOURCE OF FUNDS</b>  |            | <b>284,267.86</b> |

FUNDS USED:

|                               |            |                     |
|-------------------------------|------------|---------------------|
| Debt Service                  | 0.00       |                     |
| Capital Additions             | 73,197.29  |                     |
| Operating Expenses            | 171,762.74 |                     |
| Bank Transfer Payroll Taxes   | 32,071.77  |                     |
| CalPERS Transfer              | 18,287.71  | 295,319.51          |
| Bank Transfer Payroll         | 106,987.53 |                     |
| Employee Funded 457 Transfer  | 0.00       |                     |
| Bank Transfer Fees/Charges    | 1,055.47   | 108,043.00          |
| <b>TOTAL USE OF FUNDS</b>     |            | <b>403,362.51</b>   |
| Net Increase (Decrease)       |            | (119,094.65)        |
| Cash Balance at End of Period |            | <b>4,904,295.74</b> |

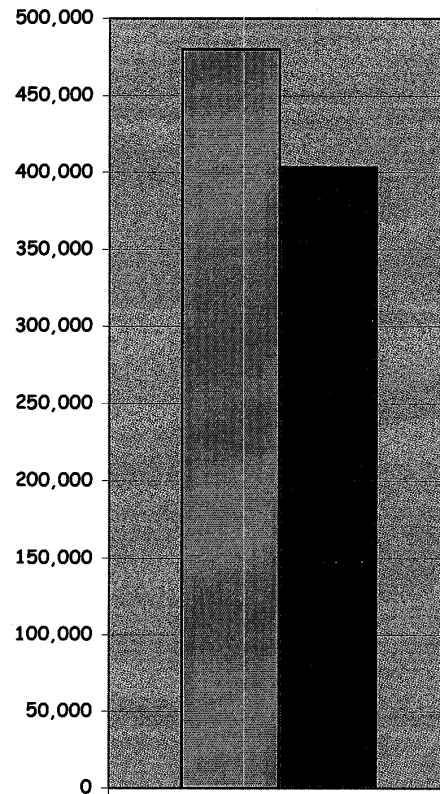
PROVIDE • PROTECT • PROMOTE

Source of Funds Comparison  
October 2009 October 2010



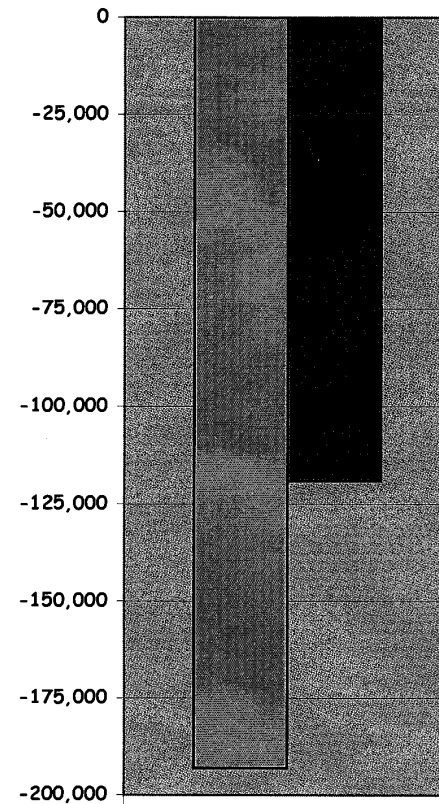
| Month  | Source of Funds |
|--------|-----------------|
| Oct-09 | 286,924.13      |
| Oct-10 | 284,267.86      |

Funds Used Comparison  
October 2009 October 2010



| Month  | Funds Used |
|--------|------------|
| Oct-09 | 480,017.75 |
| Oct-10 | 403,362.51 |

Net Increase (Decrease)  
October 2009 October 2010



| Month  | Net Increase (Decrease) |
|--------|-------------------------|
| Oct-09 | -193,093.62             |
| Oct-10 | -119,094.65             |

## BOARD REPORT

AS OF: OCTOBER 31ST, 2010

01 -GENERAL FUND  
FINANCIAL SUMMARY

% OF YEAR COMPLETED: 33.33

|                               | CURRENT<br>BUDGET | CURRENT<br>PERIOD | YEAR TO DATE<br>ACTUAL | TOTAL<br>ENCUMBERED | BUDGET<br>BALANCE   | % YTD<br>BUDGET |
|-------------------------------|-------------------|-------------------|------------------------|---------------------|---------------------|-----------------|
| <u>REVENUE SUMMARY</u>        |                   |                   |                        |                     |                     |                 |
| REVENUES                      | <u>4,657,103</u>  | <u>643,953.48</u> | <u>3,084,239.06</u>    | 0.00                | <u>1,572,863.94</u> | <u>66.23</u>    |
| TOTAL REVENUES                | 4,657,103         | 643,953.48        | 3,084,239.06           | 0.00                | 1,572,863.94        | 66.23           |
| <u>EXPENSE SUMMARY</u>        |                   |                   |                        |                     |                     |                 |
| Production                    | 853,455           | 86,085.85         | 238,831.19             | 0.00                | 614,623.81          | 27.98           |
| Distribution                  | 480,537           | 47,353.23         | 155,988.32             | 0.00                | 324,548.68          | 32.46           |
| Customer Service              | 601,025           | 54,867.33         | 151,149.70             | 0.00                | 449,875.30          | 25.15           |
| Administration                | 594,073           | 75,301.56         | 198,964.15             | 0.00                | 395,108.85          | 33.49           |
| Engineering                   | 189,054           | 21,341.26         | 60,526.80              | 0.00                | 128,527.20          | 32.02           |
| Finance                       | 384,918           | 38,344.76         | 122,007.69             | 0.00                | 262,910.31          | 31.70           |
| Personnel                     | 70,674            | 7,369.15          | 24,512.30              | 0.00                | 46,161.70           | 34.68           |
| Legal                         | 67,320            | 308.00            | 4,646.75               | 0.00                | 62,673.25           | 6.90            |
| Bonds & Loans                 | 1,147,975         | 15,084.49         | 191,752.12             | 0.00                | 956,222.88          | 16.70           |
| Benefits Allocated            | 0                 | 0.00              | 0.00                   | 0.00                | 0.00                | 0.00            |
| Field Allocated               | 1                 | 0.00              | 0.00                   | 0.00                | 1.00                | 0.00            |
| Office allocated              | <u>1</u>          | <u>0.00</u>       | <u>0.00</u>            | <u>0.00</u>         | <u>1.00</u>         | <u>0.00</u>     |
| TOTAL EXPENSES                | 4,389,033         | 346,055.63        | 1,148,379.02           | 0.00                | 3,240,653.98        | 26.16           |
| REVENUE OVER/(UNDER) EXPENSES | 268,070           | 297,897.85        | 1,935,860.04           | 0.00                | ( 1,667,790.04)     | 722.15          |



## BOARD REPORT

AS OF: OCTOBER 31ST, 2010

01 -GENERAL FUND

% OF YEAR COMPLETED: 33.33

| REVENUES                                | CURRENT<br>BUDGET | CURRENT<br>PERIOD | YEAR TO DATE<br>ACTUAL | TOTAL<br>ENCUMBERED | BUDGET<br>BALANCE   | % YTD<br>BUDGET |
|---|-------------------|-------------------|------------------------|---------------------|---------------------|-----------------|
| 01-41010 METERED WATER SALES            | 1,332,808         | 117,418.06        | 581,394.59             | 0.00                | 751,413.41          | 43.62           |
| 01-41011 CUSTOMER REFUND CLEARING ACCT  | 0                 | 0.00              | 0.00                   | 0.00                | 0.00                | 0.00            |
| 01-41012 ALLOW FOR WAAP/BILLING ADJ (   | 3,459)            | 356.46)           | 1,671.43)              | 0.00                | 1,787.57)           | 48.32           |
| 01-41015 BASIC FEES                     | 1,319,227         | 108,174.34        | 432,162.91             | 0.00                | 887,064.09          | 32.76           |
| 01-41030 PRIVATE FIRE PROTECTION SERV.  | 19,127            | 1,570.36          | 6,281.44               | 0.00                | 12,845.56           | 32.84           |
| 01-41040 SPECIAL SERVICES REVENUE       | 116,098           | 9,776.92          | 39,791.37              | 0.00                | 76,306.63           | 34.27           |
| 01-41050 CROSS CONNECTION REVENUE       | 0                 | 0.00              | 0.00                   | 0.00                | 0.00                | 0.00            |
| 01-42100 STANDBY REVENUE-CURRENT        | 1,163,341         | 108.61            | 1,155,392.93           | 0.00                | 7,948.07            | 99.32           |
| 01-42110 UNCOLLECTED STANDBY/CURRENT (  | 250,000)          | 0.00              | 0.00                   | 0.00                | 250,000.00)         | 0.00            |
| 01-42200 STNBY INCOME PRIOR             | 161,460           | 0.00              | 40,590.92              | 0.00                | 120,869.08          | 25.14           |
| 01-42341 PRIOR YR REFUNDED REVENUE      | 0                 | 0.00              | 0.00                   | 0.00                | 0.00                | 0.00            |
| 01-43000 PROPERTY TAX - G.D.            | 381,643           | 398,294.00        | 398,294.00             | 0.00                | 16,651.00)          | 104.36          |
| 01-43010 PROPERTY TAX I.D. #2           | 121,250           | 0.00              | 139,934.87             | 0.00                | 18,684.87)          | 115.41          |
| 01-43020 PROPERTY TAX REVENUE -CMM      | 255,205           | 0.00              | 256,687.62             | 0.00                | 1,482.62)           | 100.58          |
| 01-43030 CMM BOND CALL REVENUE          | 0                 | 0.00              | 0.00                   | 0.00                | 0.00                | 0.00            |
| 01-44000 CONNECTION FEES-HYDRANT,ML EXT | 0                 | 0.00              | 0.00                   | 0.00                | 0.00                | 0.00            |
| 01-44001 MAINLINE REIMBURSEMENT FEES    | 0                 | 0.00              | 0.00                   | 0.00                | 0.00                | 0.00            |
| 01-44010 WATER CAPACITY CHARGES         | 0                 | 0.00              | 18,950.00              | 0.00                | 18,950.00)          | 0.00            |
| 01-44020 PLAN CHECK/INSPECTION FEES     | 0                 | 2,072.07          | 2,072.07               | 0.00                | 2,072.07)           | 0.00            |
| 01-44030 METER INSTALLATION FEES        | 0                 | 0.00              | 1,750.00               | 0.00                | 1,750.00)           | 0.00            |
| 01-44050 SEWER CAPACITY CHARGES         | 0                 | 0.00              | 5,270.00               | 0.00                | 5,270.00)           | 0.00            |
| 01-45000 INTEREST REVENUE G.D.          | 38,900            | 6,628.06          | 6,753.15               | 0.00                | 32,146.85           | 17.36           |
| 01-45010 DIVIDEND INCOME-1ST AMERICAN 3 | 0                 | 0.00              | 0.00                   | 0.00                | 0.00                | 0.00            |
| 01-46100 GRANT REVENUE                  | 0                 | 0.00              | 0.00                   | 0.00                | 0.00                | 0.00            |
| 01-47000 MISCELLANEOUS REVENUE          | 1,503             | 267.52            | 584.62                 | 0.00                | 918.38              | 38.90           |
| 01-47010 GAIN/LOSS ON SALE OF ASSETS    | 0                 | 0.00              | 0.00                   | 0.00                | 0.00                | 0.00            |
| 01-47020 CHANGE IN MARKET VALUE         | 0                 | 0.00              | 0.00                   | 0.00                | 0.00                | 0.00            |
| <b>TOTAL REVENUE</b>                    | <b>4,657,103</b>  | <b>643,953.48</b> | <b>3,084,239.06</b>    | <b>0.00</b>         | <b>1,572,863.94</b> | <b>66.23</b>    |

01 -GENERAL FUND

% OF YEAR COMPLETED: 33.33

| EXPENSES                                  | CURRENT BUDGET | CURRENT PERIOD   | YEAR TO DATE ACTUAL | TOTAL ENCUMBERED | BUDGET BALANCE    | % YTD BUDGET |
|---|----------------|------------------|---------------------|------------------|-------------------|--------------|
| <u>Production</u>                         |                |                  |                     |                  |                   |              |
| 01-501-01115 PRODUCTION SALARY            | 179,619        | 20,813.89        | 52,429.38           | 0.00             | 127,189.62        | 29.19        |
| 01-501-02205 WATER TREATMENT EXPENSE      | 12,670         | 2,447.52         | 4,616.92            | 0.00             | 8,053.08          | 36.44        |
| 01-501-03105 SOURCE OF SUPPLY/WELL MAIN   | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-501-03115 PUMPING PLANT REPAIR & MAI   | 18,552         | 15,211.45        | 23,122.43           | 0.00             | ( 4,570.43)       | 124.64       |
| 01-501-03120 TANK & RESERVOIR EXPENSE     | 186,028        | 2,555.63         | 5,954.89            | 0.00             | 180,073.11        | 3.20         |
| 01-501-04005 LABORATORY SERVICES          | 6,291          | 991.00           | 2,988.00            | 0.00             | 3,303.00          | 47.50        |
| 01-501-04010 LEAD/COPPER SAMPLING EXPEN   | 2,500          | 0.00             | 0.00                | 0.00             | 2,500.00          | 0.00         |
| 01-501-06105 POWER FOR PUMPING (ELECTRI   | 245,338        | 24,843.97        | 77,797.90           | 0.00             | 167,540.10        | 31.71        |
| 01-501-07005 PROPERTY INSURANCE           | 64,741         | 5,339.58         | 21,212.34           | 0.00             | 43,528.66         | 32.76        |
| 01-501-98001 EE BENEFITS ALLOCATED        | 117,840        | 8,142.35         | 25,167.13           | 0.00             | 92,672.87         | 21.36        |
| 01-501-98002 FIELD EXPENSES ALLOCATED     | 19,876         | 4,829.62         | 24,631.36           | 0.00             | ( 4,755.36)       | 123.93       |
| 01-501-98003 OFFICE EXPENSE ALLOCATED     | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-601-99200 AUTOMATIC CONTROLS           | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-601-99205 BOOSTER/PUMP STATIONS        | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-601-99210 METERS                       | 0              | 910.84           | 910.84              | 0.00             | ( 910.84)         | 0.00         |
| 01-601-99220 MONITOR WELLS                | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-601-99230 PRODUCTION WELLS             | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-601-99240 PUMPING PLANT                | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-601-99250 SOURCE OF SUPPLY             | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-601-99260 WATER SAMPLING STATIONS      | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-601-99270 WATER SEEPAGE FITS           | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-601-99280 TANKS & RESERVOIRS           | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-601-99450 SHOP TOOLS & EQUIPMENT - P   | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-601-99510 LARGE EQUIPMENT - PROD       | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-601-99550 AUTOMOTIVE - PRODUCTION      | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-601-99600 GROUND WATER SURVEY          | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-601-99610 URBAN GROUND WATER MNGT      | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-601-99750 PRODUCTION - SOFTWARE & COMP | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| <b>TOTAL Production</b>                   | <b>853,455</b> | <b>86,085.85</b> | <b>238,831.19</b>   | <b>0.00</b>      | <b>614,623.81</b> | <b>27.98</b> |
| <u>Distribution</u>                       |                |                  |                     |                  |                   |              |
| 01-502-01105 MAIN, VALVE & LEAK SALARY    | 104,059        | 16,042.48        | 42,551.31           | 0.00             | 61,507.69         | 40.89        |
| 01-502-01130 DISTRIBUTION SALARY          | 108,081        | 12,495.71        | 31,996.68           | 0.00             | 76,084.32         | 29.60        |
| 01-502-01140 CROSS CONNECTION CONTRL SA   | 40,880         | 2,049.83         | 3,692.71            | 0.00             | 37,187.29         | 9.03         |
| 01-502-02920 INVENTORY-OVER & SHORT       | 3,106          | 0.00             | 2.38                | 0.00             | 3,103.62          | 0.08         |
| 01-502-03105 MAINLINE AND LEAK REPAIR     | 81,689         | 652.14           | 20,261.28           | 0.00             | 61,427.72         | 24.80        |
| 01-502-03110 EQUIPMENT RENTAL             | 2,963          | 228.61           | 1,143.05            | 0.00             | 1,819.95          | 38.58        |
| 01-502-03130 CROSS CONNECTION CONTROL E   | 666            | 0.00             | 0.00                | 0.00             | 666.00            | 0.00         |
| 01-502-04005 CONTRACT LOCATING EXPENSE    | 4,687          | 559.22           | 1,738.68            | 0.00             | 2,948.32          | 37.10        |
| 01-502-98001 EE BENEFITS ALLOCATED        | 114,530        | 11,724.98        | 36,240.66           | 0.00             | 78,289.34         | 31.64        |
| 01-502-98002 FIELD EXPENSES ALLOCATED     | 19,876         | 3,600.26         | 18,361.57           | 0.00             | 1,514.43          | 92.38        |
| 01-502-98003 OFFICE EXPENSE ALLOCATED     | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-602-99210 MAINLINES & FIRE HYDRANTS    | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-602-99450 SHOP TOOLS & EQUIPMNT - DI   | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-602-99550 AUTOMOTIVE - DISTRIBUTION    | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-602-99580 LARGE EQUIPMENT - DISTRIBU   | 0              | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| <b>TOTAL Distribution</b>                 | <b>480,537</b> | <b>47,353.23</b> | <b>155,988.32</b>   | <b>0.00</b>      | <b>324,548.68</b> | <b>32.46</b> |

01 -GENERAL FUND

% OF YEAR COMPLETED: 33.33

| EXPENSES                                | CURRENT BUDGET | CURRENT PERIOD | YEAR TO DATE ACTUAL | TOTAL ENCUMBERED | BUDGET BALANCE | % YTD BUDGET |
|---|----------------|----------------|---------------------|------------------|----------------|--------------|
| <u>Customer Service</u>                 |                |                |                     |                  |                |              |
| 01-503-01105 FIELD SALRY - CUSTOMER SER | 108,628        | 7,421.17       | 21,887.73           | 0.00             | 86,740.27      | 20.15        |
| 01-503-01110 OFFICE SALARY - CUSTOMER S | 90,764         | 12,854.83      | 29,086.09           | 0.00             | 61,677.91      | 32.05        |
| 01-503-01135 STANDBY SALARY             | 21,039         | 2,188.60       | 6,876.25            | 0.00             | 14,162.75      | 32.68        |
| 01-503-03105 METER SERVICE REPAIR       | 15,617         | 1,858.60       | 4,456.46            | 0.00             | 11,160.54      | 28.54        |
| 01-503-04005 PLAN CHECK/INSPECTION      | 0              | 2,072.07       | 2,072.07            | 0.00             | ( 2,072.07)    | 0.00         |
| 01-503-07005 CREDIT CARD FEES           | 7,302          | 1,143.39       | 4,154.27            | 0.00             | 3,147.73       | 56.89        |
| 01-503-07010 BAD DEBT                   | 20,000         | ( 194.09)      | ( 1,019.45)         | 0.00             | 21,019.45      | 5.10         |
| 01-503-07015 PUBLIC INFORMATION         | 43,860         | 3,806.28       | 10,811.64           | 0.00             | 33,048.36      | 24.65        |
| 01-503-07020 WATER CONSERVATION EXPENSE | 18,360         | 1,949.87       | 5,934.55            | 0.00             | 12,425.45      | 32.32        |
| 01-503-98001 EE BENEFITS ALLOCATED      | 165,506        | 17,587.46      | 54,360.97           | 0.00             | 111,145.03     | 32.85        |
| 01-503-98002 FIELD EXPENSES ALLOCATED   | 0              | 351.25         | 1,791.38            | 0.00             | ( 1,791.38)    | 0.00         |
| 01-503-98003 OFFICE EXPENSE ALLOCATED   | 109,949        | 3,827.90       | 10,737.74           | 0.00             | 99,211.26      | 9.77         |
| 01-603-99400 METER READING EQUIPMENT    | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| TOTAL Customer Service                  | 601,025        | 54,867.33      | 151,149.70          | 0.00             | 449,875.30     | 25.15        |
| <u>Administration</u>                   |                |                |                     |                  |                |              |
| 01-504-01105 ADMINISTRATION SALARY      | 243,947        | 25,069.29      | 66,158.87           | 0.00             | 177,788.13     | 27.12        |
| 01-504-01205 DIRECTORS EXPENSE          | 23,005         | 2,778.08       | 7,813.35            | 0.00             | 15,191.65      | 33.96        |
| 01-504-01210 DIRECTORS / C.A.C. EDUCATI | 9,503          | 0.00           | 30.00               | 0.00             | 9,473.00       | 0.32         |
| 01-504-01215 TRAINING EXPENSE           | 26,661         | 4,853.90       | 14,055.50           | 0.00             | 12,605.50      | 52.72        |
| 01-504-04005 LOBBYIST                   | 42,000         | 3,500.00       | 10,500.00           | 0.00             | 31,500.00      | 25.00        |
| 01-504-04010 PROJECT FEASIBILITY STUDIE | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-504-04015 CMC DEMO PROJECT CLEARING  | 0              | ( 748.26)      | ( 4,682.76)         | 0.00             | 4,682.76       | 0.00         |
| 01-504-07000 MISCELLANEOUS EXPENSE      | 2,419          | 80.00          | 789.99              | 0.00             | 1,629.01       | 32.66        |
| 01-504-07005 BUSINESS EXPENSE           | 15,747         | 2,838.01       | 5,649.11            | 0.00             | 10,097.89      | 35.87        |
| 01-504-07006 SUBSCRIPTIONS              | 3,050          | 524.06         | 756.06              | 0.00             | 2,293.94       | 24.79        |
| 01-504-07010 EMERGENCY PREPAREDNESS     | 7,407          | 0.00           | 1,800.00            | 0.00             | 5,607.00       | 24.30        |
| 01-504-07015 OUTSIDE SERVICES           | 38,345         | 2,044.01       | 12,775.29           | 0.00             | 25,569.71      | 33.32        |
| 01-504-07016 MEMBERSHIP FEES & DUES     | 17,677         | 9,304.16       | 9,304.16            | 0.00             | 8,372.84       | 52.63        |
| 01-504-98001 EE BENEFITS ALLOCATED      | 144,321        | 13,027.76      | 40,267.40           | 0.00             | 104,053.60     | 27.90        |
| 01-504-98002 FIELD EXPENSES ALLOCATED   | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-504-98003 OFFICE EXPENSE ALLOCATED   | 19,991         | 12,030.55      | 33,747.18           | 0.00             | ( 13,756.18)   | 168.81       |
| 01-604-99100 LAND & EASEMENT            | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-604-99300 BUILDINGS                  | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-604-99320 DEMO GARDEN                | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-604-99450 OFFICE FURNITURE & EQUIPME | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-604-99600 STRATEGIC PLAN DEV         | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-604-99610 VULNERABILITY ASSESSMENT   | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-604-99620 WASTE WATER FEASIBILITY ST | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-604-99630 WATER AVAILABILITY EVALUAT | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-604-99640 DEMOGRAPHIC SURVEY         | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-604-99650 GROUND WATER MONITORING PL | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-604-99660 RATE STUDIES               | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-604-99900 WASTEWATER SYSTEM & STARTU | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| TOTAL Administration                    | 594,073        | 75,301.56      | 198,964.15          | 0.00             | 395,108.85     | 33.49        |

01 -GENERAL FUND

% OF YEAR COMPLETED: 33.33

| EXPENSES                                | CURRENT BUDGET | CURRENT PERIOD | YEAR TO DATE ACTUAL | TOTAL ENCUMBERED | BUDGET BALANCE | % YTD BUDGET |
|---|----------------|----------------|---------------------|------------------|----------------|--------------|
| <u>Engineering</u>                      |                |                |                     |                  |                |              |
| 01-505-01105 ENGINEERING/GIS/IT SALARY  | 86,230         | 9,690.69       | 26,511.75           | 0.00             | 59,718.25      | 30.75        |
| 01-505-02305 MAPS/DRAFTING SUPPLIES     | 1,584          | 1,244.46       | 2,044.46            | 0.00             | (460.46)       | 129.07       |
| 01-505-04005 ENGINEERING SERVICES       | 50,000         | 0.00           | 180.00              | 0.00             | 49,820.00      | 0.36         |
| 01-505-04010 MAPPING SYSTEM UPGRADES    | 8,078          | 0.00           | 1,111.00            | 0.00             | 6,967.00       | 13.75        |
| 01-505-98001 EE BENEFITS ALLOCATED      | 23,171         | 5,211.10       | 16,106.96           | 0.00             | 7,064.04       | 69.51        |
| 01-505-98002 FIELD EXPENSES ALLOCATED   | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-505-98003 OFFICE EXPENSE ALLOCATED   | 19,991         | 5,195.01       | 14,572.63           | 0.00             | 5,418.37       | 72.90        |
| 01-605-99400 ENGINEERING EQUIPMENT      | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-605-99410 MAPPING SYSTEM             | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-605-99600 WATER MASTER PLAN          | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-605-99700 WATER MODEL ASSESSMENT H2O | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-605-99750 SOFTWARE & COMPUTERS       | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| TOTAL Engineering                       | 189,054        | 21,341.26      | 60,526.80           | 0.00             | 128,527.20     | 32.02        |
| <u>Finance</u>                          |                |                |                     |                  |                |              |
| 01-506-01100 FINANCE SALARY             | 227,774        | 24,460.56      | 65,733.96           | 0.00             | 162,040.04     | 28.86        |
| 01-506-04005 ACCOUNTING SERVICES        | 24,480         | 0.00           | 15,000.00           | 0.00             | 9,480.00       | 61.27        |
| 01-506-98001 EE BENEFITS ALLOCATED      | 92,683         | 8,142.35       | 25,167.13           | 0.00             | 67,515.87      | 27.15        |
| 01-506-98002 FIELD EXPENSES ALLOCATED   | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-506-98003 OFFICE EXPENSE ALLOCATED   | 39,981         | 5,741.85       | 16,106.60           | 0.00             | 23,874.40      | 40.29        |
| TOTAL Finance                           | 384,918        | 38,344.76      | 122,007.69          | 0.00             | 262,910.31     | 31.70        |
| <u>Personnel</u>                        |                |                |                     |                  |                |              |
| 01-507-01100 PERSONNEL SALARY           | 27,319         | 3,257.53       | 8,009.86            | 0.00             | 19,309.14      | 29.32        |
| 01-507-01115 UNION & LABOR NEGOT. SALAR | 0              | 0.00           | 291.73              | 0.00             | (291.73)       | 0.00         |
| 01-507-01120 SAFETY SALARY              | 9,382          | 480.00         | 1,740.00            | 0.00             | 7,642.00       | 18.55        |
| 01-507-01905 EMPLOYMENT RECRUITING EXPE | 2,006          | 0.00           | 0.00                | 0.00             | 2,006.00       | 0.00         |
| 01-507-01910 LABOR NEGOTIATION EXPENSE  | 18,000         | 1,782.00       | 8,910.00            | 0.00             | 9,090.00       | 49.50        |
| 01-507-98001 EE BENEFITS ALLOCATED      | 3,972          | 1,302.78       | 4,026.74            | 0.00             | (54.74)        | 101.38       |
| 01-507-98002 FIELD EXPENSES ALLOCATED   | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-507-98003 OFFICE EXPENSE ALLOCATED   | 9,995          | 546.84         | 1,533.97            | 0.00             | 8,461.03       | 15.35        |
| 01-607-99600 PERSONNEL MANUAL/CLASS STU | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| TOTAL Personnel                         | 70,674         | 7,369.15       | 24,512.30           | 0.00             | 46,161.70      | 34.68        |
| <u>Legal</u>                            |                |                |                     |                  |                |              |
| 01-508-04000 LEGAL SERVICES             | 67,320         | 308.00         | 4,646.75            | 0.00             | 62,673.25      | 6.90         |
| TOTAL Legal                             | 67,320         | 308.00         | 4,646.75            | 0.00             | 62,673.25      | 6.90         |
| <u>Bonds &amp; Loans</u>                |                |                |                     |                  |                |              |
| 01-509-08105 BOND PAYABLE PRINCP 1997 B | 515,000        | 0.00           | 0.00                | 0.00             | 515,000.00     | 0.00         |
| 01-509-08110 I.D. #2 BONDS PYBLE-PRINCI | 95,000         | 0.00           | 0.00                | 0.00             | 95,000.00      | 0.00         |
| 01-509-08115 CMM PRINCIPAL              | 80,000         | 0.00           | 78,000.00           | 0.00             | 2,000.00       | 97.50        |
| 01-509-08120 MORONGO BASIN PIPELINE     | 224,158        | 0.00           | 0.00                | 0.00             | 224,158.00     | 0.00         |
| 01-509-08150 MWA OPERATION & MAINT.     | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |
| 01-509-08205 INTEREST EXPENSE - 1997 BO | 26,008         | 13,003.75      | 13,003.75           | 0.00             | 13,004.25      | 50.00        |
| 01-509-08210 INTEREST EXPENSE I.D. #2   | 26,250         | 0.00           | 13,125.00           | 0.00             | 13,125.00      | 50.00        |
| 01-509-08215 INTEREST EXPENSE - CMM     | 164,205        | 0.00           | 83,327.35           | 0.00             | 80,877.65      | 50.75        |
| 01-509-08220 INTEREST EXPENSE-UTILITY S | 0              | 0.00           | 0.00                | 0.00             | 0.00           | 0.00         |

01 -GENERAL FUND

% OF YEAR COMPLETED: 33.33

| EXPENSES                                | CURRENT BUDGET   | CURRENT PERIOD   | YEAR TO DATE ACTUAL | TOTAL ENCUMBERED | BUDGET BALANCE    | % YTD BUDGET |
|---|------------------|------------------|---------------------|------------------|-------------------|--------------|
| 01-509-08305 TRUSTEE FEES - 1997 BONDS  | 2,525            | 0.00             | 0.00                | 0.00             | 2,525.00          | 0.00         |
| 01-509-08310 ANALYTICAL SERVICES 1997 B | 2,540            | 0.00             | 0.00                | 0.00             | 2,540.00          | 0.00         |
| 01-509-08315 ID #2 BONDS COLLECTION CHA | 339              | 0.00             | 47.23               | 0.00             | 291.77            | 13.93        |
| 01-509-08320 GENERAL TAX COLLECTION CHA | 950              | 0.00             | 61.24               | 0.00             | 888.76            | 6.45         |
| 01-509-08325 ADMINISTRATION - CMM       | 11,000           | 2,080.74         | 4,187.55            | 0.00             | 6,812.45          | 38.07        |
| 01-509-08910 AMORTIZATION OF BOND DEFER | 0                | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-509-08911 AMORTIZATION OF BOND DISCO | 0                | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-509-08912 AMORTIZATION BOND ISSUE CO | 0                | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| <b>TOTAL Bonds &amp; Loans</b>          | <b>1,147,975</b> | <b>15,084.49</b> | <b>191,752.12</b>   | <b>0.00</b>      | <b>956,222.88</b> | <b>16.70</b> |
| <u>Benefits Allocated</u>               |                  |                  |                     |                  |                   |              |
| 01-551-01105 CONTRA SALARY-CAFE PLAN RE | 0                | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-551-01205 EMPLOYEE EDUCATION         | 257              | 0.00             | 0.00                | 0.00             | 257.00            | 0.00         |
| 01-551-01210 COMPENSATED LEAVE          | 185,000          | 16,969.37        | 52,431.10           | 0.00             | 132,568.90        | 28.34        |
| 01-551-01215 CAFETERIA PLAN EXPENSE     | 195,750          | 16,620.00        | 65,580.00           | 0.00             | 130,170.00        | 33.50        |
| 01-551-01220 GROUP INSURANCE EXPENSE    | 6,433            | 1,650.03         | 3,101.67            | 0.00             | 3,331.33          | 48.21        |
| 01-551-01225 WORKERS COMPENSATION INSUR | 31,606           | 6,550.48         | 6,550.48            | 0.00             | 25,055.52         | 20.73        |
| 01-551-01230 RETIREMENT                 | 127,921          | 9,756.15         | 37,205.73           | 0.00             | 90,715.27         | 29.08        |
| 01-551-01235 VEHICLE ALLOWANCE SALARY   | 0                | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-551-01240 UNIFORMS                   | 6,770            | 5,931.97         | 5,931.97            | 0.00             | 838.03            | 87.62        |
| 01-551-01245 ALLOWANCE AND ADJUSTMENTS  | 0                | 0.00             | 0.00                | 0.00             | 0.00              | 0.00         |
| 01-551-01305 PAYROLL TAXES              | 108,285          | 7,660.78         | 30,536.04           | 0.00             | 77,748.96         | 28.20        |
| 01-551-98000 ALLOCATED EXPENSES         | ( 662,022)       | ( 65,138.78)     | ( 201,336.99)       | 0.00             | ( 460,685.01)     | 30.41        |
| <b>TOTAL Benefits Allocated</b>         | <b>0</b>         | <b>0.00</b>      | <b>0.00</b>         | <b>0.00</b>      | <b>0.00</b>       | <b>0.00</b>  |
| <u>Field Allocated</u>                  |                  |                  |                     |                  |                   |              |
| 01-552-02205 SHOP EXPENSE - COMBINED    | 11,002           | 804.25           | 2,811.72            | 0.00             | 8,190.28          | 25.56        |
| 01-552-02210 SMALL TOOLS EXPENSE - COMB | 10,200           | 1,190.99         | 2,383.17            | 0.00             | 7,816.83          | 23.36        |
| 01-552-02215 SAFETY EXPENSE             | 6,500            | 0.00             | 215.03              | 0.00             | 6,284.97          | 3.31         |
| 01-552-03205 TRACTOR/TOOL REPAIR        | 4,064            | 35.00            | 2,359.65            | 0.00             | 1,704.35          | 58.06        |
| 01-552-03905 BUILDING REPAIR & MAINT.   | 29,787           | 1,215.53         | 7,282.38            | 0.00             | 22,504.62         | 24.45        |
| 01-552-05005 FUEL-VEHICLES              | 35,779           | 0.00             | 9,764.77            | 0.00             | 26,014.23         | 27.29        |
| 01-552-05010 AUTO EXPENSE               | 26,520           | 889.09           | 12,060.79           | 0.00             | 14,459.21         | 45.48        |
| 01-552-05015 EQUIPMENT CLEARING ACCOUN  | ( 1,684)         | ( 109.14)        | ( 397.08)           | 0.00             | ( 1,286.92)       | 23.58        |
| 01-552-06305 COMMUNICATIONS             | 10,103           | 910.08           | 3,211.08            | 0.00             | 6,891.92          | 31.78        |
| 01-552-07005 REGULATORY, PERMITS, ETC   | 7,956            | 6,670.96         | 6,670.96            | 0.00             | 1,285.04          | 83.85        |
| 01-552-07010 OVERHEAD 17 (OTHER)        | ( 96,093)        | ( 719.45)        | ( 880.13)           | 0.00             | ( 95,212.87)      | 0.92         |
| 01-552-07015 OVERHEAD 16 (LABOR)        | ( 4,381)         | ( 497.68)        | ( 698.03)           | 0.00             | ( 3,682.97)       | 15.93        |
| 01-552-98000 ALLOCATED EXPENSES         | ( 39,752)        | ( 8,781.13)      | ( 44,784.31)        | 0.00             | 5,032.31          | 112.66       |
| <b>TOTAL Field Allocated</b>            | <b>1</b>         | <b>0.00</b>      | <b>0.00</b>         | <b>0.00</b>      | <b>1.00</b>       | <b>0.00</b>  |
| <u>Office allocated</u>                 |                  |                  |                     |                  |                   |              |
| 01-553-01405 TEMPORARY LABOR FEES       | 28,929           | 5,630.17         | 12,285.91           | 0.00             | 16,643.09         | 42.47        |
| 01-553-02105 OFFICE SUPPLIES & EQUIPMEN | 30,600           | 2,062.69         | 4,135.40            | 0.00             | 26,464.60         | 13.51        |
| 01-553-02110 POSTAGE                    | 22,418           | 3,052.30         | 8,108.54            | 0.00             | 14,309.46         | 36.17        |
| 01-553-04005 COMPUTER PROGRAMMING EXPEN | 2,665            | 0.00             | 0.00                | 0.00             | 2,665.00          | 0.00         |
| 01-553-04010 OFFICE EQUIP - REPAIR & MA | 34,959           | 5,669.84         | 19,474.04           | 0.00             | 15,484.96         | 55.71        |
| 01-553-04015 SYSTEM ADMINISTRATION      | 48,391           | 7,617.00         | 18,555.00           | 0.00             | 29,836.00         | 38.34        |
| 01-553-06205 TELEPHONE AND UTILITIES    | 31,944           | 3,310.15         | 14,139.23           | 0.00             | 17,804.77         | 44.26        |
| 01-553-98000 ALLOCATED EXPENSES         | ( 199,905)       | ( 27,342.15)     | ( 76,698.12)        | 0.00             | ( 123,206.88)     | 38.37        |
| <b>TOTAL Office allocated</b>           | <b>1</b>         | <b>0.00</b>      | <b>0.00</b>         | <b>0.00</b>      | <b>1.00</b>       | <b>0.00</b>  |

01 -GENERAL FUND

% OF YEAR COMPLETED: 33.33

| EXPENSES                      | CURRENT<br>BUDGET | CURRENT<br>PERIOD | YEAR TO DATE<br>ACTUAL | TOTAL<br>ENCUMBERED | BUDGET<br>BALANCE | % YTD<br>BUDGET |
|-------------------------------|-------------------|-------------------|------------------------|---------------------|-------------------|-----------------|
| TOTAL EXPENSES                | 4,389,033         | 346,055.63        | 1,148,379.02           | 0.00                | 3,240,653.98      | 26.16           |
| REVENUE OVER/(UNDER) EXPENSES | 268,070           | 297,897.85        | 1,935,860.04           | 0.00                | ( 1,667,790.04)   | 722.15          |

| CHECK NO | CHECK DATE | STATUS | VENDOR INFO   |                                | CHECK AMOUNT |
|----------|------------|--------|---------------|--------------------------------|--------------|
| 048660   | 10/01/2010 | R      | 000675        | AQUA-METRIC SALES COMPANY      |              |
|          |            |        | I-0034529-IN  | INVENTORY                      | 2,034.08     |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 2,034.08     |
| 048661   | 10/01/2010 | R      | 001004        | BANK OF AMERICA                |              |
|          |            |        | I-BA0910      | UNIFORMS/PUMPING PLANT/BUS EXP | 6,759.03     |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 6,759.03     |
| 048662   | 10/01/2010 | R      | 001002        | BUSINESS CARD                  |              |
|          |            |        | I-BA0910      | BUSINESS EXPENSE               | 90.85        |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 90.85        |
| 048663   | 10/01/2010 | R      | 001010        | BARR LUMBER COMPANY, INC       |              |
|          |            |        | I-9532672     | PUMPING PLANT SUPPLIES         | 16.28        |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 16.28        |
| 048664   | 10/01/2010 | R      | 001445        | REFUJIO BOCANEGRA              |              |
|          |            |        | I-JB092810    | SERVICES THROUGH 9/24/10       | 400.00       |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 400.00       |
| 048665   | 10/01/2010 | R      | 001530        | CARQUEST/SOUTHERN AUTO SUPPLY  |              |
|          |            |        | I-7340-322553 | SHOP EXPENSE                   | 15.92        |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 15.92        |
| 048666   | 10/01/2010 | R      | 001595        | CHEM-TECH INTERNATIONAL, INC.  |              |
|          |            |        | I-JBWD131     | WATER TREATMENT EXPENSE        | 1,223.76     |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 1,223.76     |
| 048667   | 10/01/2010 | R      | 001865        | COMPUTER GALLERY               |              |
|          |            |        | I-305253      | PLAT. MAINTENANCE - OCT 10     | 2,886.00     |
|          |            |        | I-305277      | BDR BACKUP SERVICE - OCT 10    | 810.00       |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 3,696.00     |
| 048668   | 10/01/2010 | R      | 002026        | DATASTREAM                     |              |
|          |            |        | I-3900        | MAINT. AGREEMENT - 4TH QTR 10  | 720.00       |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 720.00       |
| 048669   | 10/01/2010 | R      | 002420        | DLT SOLUTIONS, INC             |              |
|          |            |        | I-SI129945    | 2010 AUTOCAD SUBSCRIPT RENEWAL | 1,244.46     |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 1,244.46     |

| CHECK NO | CHECK DATE | STATUS | VENDOR INFO  |                                 | CHECK AMOUNT |
|----------|------------|--------|--------------|---------------------------------|--------------|
| 048670   | 10/01/2010 | R      | 004720       | INLAND WATER WORKS              |              |
|          |            |        | I-226148     | PUMPING PLANT REPAIR SUPPLIES   | 879.84       |
|          |            |        |              |                                 | -----        |
|          |            |        |              |                                 | 879.84       |
| 048671   | 10/01/2010 | R      | 000134       | KENNEDY/JENKS CONSULTANTS, INC. |              |
|          |            |        | I-50836      | CONSULTING: URBAN WTR MGMT PLN  | 4,014.17     |
|          |            |        |              |                                 | -----        |
|          |            |        |              |                                 | 4,014.17     |
| 048672   | 10/01/2010 | R      | 009897       | THE MALLANTS CORPORATION        |              |
|          |            |        | I-1910000506 | TEMPORARY LABOR                 | 669.76       |
|          |            |        |              |                                 | -----        |
|          |            |        |              |                                 | 669.76       |
| 048673   | 10/01/2010 | R      | 006200       | HELEN A. MCALLISTER             |              |
|          |            |        | I-5444B      | JANITORIAL SERVICES - SEPT 10   | 580.00       |
|          |            |        |              |                                 | -----        |
|          |            |        |              |                                 | 580.00       |
| 048674   | 10/01/2010 | R      | 006507       | MCMASTER-CARR                   |              |
|          |            |        | I-65322374   | SMALL TOOLS                     | 66.22        |
|          |            |        |              |                                 | -----        |
|          |            |        |              |                                 | 66.22        |
| 048675   | 10/01/2010 | R      | 003930       | NBS                             |              |
|          |            |        | I-B09201038  | CMM ADMIN FEES - 4TH QTR 10     | 2,080.74     |
|          |            |        |              |                                 | -----        |
|          |            |        |              |                                 | 2,080.74     |
| 048676   | 10/01/2010 | R      | 007053       | NEW LIBERTY ADMINISTRATION      |              |
|          |            |        | I-NL0910     | CAFETERIA PLAN - SEPT 10        | 1,145.00     |
|          |            |        |              |                                 | -----        |
|          |            |        |              |                                 | 1,145.00     |
| 048677   | 10/01/2010 | R      | 008102       | OFFICEMAX CONTRACT INC.         |              |
|          |            |        | I-050307     | OFFICE SUPPLIES                 | 867.34       |
|          |            |        |              |                                 | -----        |
|          |            |        |              |                                 | 867.34       |
| 048678   | 10/01/2010 | R      | 008414       | ROBERT L. STEPHENSON            |              |
|          |            |        | I-1352       | VIDEO TAPING BD MEETINGS - AUG  | 100.00       |
|          |            |        |              |                                 | -----        |
|          |            |        |              |                                 | 100.00       |
| 048679   | 10/01/2010 | R      | 008415       | PRUDENTIAL OVERALL SPLY.        |              |
|          |            |        | I-20204153   | SHOP EXPENSE                    | 83.11        |
|          |            |        |              |                                 | -----        |
|          |            |        |              |                                 | 83.11        |



| CHECK NO | CHECK DATE | STATUS | VENDOR INFO      |                                | CHECK AMOUNT |
|----------|------------|--------|------------------|--------------------------------|--------------|
| 048680   | 10/01/2010 | R      | 009054           | KATHLEEN J. RADNICH            |              |
|          |            |        | I-091110-34      | PUBLIC RELATIONS SERVICES      | 417.60       |
|          |            |        | I-091110-34REIMB | REIMB: PUBLIC INFO SUPPLIES    | 32.00        |
|          |            |        | I-091910-35      | PUBLIC RELATIONS SERVICES      | 421.20       |
|          |            |        |                  |                                | -----        |
|          |            |        |                  |                                | 870.80       |
| 048681   | 10/01/2010 | R      | 009951           | STEVE'S OFFICE SUPPLY          |              |
|          |            |        | I-179221-0       | SHIPPING FOR METER TESTING/RPR | 12.31        |
|          |            |        |                  |                                | -----        |
|          |            |        |                  |                                | 12.31        |
| 048682   | 10/01/2010 | R      | 010690           | TYLER TECHNOLOGIES-INCODE      |              |
|          |            |        | I-175605         | ONLINE PRODUCTS & SERVICES     | 185.00       |
|          |            |        | I-1983           | MAINT: RPT WRTR/WO TO 6/30/11  | 1,476.57     |
|          |            |        |                  |                                | -----        |
|          |            |        |                  |                                | 1,661.57     |
| 048683   | 10/01/2010 | R      | 010990           | UTILIQUEST L.L.C.              |              |
|          |            |        | I-154668-Q       | CONTRACT LOCATING EXPENSE      | 32.57        |
|          |            |        | I-155052-Q       | CONTRACT LOCATING EXPENSE      | 119.43       |
|          |            |        | I-155497-Q       | CONTRACT LOCATING EXPENSE      | 78.21        |
|          |            |        |                  |                                | -----        |
|          |            |        |                  |                                | 230.21       |
| 048684   | 10/07/2010 | R      | 001010           | BARR LUMBER COMPANY, INC       |              |
|          |            |        | I-9533248        | BUILDING REPAIR SUPPLIES       | 30.25        |
|          |            |        |                  |                                | -----        |
|          |            |        |                  |                                | 30.25        |
| 048685   | 10/07/2010 | R      | 004110           | BURRTEC WASTE & RECYCLING SVCS |              |
|          |            |        | I-BW1010         | RECYCLING - OCT 10             | 52.08        |
|          |            |        | I-BW1010A        | TRASH REMOVAL - OCT 10         | 72.71        |
|          |            |        | I-BW1010B        | TRASH REMOVAL - OCT 10         | 226.71       |
|          |            |        |                  |                                | -----        |
|          |            |        |                  |                                | 351.50       |
| 048686   | 10/07/2010 | R      | 001555           | CENTRATEL                      |              |
|          |            |        | I-101003192101   | DISPATCH SERVICES - OCT 10     | 323.75       |
|          |            |        |                  |                                | -----        |
|          |            |        |                  |                                | 323.75       |
| 048687   | 10/07/2010 | R      | 001898           | STEPHEN CORBIN                 |              |
|          |            |        | I-SC092410       | REIMB: CSTI TRAINING MEALS     | 85.40        |
|          |            |        |                  |                                | -----        |
|          |            |        |                  |                                | 85.40        |
| 048688   | 10/07/2010 | R      | 002190           | CDPH-OCP                       |              |
|          |            |        | I-1130458        | WATER SYSTEM FEES 07/09-06/10  | 4,796.03     |
|          |            |        |                  |                                | -----        |
|          |            |        |                  |                                | 4,796.03     |

C H E C K   A U D I T   R E P O R T

| CHECK NO | CHECK DATE | STATUS | VENDOR INFO     |                                   | CHECK AMOUNT |
|----------|------------|--------|-----------------|-----------------------------------|--------------|
| 048689   | 10/07/2010 | R      | 000109          | PATRICIA FREEMAN                  |              |
|          |            |        | I-PF100710      | MILEAGE REIMBURSEMENT             | 49.50        |
|          |            |        |                 |                                   | -----        |
|          |            |        |                 |                                   | 49.50        |
| 048690   | 10/07/2010 | R      | 004195          | HOME DEPOT CREDIT SERVICES        |              |
|          |            |        | C-OAC-000000001 | CREDIT: SHOP EXP/BLDG REPAIR      | 341.67CR     |
|          |            |        | I-HD1010        | M/L & LEAK/PUMPING PLT SUPPLY     | 732.14       |
|          |            |        |                 |                                   | -----        |
|          |            |        |                 |                                   | 390.47       |
| 048691   | 10/07/2010 | R      | 006045          | WILLIAM C. LONG                   |              |
|          |            |        | I-WL100610      | 10/06/10 BOARD MEETING            | 173.63       |
|          |            |        |                 |                                   | -----        |
|          |            |        |                 |                                   | 173.63       |
| 048692   | 10/07/2010 | R      | 006504          | MC CALL'S METERS, INC.            |              |
|          |            |        | I-19769         | CERTIFIED FLOW TEST               | 37.91        |
|          |            |        |                 |                                   | -----        |
|          |            |        |                 |                                   | 37.91        |
| 048693   | 10/07/2010 | R      | 000070          | ONLINE INFORMATION SERVICES, INC. |              |
|          |            |        | I-285126        | ID VERIF. SERV. THRU 09/30/10     | 30.00        |
|          |            |        |                 |                                   | -----        |
|          |            |        |                 |                                   | 30.00        |
| 048694   | 10/07/2010 | R      | 008414          | ROBERT L. STEPHENSON              |              |
|          |            |        | I-1357          | VIDEO TAPING BD MEETINGS-SEPT     | 200.00       |
|          |            |        |                 |                                   | -----        |
|          |            |        |                 |                                   | 200.00       |
| 048695   | 10/07/2010 | R      | 000017          | MICHAEL PAUL REYNOLDS             |              |
|          |            |        | I-MR100610      | 10/06/10 BOARD MEETING            | 173.63       |
|          |            |        |                 |                                   | -----        |
|          |            |        |                 |                                   | 173.63       |
| 048696   | 10/07/2010 | R      | 000049          | BEN RUFFNER                       |              |
|          |            |        | I-BR092410      | REIMB: CSTI LODGING/MEALS/GAS     | 1,668.50     |
|          |            |        | I-BR100110      | REIMB: STAFF MTG FOOD/POSTAGE     | 35.06        |
|          |            |        |                 |                                   | -----        |
|          |            |        |                 |                                   | 1,703.56     |
| 048697   | 10/07/2010 | R      | 009878          | SOUTHERN CALIFORNIA EDISON        |              |
|          |            |        | I-SCE0910       | POWER FOR PUMPING - SEPT 10       | 27,863.87    |
|          |            |        |                 |                                   | -----        |
|          |            |        |                 |                                   | 27,863.87    |
| 048698   | 10/07/2010 | R      | 009920          | STANDARD INSURANCE CO             |              |
|          |            |        | I-ST1010        | EE LIFE INSURANCE - OCT 10        | 786.32       |
|          |            |        |                 |                                   | -----        |
|          |            |        |                 |                                   | 786.32       |

| CHECK NO | CHECK DATE | STATUS | VENDOR INFO |   | CHECK AMOUNT   |
|----------|------------|--------|-------------|---|--|
| 048699   | 10/07/2010 | R      | 010690      | TYLER TECHNOLOGIES-INCODE<br>I-170924         | INSITE TRANS FEES: APR-JUN<br>1,098.75<br>-----<br>1,098.75      |
| 048700   | 10/07/2010 | R      | 010945      | US BANK, CORPORATE TRUST, TFM<br>I-USB1110    | INTEREST FOR BOND SERIES 1997<br>13,003.75<br>-----<br>13,003.75 |
| 048701   | 10/07/2010 | R      | 000115      | STEVEN MANLEY WHITMAN<br>I-SW100610           | 10/06/10 BOARD MEETING<br>173.63<br>-----<br>173.63              |
| 048702   | 10/07/2010 | R      | 011701      | GARY WILSON<br>I-GW100610                     | 10/06/10 BOARD MEETING<br>173.63<br>-----<br>173.63              |
| 048703   | 10/07/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.)<br>I-000201010070849 | JUESCHKE, MARK :US REFUND<br>24.26<br>-----<br>24.26             |
| 048704   | 10/07/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.)<br>I-000201010070850 | BRYSON, DAVID :US REFUND<br>55.24<br>-----<br>55.24              |
| 048705   | 10/07/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.)<br>I-000201010070851 | WILCOX II, GARY :US REFUND<br>35.66<br>-----<br>35.66            |
| 048706   | 10/07/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.)<br>I-000201010070852 | THOMAS, TAMMIE :US REFUND<br>15.94<br>-----<br>15.94             |
| 048707   | 10/07/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.)<br>I-000201010070853 | KARELL, ARTHUR KOSKI:US REFUND<br>72.12<br>-----<br>72.12        |
| 048708   | 10/07/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.)<br>I-000201010070854 | WEBB, BARRY :US REFUND<br>18.02<br>-----<br>18.02                |

| CHECK NO | CHECK DATE | STATUS |   | VENDOR INFO  | CHECK AMOUNT              |
|----------|------------|--------|---|--|---------------------------|
| 048709   | 10/07/2010 | R      | 1 | CUSTOMER REFUNDS (MISC.)<br>I-000201010070855    MASTERSON, NICOLE A :US REFUND            | 82.15<br>-----<br>82.15   |
| 048710   | 10/07/2010 | R      | 1 | CUSTOMER REFUNDS (MISC.)<br>I-000201010070856    LAIR, SUSAN                    :US REFUND | 60.83<br>-----<br>60.83   |
| 048711   | 10/07/2010 | R      | 1 | CUSTOMER REFUNDS (MISC.)<br>I-000201010070857    COLE, SAMANTHA R            :US REFUND    | 122.68<br>-----<br>122.68 |
| 048712   | 10/07/2010 | R      | 1 | CUSTOMER REFUNDS (MISC.)<br>I-000201010070858    FOGLE, BECKY                :US REFUND    | 69.26<br>-----<br>69.26   |
| 048713   | 10/07/2010 | V      | 1 | CUSTOMER REFUNDS (MISC.)<br>I-000201010070859    PUNCHUR, DAVID J            :US REFUND    | 44.21<br>-----<br>44.21   |
| 048714   | 10/07/2010 | R      | 1 | CUSTOMER REFUNDS (MISC.)<br>I-000201010070860    SCHOENECK, LAURENCE :US REFUND            | 18.68<br>-----<br>18.68   |
| 048715   | 10/07/2010 | R      | 1 | CUSTOMER REFUNDS (MISC.)<br>I-000201010070861    GONZALVES, LANA J            :US REFUND   | 69.52<br>-----<br>69.52   |
| 048716   | 10/07/2010 | R      | 1 | CUSTOMER REFUNDS (MISC.)<br>I-000201010070862    HOLT, MASON                 :US REFUND    | 46.56<br>-----<br>46.56   |
| 048717   | 10/07/2010 | V      | 1 | CUSTOMER REFUNDS (MISC.)<br>I-000201010070863    LAWHON, DONALD              :US REFUND    | 32.00<br>-----<br>32.00   |
| 048718   | 10/07/2010 | R      | 1 | CUSTOMER REFUNDS (MISC.)<br>I-000201010070864    EB INVESTMENTS              :US REFUND    | 86.08<br>-----<br>86.08   |

| CHECK NO | CHECK DATE | STATUS | VENDOR INFO |                                  |                               | CHECK AMOUNT |
|----------|------------|--------|-------------|----------------------------------|-------------------------------|--------------|
| 048719   | 10/07/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.)         |                               |              |
|          |            |        |             | I-000201010070865 MIZRACHI, RUEL | :US REFUND                    | 60.10        |
|          |            |        |             |                                  |                               | -----        |
|          |            |        |             |                                  |                               | 60.10        |
| 048720   | 10/07/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.)         |                               |              |
|          |            |        |             | I-000201010070866 MEAGHER, BRIAN | :US REFUND                    | 69.49        |
|          |            |        |             |                                  |                               | -----        |
|          |            |        |             |                                  |                               | 69.49        |
| 048721   | 10/15/2010 | R      | 000505      | ACWA                             |                               |              |
|          |            |        |             | I-ACWA1110                       | EE ASSISTANCE PROGRAM         | 74.34        |
|          |            |        |             |                                  |                               | -----        |
|          |            |        |             |                                  |                               | 74.34        |
| 048722   | 10/15/2010 | R      | 000507      | ACWA HEALTH BENEFITS AUTHORITY   |                               |              |
|          |            |        |             | I-ACWA1110                       | EE HEALTH BENEFIT - NOV 10    | 10,906.89    |
|          |            |        |             |                                  |                               | -----        |
|          |            |        |             |                                  |                               | 10,906.89    |
| 048723   | 10/15/2010 | R      | 000501      | ACWA/JPIA                        |                               |              |
|          |            |        |             | I-JPIA0910                       | WORKERS' COMP JULY - SEPT '10 | 6,550.48     |
|          |            |        |             |                                  |                               | -----        |
|          |            |        |             |                                  |                               | 6,550.48     |
| 048724   | 10/15/2010 | R      | 000650      | AKLUFU & WYSOCKI                 |                               |              |
|          |            |        |             | I-AW0910                         | LEGAL SERVICES - SEPT 10      | 175.00       |
|          |            |        |             |                                  |                               | -----        |
|          |            |        |             |                                  |                               | 175.00       |
| 048725   | 10/15/2010 | R      | 000675      | AQUA-METRIC SALES COMPANY        |                               |              |
|          |            |        |             | I-0034838-IN                     | INVENTORY                     | 1,830.88     |
|          |            |        |             |                                  |                               | -----        |
|          |            |        |             |                                  |                               | 1,830.88     |
| 048726   | 10/15/2010 | R      | 000950      | ASSOCIATION OF THE S.B.          |                               |              |
|          |            |        |             | I-ASBCSD101310                   | MONTHLY DINNER MEETING        | 70.00        |
|          |            |        |             |                                  |                               | -----        |
|          |            |        |             |                                  |                               | 70.00        |
| 048727   | 10/15/2010 | R      | 001630      | AT&T MOBILITY                    |                               |              |
|          |            |        |             | I-829480028X10052010             | COMMUNICATIONS - SEPT 10      | 592.72       |
|          |            |        |             |                                  |                               | -----        |
|          |            |        |             |                                  |                               | 592.72       |
| 048728   | 10/15/2010 | R      | 001445      | REFUJIO BOCANEGRA                |                               |              |
|          |            |        |             | I-JB101210                       | SERVICES THROUGH 10/12/10     | 1,000.00     |
|          |            |        |             |                                  |                               | -----        |
|          |            |        |             |                                  |                               | 1,000.00     |

| CHECK NO | CHECK DATE | STATUS | VENDOR INFO   |                                   | CHECK AMOUNT |
|----------|------------|--------|---------------|-----------------------------------|--------------|
| 048729   | 10/15/2010 | R      | 001461        | DEBORAH BOLLINGER                 |              |
|          |            |        | I-444         | WATER CONSERV & GRANT PROJECT     | 2,500.00     |
|          |            |        | I-444A        | AB1420 COMPLIANCE                 | 112.50       |
|          |            |        |               |                                   | -----        |
|          |            |        |               |                                   | 2,612.50     |
| 048730   | 10/15/2010 | R      | 000137        | CAL-OSHA REPORTER                 |              |
|          |            |        | I-411322      | CAL-OSHA SUBSCRIPTION             | 427.00       |
|          |            |        |               |                                   | -----        |
|          |            |        |               |                                   | 427.00       |
| 048731   | 10/15/2010 | R      | 001526        | CANYON AUTO SERVICES, INC         |              |
|          |            |        | C-10255CM     | VEHICLE REPAIRS                   | 732.13CR     |
|          |            |        | I-10303       | VEHICLE REPAIRS                   | 236.07       |
|          |            |        | I-4696        | VEHICLE REPAIRS                   | 625.11       |
|          |            |        |               |                                   | -----        |
|          |            |        |               |                                   | 129.05       |
| 048732   | 10/15/2010 | R      | 000139        | COUNTY OF SAN BERNARDINO          |              |
|          |            |        | I-GG10/11 114 | DUMP TRUCK REPAIRS                | 41.50        |
|          |            |        |               |                                   | -----        |
|          |            |        |               |                                   | 41.50        |
| 048733   | 10/15/2010 | R      | 001865        | COMPUTER GALLERY                  |              |
|          |            |        | I-305308      | PLAT. MAINTENANCE - NOV 10        | 3,111.00     |
|          |            |        | I-305321      | BDR BACKUP SERVICE - NOV 10       | 810.00       |
|          |            |        |               |                                   | -----        |
|          |            |        |               |                                   | 3,921.00     |
| 048734   | 10/15/2010 | R      | 002304        | DIGITAL TELEMETRY SYSTEM / DESTEK |              |
|          |            |        | I-1060B       | FINAL PYMNT SCADA MASTER COMP     | 5,339.48     |
|          |            |        |               |                                   | -----        |
|          |            |        |               |                                   | 5,339.48     |
| 048735   | 10/15/2010 | R      | 002853        | ENVIRONMENTAL SCIENCE ASSOC.      |              |
|          |            |        | I-90821       | ENVIRONMENTAL STUDY - RECHARGE    | 1,712.00     |
|          |            |        |               |                                   | -----        |
|          |            |        |               |                                   | 1,712.00     |
| 048736   | 10/15/2010 | R      | 003025        | FEDEX                             |              |
|          |            |        | I-7-251-99530 | SHIPPING CHARGES                  | 20.01        |
|          |            |        |               |                                   | -----        |
|          |            |        |               |                                   | 20.01        |
| 048737   | 10/15/2010 | R      | 000058        | GARDA CL WEST, INC.               |              |
|          |            |        | I-161-200810  | COURIER FEES - OCT 10             | 383.90       |
|          |            |        |               |                                   | -----        |
|          |            |        |               |                                   | 383.90       |
| 048738   | 10/15/2010 | R      | 004720        | INLAND WATER WORKS                |              |

| CHECK NO | CHECK DATE | STATUS | VENDOR INFO     |                               | CHECK AMOUNT |
|----------|------------|--------|-----------------|-------------------------------|--------------|
|          |            |        | I-226174        | INVENTORY                     | 984.84       |
|          |            |        | I-226366        | INVENTORY                     | 542.88       |
|          |            |        |                 |                               | -----        |
|          |            |        |                 |                               | 1,527.72     |
| 048739   | 10/15/2010 | R      | 000069          | LIONEL GOODROW                |              |
|          |            |        | I-619           | A/C REPAIR                    | 224.41       |
|          |            |        |                 |                               | -----        |
|          |            |        |                 |                               | 224.41       |
| 048740   | 10/15/2010 | R      | 000018          | MICKEY C. LUCKMAN             |              |
|          |            |        | I-ML100110REIMB | REIMB MILES: 10/1/10 DINNER   | 72.00        |
|          |            |        | I-ML100610      | 10/06/10 BOARD MEETING        | 173.63       |
|          |            |        |                 |                               | -----        |
|          |            |        |                 |                               | 245.63       |
| 048741   | 10/15/2010 | R      | 009897          | THE MALLANTS CORPORATION      |              |
|          |            |        | I-1910000502    | TEMPORARY LABOR               | 837.20       |
|          |            |        | I-1910000513    | TEMPORARY LABOR               | 837.20       |
|          |            |        | I-1910000516    | TEMPORARY LABOR               | 774.41       |
|          |            |        |                 |                               | -----        |
|          |            |        |                 |                               | 2,448.81     |
| 048742   | 10/15/2010 | R      | 006150          | RANDY MAYES                   |              |
|          |            |        | I-RM072010      | REIMB: MONITOR FOR SECURITY   | 156.29       |
|          |            |        |                 |                               | -----        |
|          |            |        |                 |                               | 156.29       |
| 048743   | 10/15/2010 | R      | 006790          | MOBILE MINI, LLC - CA         |              |
|          |            |        | I-941458591     | 23' RECORD STORAGE RENTAL-DEC | 228.61       |
|          |            |        |                 |                               | -----        |
|          |            |        |                 |                               | 228.61       |
| 048744   | 10/15/2010 | R      | 008300          | POSTMASTER                    |              |
|          |            |        | I-UPS101410     | POSTAGE FOR BILLING           | 3,000.00     |
|          |            |        |                 |                               | -----        |
|          |            |        |                 |                               | 3,000.00     |
| 048745   | 10/15/2010 | R      | 008405          | PRECISION ASSEMBLY            |              |
|          |            |        | I-14102         | OCT WATER BILLING & PUBL INFO | 1,943.90     |
|          |            |        |                 |                               | -----        |
|          |            |        |                 |                               | 1,943.90     |
| 048746   | 10/15/2010 | R      | 008415          | PRUDENTIAL OVERALL SPLY.      |              |
|          |            |        | I-20211614      | SHOP EXPENSE                  | 83.11        |
|          |            |        |                 |                               | -----        |
|          |            |        |                 |                               | 83.11        |
| 048747   | 10/15/2010 | R      | 009054          | KATHLEEN J. RADNICH           |              |
|          |            |        | I-010310-37     | PUBLIC RELATIONS SERVICES     | 270.00       |

| CHECK NO | CHECK DATE | STATUS | VENDOR INFO                                | CHECK AMOUNT |
|----------|------------|--------|--|--------------|
|          |            |        | I-010310-38 PUBLIC RELATIONS SERVICES      | 558.00       |
|          |            |        |  | -----        |
|          |            |        |  | 828.00       |
| 048748   | 10/15/2010 | R      | 009072 LAW OFFICES REDWINE AND SHERRILL    |              |
|          |            |        | I-RS0910 LEGAL SERVICES - SEPT 10          | 2,904.00     |
|          |            |        |  | -----        |
|          |            |        |  | 2,904.00     |
| 048749   | 10/15/2010 | R      | 000141 SITCO CORPORATION                   |              |
|          |            |        | I-84-100610-G3 WELL 10 SOFT STARTER        | 8,568.00     |
|          |            |        |  | -----        |
|          |            |        |  | 8,568.00     |
| 048750   | 10/15/2010 | R      | 009951 STEVE'S OFFICE SUPPLY               |              |
|          |            |        | I-179542-0 SHIPPING UNIFORMS               | 61.67        |
|          |            |        |  | -----        |
|          |            |        |  | 61.67        |
| 048751   | 10/15/2010 | R      | 010690 TYLER TECHNOLOGIES-INCODE           |              |
|          |            |        | I-176527 INSITE TRANS FEES: JUL-SEPT 10    | 1,187.50     |
|          |            |        |  | -----        |
|          |            |        |  | 1,187.50     |
| 048752   | 10/15/2010 | R      | 010850 UNDERGROUND SERVICE ALERT           |              |
|          |            |        | I-920100325 TICKET DELIVERY SERVICE - SEPT | 55.50        |
|          |            |        |  | -----        |
|          |            |        |  | 55.50        |
| 048753   | 10/15/2010 | R      | 010990 UTILIQUEST L.L.C.                   |              |
|          |            |        | I-155851-Q CONTRACT LOCATING EXPENSE       | 79.64        |
|          |            |        |  | -----        |
|          |            |        |  | 79.64        |
| 048754   | 10/15/2010 | R      | 003595 VERIZON CALIFORNIA                  |              |
|          |            |        | I-V1010 TELEPHONE (SHOP) - OCT 10          | 317.36       |
|          |            |        |  | -----        |
|          |            |        |  | 317.36       |
| 048755   | 10/15/2010 | R      | 011615 WESTERN EXTERMINATOR CO.            |              |
|          |            |        | I-WE093010 EXTERMINATOR - SEPT 10          | 29.50        |
|          |            |        | I-WE093010A EXTERMINATOR - SEPT 10         | 68.50        |
|          |            |        |  | -----        |
|          |            |        |  | 98.00        |
| 048756   | 10/15/2010 | R      | 012020 XEROX CORPORATION                   |              |
|          |            |        | I-050685678 OFFICE EXPENSE 6/30/10-9/21/10 | 945.36       |
|          |            |        |  | -----        |
|          |            |        |  | 945.36       |



| CHECK NO | CHECK DATE | STATUS | VENDOR INFO       |  |            | CHECK AMOUNT |
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| 048757   | 10/15/2010 | R      | 010900            | HD SUPPLY FACILITIES MAINTENANCE, LTD. DBA |            |              |
|          |            |        | I-243379          | PUMPING PLANT SUPPLIES                     |            | 1,481.53     |
|          |            |        |                   |  |            | -----        |
|          |            |        |                   |  |            | 1,481.53     |
| 048758   | 10/15/2010 | R      | 010995            | UTILITY SERVICE CO., INC                   |            |              |
|          |            |        | I-248777          | A-1 TANK MAINT.                            |            | 312.50       |
|          |            |        | I-249005          | C-3 TANK MAINT.                            |            | 321.75       |
|          |            |        | I-249006          | E-2 TANK MAINT.                            |            | 321.75       |
|          |            |        | I-249007          | E-1 TANK MAINT.                            |            | 321.75       |
|          |            |        | I-249008          | G-1 TANK MAINT.                            |            | 321.75       |
|          |            |        | I-249234          | D-1-1 TANK MAINT.                          |            | 6,390.28     |
|          |            |        | I-249237          | D-2-1 TANK MAINT.                          |            | 6,933.83     |
|          |            |        | I-249238          | D-3 TANK MAINT.                            |            | 2,788.84     |
|          |            |        | I-249239          | C-1 TANK MAINT.                            |            | 312.50       |
|          |            |        | I-249513          | D-1-2 TANK MAINT.                          |            | 321.75       |
|          |            |        | I-249761          | H-1 TANK MAINT.                            |            | 3,576.27     |
|          |            |        | I-250023          | C-2-B TANK MAINT.                          |            | 321.88       |
|          |            |        | I-250253          | F-2 TANK MAINT.                            |            | 5,569.43     |
|          |            |        | I-250254          | J-1 TANK MAINT.                            |            | 6,609.36     |
|          |            |        |                   |  |            | -----        |
|          |            |        |                   |  |            | 34,423.64    |
| 048759   | 10/15/2010 | V      |                   | C-CHECK                                    | VOID CHECK | 0.00         |
|          |            |        |                   |  |            | -----        |
|          |            |        |                   |  |            | 0.00         |
| 048760   | 10/15/2010 | V      |                   | C-CHECK                                    | VOID CHECK | 0.00         |
|          |            |        |                   |  |            | -----        |
|          |            |        |                   |  |            | 0.00         |
| 048761   | 10/15/2010 | R      | 1                 | CUSTOMER REFUNDS (MISC.)                   |            |              |
|          |            |        | I-000201010140869 | EDGAR, MARK                                | :US REFUND | 71.13        |
|          |            |        |                   |  |            | -----        |
|          |            |        |                   |  |            | 71.13        |
| 048762   | 10/15/2010 | R      | 1                 | CUSTOMER REFUNDS (MISC.)                   |            |              |
|          |            |        | I-000201010140870 | BASTRUP, RONALD O                          | :US REFUND | 46.76        |
|          |            |        |                   |  |            | -----        |
|          |            |        |                   |  |            | 46.76        |
| 048763   | 10/15/2010 | R      | 1                 | CUSTOMER REFUNDS (MISC.)                   |            |              |
|          |            |        | I-000201010140871 | THOMAS, ALZANDER                           | :US REFUND | 37.85        |
|          |            |        |                   |  |            | -----        |
|          |            |        |                   |  |            | 37.85        |
| 048764   | 10/15/2010 | R      | 1                 | CUSTOMER REFUNDS (MISC.)                   |            |              |
|          |            |        | I-000201010140872 | KURLANDER, KEITH M                         | :US REFUND | 25.04        |
|          |            |        |                   |  |            | -----        |
|          |            |        |                   |  |            | 25.04        |

| CHECK NO | CHECK DATE | STATUS | VENDOR INFO |                                |                               | CHECK AMOUNT |
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| 048765   | 10/15/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.)       |                               |              |
|          |            |        |             | I-000201010140873              | KENNEDY, STEVEN :US REFUND    | 97.68        |
|          |            |        |             |                                |                               | -----        |
|          |            |        |             |                                |                               | 97.68        |
| 048766   | 10/15/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.)       |                               |              |
|          |            |        |             | I-000201010140874              | BOLEY, TAMMY :US REFUND       | 2.38         |
|          |            |        |             |                                |                               | -----        |
|          |            |        |             |                                |                               | 2.38         |
| 048767   | 10/15/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.)       |                               |              |
|          |            |        |             | I-000201010140875              | SONKA, DAVID :US REFUND       | 62.54        |
|          |            |        |             |                                |                               | -----        |
|          |            |        |             |                                |                               | 62.54        |
| 048768   | 10/15/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.)       |                               |              |
|          |            |        |             | I-000201010140876              | LEMUS, URIEL :US REFUND       | 73.01        |
|          |            |        |             |                                |                               | -----        |
|          |            |        |             |                                |                               | 73.01        |
| 048769   | 10/21/2010 | R      | 000656      | AMERICAN HERITAGE LIFE INS CO. |                               |              |
|          |            |        |             | I-ALL0910                      | EE LIFE INSURANCE - SEPT 10   | 382.14       |
|          |            |        |             |                                |                               | -----        |
|          |            |        |             |                                |                               | 382.14       |
| 048770   | 10/21/2010 | R      | 001540      | F.C. COMPTON DBA C & S         |                               |              |
|          |            |        |             | I-14329                        | PUMPING PLANT SUPPLIES        | 2,271.68     |
|          |            |        |             | I-14336                        | PUMPING PLANT SUPPLIES        | 74.24        |
|          |            |        |             |                                |                               | -----        |
|          |            |        |             |                                |                               | 2,345.92     |
| 048771   | 10/21/2010 | R      | 001526      | CANYON AUTO SERVICES, INC      |                               |              |
|          |            |        |             | I-4679                         | VEHICLE REPAIRS               | 100.77       |
|          |            |        |             |                                |                               | -----        |
|          |            |        |             |                                |                               | 100.77       |
| 048772   | 10/21/2010 | R      | 001528      | CARPI & CLAY, INC              |                               |              |
|          |            |        |             | I-CC0910                       | LOBBYIST - SEPT 10            | 3,500.00     |
|          |            |        |             |                                |                               | -----        |
|          |            |        |             |                                |                               | 3,500.00     |
| 048773   | 10/21/2010 | R      | 001595      | CHEM-TECH INTERNATIONAL, INC.  |                               |              |
|          |            |        |             | I-JBWD132                      | WATER TREATMENT EXPENSE       | 1,223.76     |
|          |            |        |             |                                |                               | -----        |
|          |            |        |             |                                |                               | 1,223.76     |
| 048774   | 10/21/2010 | R      | 005870      | KRIEGER & STEWART INC.         |                               |              |
|          |            |        |             | I-33692                        | PROF SERV THRU 8/28/10: RECHG | 5,564.92     |
|          |            |        |             |                                |                               | -----        |
|          |            |        |             |                                |                               | 5,564.92     |

| CHECK NO | CHECK DATE | STATUS | VENDOR INFO       |                                | CHECK AMOUNT |
|----------|------------|--------|-------------------|--------------------------------|--------------|
| 048775   | 10/21/2010 | R      | 009897            | THE MALLANTS CORPORATION       |              |
|          |            |        | I-19100000520     | TEMPORARY LABOR                | 837.20       |
|          |            |        | I-19100000509     | TEMPORARY LABOR                | 837.20       |
|          |            |        |                   |                                | -----        |
|          |            |        |                   |                                | 1,674.40     |
| 048776   | 10/21/2010 | R      | 007500            | NORTHAMERICAN TRANSPORTATION   |              |
|          |            |        | I-19801           | ANNUAL FEES 2011               | 184.16       |
|          |            |        |                   |                                | -----        |
|          |            |        |                   |                                | 184.16       |
| 048777   | 10/21/2010 | R      | 008200            | PITNEY BOWES INC.              |              |
|          |            |        | I-6901144-OT10    | LEASING CHARGES - 3RD QTR 10   | 318.00       |
|          |            |        |                   |                                | -----        |
|          |            |        |                   |                                | 318.00       |
| 048778   | 10/21/2010 | R      | 009880            | SOUTHERN CALIFORNIA EDISON CO  |              |
|          |            |        | I-SCE1010         | POWER TO BUILDINGS - OCT 10    | 2,133.04     |
|          |            |        |                   |                                | -----        |
|          |            |        |                   |                                | 2,133.04     |
| 048779   | 10/21/2010 | R      | 003596            | SUPERMEDIA LLC                 |              |
|          |            |        | I-SM1010          | MORONGO BASIN ADVERT - OCT 10  | 21.50        |
|          |            |        |                   |                                | -----        |
|          |            |        |                   |                                | 21.50        |
| 048780   | 10/21/2010 | R      | 000510            | TIME WARNER CABLE              |              |
|          |            |        | I-TW1010          | CABLE SERVICE - SEPT 10        | 58.04        |
|          |            |        |                   |                                | -----        |
|          |            |        |                   |                                | 58.04        |
| 048781   | 10/21/2010 | R      | 011101            | VAGABOND WELDING SUPPLY        |              |
|          |            |        | I-82138           | SHOP EXPENSE                   | 102.23       |
|          |            |        |                   |                                | -----        |
|          |            |        |                   |                                | 102.23       |
| 048782   | 10/21/2010 | R      | 003600            | VERIZON CALIFORNIA             |              |
|          |            |        | I-V1010           | TELEPHONE (OFFICE) - OCT 10    | 717.37       |
|          |            |        |                   |                                | -----        |
|          |            |        |                   |                                | 717.37       |
| 048783   | 10/21/2010 | R      | 1                 | CUSTOMER REFUNDS (MISC.)       |              |
|          |            |        | I-000201010200877 | ECKENROTH, DAVID :US REFUND    | 68.59        |
|          |            |        |                   |                                | -----        |
|          |            |        |                   |                                | 68.59        |
| 048784   | 10/21/2010 | R      | 1                 | CUSTOMER REFUNDS (MISC.)       |              |
|          |            |        | I-000201010200878 | CHAMBERLAIN, NICHOLA:US REFUND | 54.04        |
|          |            |        |                   |                                | -----        |
|          |            |        |                   |                                | 54.04        |

| CHECK NO | CHECK DATE | STATUS | VENDOR INFO |                          |                              | CHECK AMOUNT |
|----------|------------|--------|-------------|--------------------------|------------------------------|--------------|
| 048785   | 10/21/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.) |                              |              |
|          |            |        |             | I-000201010200879        | SHUPP, MELISSA D :US REFUND  | 62.19        |
|          |            |        |             |                          |                              | -----        |
|          |            |        |             |                          |                              | 62.19        |
| 048786   | 10/21/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.) |                              |              |
|          |            |        |             | I-000201010200880        | PUNCHUR, DAVID J :US REFUND  | 44.21        |
|          |            |        |             |                          |                              | -----        |
|          |            |        |             |                          |                              | 44.21        |
| 048787   | 10/21/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.) |                              |              |
|          |            |        |             | I-000201010200881        | HAMMIDI, TANIA N :US REFUND  | 14.81        |
|          |            |        |             |                          |                              | -----        |
|          |            |        |             |                          |                              | 14.81        |
| 048788   | 10/21/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.) |                              |              |
|          |            |        |             | I-000201010200882        | LAWHON, DONALD :US REFUND    | 70.26        |
|          |            |        |             |                          |                              | -----        |
|          |            |        |             |                          |                              | 70.26        |
| 048789   | 10/21/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.) |                              |              |
|          |            |        |             | I-000201010200883        | REAGAN, CORTNIE L :US REFUND | 20.30        |
|          |            |        |             |                          |                              | -----        |
|          |            |        |             |                          |                              | 20.30        |
| 048790   | 10/29/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.) |                              |              |
|          |            |        |             | I-000201010280884        | DOERR, TAMMY :US REFUND      | 49.41        |
|          |            |        |             |                          |                              | -----        |
|          |            |        |             |                          |                              | 49.41        |
| 048791   | 10/29/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.) |                              |              |
|          |            |        |             | I-000201010280885        | MORENO, DENNIS :US REFUND    | 14.33        |
|          |            |        |             |                          |                              | -----        |
|          |            |        |             |                          |                              | 14.33        |
| 048792   | 10/29/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.) |                              |              |
|          |            |        |             | I-000201010280886        | BLACKWELL, JULIE :US REFUND  | 26.89        |
|          |            |        |             |                          |                              | -----        |
|          |            |        |             |                          |                              | 26.89        |
| 048793   | 10/29/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.) |                              |              |
|          |            |        |             | I-000201010280887        | LIBBY'S REALTY :US REFUND    | 77.85        |
|          |            |        |             |                          |                              | -----        |
|          |            |        |             |                          |                              | 77.85        |
| 048794   | 10/29/2010 | R      | 1           | CUSTOMER REFUNDS (MISC.) |                              |              |
|          |            |        |             | I-000201010280888        | STEVENS, HEATHER :US REFUND  | 98.46        |
|          |            |        |             |                          |                              | -----        |
|          |            |        |             |                          |                              | 98.46        |

| CHECK NO | CHECK DATE | STATUS | VENDOR INFO       |                               | CHECK AMOUNT |
|----------|------------|--------|-------------------|-------------------------------|--------------|
| 048795   | 10/29/2010 | R      | 1                 | CUSTOMER REFUNDS (MISC.)      |              |
|          |            |        | I-000201010280889 | MILES, BRITTANY :US REFUND    | 53.19        |
|          |            |        |                   |                               | -----        |
|          |            |        |                   |                               | 53.19        |
| 048796   | 10/29/2010 | R      | 000502            | ASSOCIATION OF CALIFORNIA     |              |
|          |            |        | I-AG11            | 2011 AGENCY DUES              | 9,120.00     |
|          |            |        |                   |                               | -----        |
|          |            |        |                   |                               | 9,120.00     |
| 048797   | 10/29/2010 | R      | 000575            | AFSCME LOCAL 1902             |              |
|          |            |        | I-AFSCME1010      | EE UNION DUES - OCT 10        | 546.00       |
|          |            |        |                   |                               | -----        |
|          |            |        |                   |                               | 546.00       |
| 048798   | 10/29/2010 | R      | 001445            | REFUJIO BOCANEGRA             |              |
|          |            |        | I-JB102610        | SERVICES THROUGH 10/22/10     | 1,850.00     |
|          |            |        |                   |                               | -----        |
|          |            |        |                   |                               | 1,850.00     |
| 048799   | 10/29/2010 | R      | 001540            | F.C. COMPTON DBA C & S        |              |
|          |            |        | I-9585            | BUILDING REPAIR               | 322.00       |
|          |            |        |                   |                               | -----        |
|          |            |        |                   |                               | 322.00       |
| 048800   | 10/29/2010 | R      | 001526            | CANYON AUTO SERVICES, INC     |              |
|          |            |        | I-4914            | VEHICLE REPAIRS               | 249.90       |
|          |            |        | I-4915            | GENERATOR REPAIR              | 35.00        |
|          |            |        |                   |                               | -----        |
|          |            |        |                   |                               | 284.90       |
| 048801   | 10/29/2010 | R      | 001530            | CARQUEST/SOUTHERN AUTO SUPPLY |              |
|          |            |        | I-7340-327495     | VEHICLE REPAIRS               | 6.37         |
|          |            |        |                   |                               | -----        |
|          |            |        |                   |                               | 6.37         |
| 048802   | 10/29/2010 | R      | 001550            | CDW GOVERNMENT, INC           |              |
|          |            |        | I-VFS1263         | 18 COMPUTERS                  | 16,308.59    |
|          |            |        | I-VGP9064         | EXTENDED WARRANTY             | 105.65       |
|          |            |        | I-VGT0308         | SOFTWARE: 15 OFFICE STD/3 PRO | 4,867.47     |
|          |            |        |                   |                               | -----        |
|          |            |        |                   |                               | 21,281.71    |
| 048803   | 10/29/2010 | R      | 001850            | CLINICAL LAB OF S.B. INC      |              |
|          |            |        | I-910519          | SAMPLING                      | 991.00       |
|          |            |        |                   |                               | -----        |
|          |            |        |                   |                               | 991.00       |
| 048804   | 10/29/2010 | R      | 001865            | COMPUTER GALLERY              |              |
|          |            |        | I-305277A         | INTEGRATE LAPTOPS TO NETWORK  | 1,080.00     |
|          |            |        |                   |                               | -----        |
|          |            |        |                   |                               | 1,080.00     |

| CHECK NO | CHECK DATE | STATUS | VENDOR INFO   |                                | CHECK AMOUNT |
|----------|------------|--------|---------------|--------------------------------|--------------|
| 048805   | 10/29/2010 | R      | 002213        | JOHN ZACCARIA                  |              |
|          |            |        | I-3633        | NEW PRINTER/COPIER             | 978.75       |
|          |            |        | I-3638        | ADD'L PRINTER MEMORY           | 203.58       |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 1,182.33     |
| 048806   | 10/29/2010 | R      | 003505        | GARRY'S TIRES INC.             |              |
|          |            |        | I-3262        | VEHICLE REPAIRS                | 12.00        |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 12.00        |
| 048807   | 10/29/2010 | R      | 001006        | SUSAN GREER                    |              |
|          |            |        | I-REIMB102110 | MILEAGE REIMB AWAC STEER COM   | 74.50        |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 74.50        |
| 048808   | 10/29/2010 | R      | 006029        | LIEBERT CASSIDY WHITMORE       |              |
|          |            |        | I-122490      | LEGAL FEES NEGOT THRU 09/10    | 1,782.00     |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 1,782.00     |
| 048809   | 10/29/2010 | R      | 006045        | WILLIAM C. LONG                |              |
|          |            |        | I-WL102010    | 10/20/10 BOARD MEETING         | 173.63       |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 173.63       |
| 048810   | 10/29/2010 | R      | 000018        | MICKEY C. LUCKMAN              |              |
|          |            |        | I-ML101810    | REIMB: 10/18/10 ASBCSD MILES   | 93.50        |
|          |            |        | I-ML102010    | 10/20/10 BOARD MEETING         | 173.63       |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 267.13       |
| 048811   | 10/29/2010 | R      | 009897        | THE MALLANTS CORPORATION       |              |
|          |            |        | I-1910000524  | TEMPORARY LABOR                | 837.20       |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 837.20       |
| 048812   | 10/29/2010 | R      | 006507        | MCMaster-CARR                  |              |
|          |            |        | I-68094995    | SHOP EXPENSE                   | 38.98        |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 38.98        |
| 048813   | 10/29/2010 | R      | 006810        | MOJAVE DESERT AQMD             |              |
|          |            |        | I-25562       | PERMIT FEES - CHOLLITA         | 254.37       |
|          |            |        | I-25563       | PERMIT FEE - VARIOUS LOCATIONS | 763.11       |
|          |            |        | I-25564       | PERMIT FEES - PARK BLVD.       | 250.45       |
|          |            |        |               |                                | -----        |
|          |            |        |               |                                | 1,267.93     |
| 048814   | 10/29/2010 | R      | 008102        | OFFICEMAX CONTRACT INC.        |              |

| CHECK NO | CHECK DATE | STATUS | VENDOR INFO  |   | CHECK AMOUNT |
|----------|------------|--------|--------------|---|--------------|
|          |            |        | C-99434414   | CREDIT: OFFICE SUPPLIES                       | 338.69CR     |
|          |            |        | I-400465     | OFFICE SUPPLIES                               | 910.82       |
|          |            |        | I-421230     | OFFICE SUPPLIES                               | 239.04       |
|          |            |        |              |   | -----        |
|          |            |        |              |   | 811.17       |
| 048815   | 10/29/2010 | R      | 008140       | PERSONNEL CONCEPTS                            |              |
|          |            |        | I-9313206650 | LABOR LAW SUPPLIES                            | 97.06        |
|          |            |        |              |   | -----        |
|          |            |        |              |   | 97.06        |
| 048816   | 10/29/2010 | R      | 008415       | PRUDENTIAL OVERALL SPLY.                      |              |
|          |            |        | I-20219039   | SHOP EXPENSE                                  | 83.11        |
|          |            |        |              |   | -----        |
|          |            |        |              |   | 83.11        |
| 048817   | 10/29/2010 | R      | 009054       | KATHLEEN J. RADNICH                           |              |
|          |            |        | I-010317-38  | PUBLIC RELATIONS SERVICES                     | 594.00       |
|          |            |        |              |   | -----        |
|          |            |        |              |   | 594.00       |
| 048818   | 10/29/2010 | R      | 000017       | MICHAEL PAUL REYNOLDS                         |              |
|          |            |        | I-MR102010   | 10/20/10 BOARD MEETING                        | 173.63       |
|          |            |        |              |   | -----        |
|          |            |        |              |   | 173.63       |
| 048819   | 10/29/2010 | R      | 000049       | BEN RUFFNER                                   |              |
|          |            |        | I-BR102110   | REIMB: MTG FOOD/POSTAGE                       | 91.33        |
|          |            |        |              |   | -----        |
|          |            |        |              |   | 91.33        |
| 048820   | 10/29/2010 | R      | 001912       | SAN BERNARDINO COUNTY FIRE PROTECTION DISTRIC |              |
|          |            |        | I-IN0069816  | HAZMAT CUPA PERMIT TO 11/30/11                | 607.00       |
|          |            |        |              |   | -----        |
|          |            |        |              |   | 607.00       |
| 048821   | 10/29/2010 | R      | 009920       | STANDARD INSURANCE CO                         |              |
|          |            |        | I-ST1110     | EE LIFE INSURANCE - NOV 10                    | 786.32       |
|          |            |        |              |   | -----        |
|          |            |        |              |   | 786.32       |
| 048822   | 10/29/2010 | R      | 009951       | STEVE'S OFFICE SUPPLY                         |              |
|          |            |        | I-179816-0   | SHIPPING FOR METER TESTING/RPR                | 16.77        |
|          |            |        |              |   | -----        |
|          |            |        |              |   | 16.77        |
| 048823   | 10/29/2010 | R      | 009898       | THE GAS COMPANY                               |              |
|          |            |        | I-GAS1010    | HEAT FOR SHOP - SEPT 10                       | 56.45        |
|          |            |        |              |   | -----        |
|          |            |        |              |   | 56.45        |

| CHECK NO | CHECK DATE | STATUS | VENDOR INFO       |  | CHECK AMOUNT |
|----------|------------|--------|-------------------|--|--------------|
| 048824   | 10/29/2010 | R      | 010690            | TYLER TECHNOLOGIES-INCODE                  |              |
|          |            |        | I-177278          | ONLINE PRODUCTS & SERVICES                 | 185.00       |
|          |            |        |                   |  | -----        |
|          |            |        |                   |  | 185.00       |
| 048825   | 10/29/2010 | R      | 010900            | HD SUPPLY FACILITIES MAINTENANCE, LTD. DBA |              |
|          |            |        | I-257151          | PUMPING PLANT SUPPLIES                     | 990.05       |
|          |            |        |                   |  | -----        |
|          |            |        |                   |  | 990.05       |
| 048826   | 10/29/2010 | R      | 010990            | UTILIQUEST L.L.C.                          |              |
|          |            |        | I-156403-Q        | CONTRACT LOCATING EXPENSE                  | 43.43        |
|          |            |        | I-156841-Q        | CONTRACT LOCATING EXPENSE                  | 162.86       |
|          |            |        | I-157249-Q        | CONTRACT LOCATING EXPENSE                  | 45.20        |
|          |            |        |                   |  | -----        |
|          |            |        |                   |  | 251.49       |
| 048827   | 10/29/2010 | R      | 000115            | STEVEN MANLEY WHITMAN                      |              |
|          |            |        | I-SW102010        | 7 MEETINGS BTWN 6/15-10/20/10              | 1,215.41     |
|          |            |        | I-SW102010REIMB   | REIMB: MILES TO MWA 10/14/10               | 60.00        |
|          |            |        |                   |  | -----        |
|          |            |        |                   |  | 1,275.41     |
| 048828   | 10/29/2010 | R      | 011701            | GARY WILSON                                |              |
|          |            |        | I-GW102010        | 10/20/10 BOARD MEETING                     | 173.63       |
|          |            |        |                   |  | -----        |
|          |            |        |                   |  | 173.63       |
| *900116  | 10/04/2010 | D      | 001517            | CalPERS                                    |              |
|          |            |        | I-PPE 09/24/10    | PAY PERIOD ENDING 09/24/10                 | 9,274.16     |
|          |            |        |                   |  | -----        |
|          |            |        |                   |  | 9,274.16     |
| 900117   | 10/04/2010 | D      | 004800            | INTERNAL REVENUE SERVICE                   |              |
|          |            |        | I-IRS PD 10/01/10 | FED W/H, SOC SEC, MEDICARE                 | 13,674.35    |
|          |            |        |                   |  | -----        |
|          |            |        |                   |  | 13,674.35    |
| 900118   | 10/04/2010 | D      | 002822            | EMPLOYMENT DEVELOPMENT                     |              |
|          |            |        | I-EDD PD 10/01/10 | STATE & SDI W/H                            | 2,786.45     |
|          |            |        |                   |  | -----        |
|          |            |        |                   |  | 2,786.45     |
| 900119   | 10/18/2010 | D      | 001517            | CalPERS                                    |              |
|          |            |        | I-PPE 10-08-10    | PAY PERIOD ENDING 10/08/10                 | 9,013.55     |
|          |            |        |                   |  | -----        |
|          |            |        |                   |  | 9,013.55     |
| 900120   | 10/18/2010 | D      | 004800            | INTERNAL REVENUE SERVICE                   |              |
|          |            |        | I-IRS PD 10/15/10 | FED W/H, SOC SEC, MEDICARE                 | 13,007.64    |
|          |            |        |                   |  | -----        |
|          |            |        |                   |  | 13,007.64    |



| CHECK NO | CHECK DATE | STATUS | VENDOR INFO  | CHECK AMOUNT      |
|----------|------------|--------|--|-------------------|
| 900121   | 10/18/2010 | D      | 002822 EMPLOYMENT DEVELOPMENT<br>I-EDD PD 10/15/10 STATE & SDI W/H | 2,603.33          |
|          |            |        |  | -----<br>2,603.33 |
| TOTALS:  | 175        |        |  | 295,552.01        |

|                             |        |                              |
|-----------------------------|--------|------------------------------|
| LESS - PRIOR MONTH VOIDS:   | #48303 | (156.29)                     |
| LESS - CURRENT MONTH VOIDS: | #48713 | (44.21)                      |
|                             | #48717 | (32.00)                      |
|                             |        | -----<br>295,319.51<br>===== |

JOSHUA BASIN WATER DISTRICT  
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

December 15, 2010

To: President and Members of the Board  
From: Susan Greer

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TOPIC: 09/10 Audit Report Presentation from Messner & Hadley

RECOMMENDATION: Receive presentation, ask questions and approve report

ANALYSIS: Paul Messner from Messner & Hadley will be at the meeting to give the presentation of the 09/10 audited financial statements.

The easiest read of the financial report is located at the front of the document, within the sections entitled Management's Discussion and Analysis (pages 3-7), including graphs and summary information.

Net assets have increased by \$39,000 (or .6%), the result of decrease to cash.

80% of the District's assets are comprised of the utility plant such as pipes and wells.

Total revenues (operating and non-operating) decreased \$175,000 or 3%. Although operating revenues increased 2%, non-operating revenues such as property taxes and investment income decreased more than \$218,000 or 10%.

Total expenses (operating and non-operating) decreased \$51,000 or 1%. Operating expenses, including depreciation expense, decreased \$30,000.

Recurring operating revenues exceed recurring operating expenses by \$168,000 or 6%. When we add depreciation expense, we exceed operating revenues by \$1,363,000 or 48% – compared to \$1,436,000 or 52% in the prior year. Another way of looking at this is that operating revenues cover all but \$1,363,000 of operating and depreciation expense. Operating loss results partially from the Board's desire to maintain lower water rates and instead offset operating expenses with non-operating revenues such as standbys and property taxes. Many public agencies such as ours run with an operating loss, balancing operating costs with non-operating revenues such as tax revenues. Non-operating revenues exceeded non-operating

expenses by \$1,530,000.

The District paid down its debt from \$4.7 million to \$4.1 million during the year.

Messner & Hadley indicate there were no findings as a result of the audit so no Management Letter was written. Findings are based on observed problems, weaknesses or deficiencies.

I am pleased to have this opportunity to acknowledge the tremendous effort of my Finance Staff (Ben Ruffner, Anne Roman, Patricia Freeman and Shirley Bolha) during the previous year. Their commitment, effort and professionalism resulted in few correcting entries and no audit findings again this year. They are a dedicated group and I'm grateful for their attention to detail which produces these exceptional results.

**JOSHUA BASIN  
WATER DISTRICT**

**Report on Audit**

**June 30, 2010 and 2009**

**Joshua Basin Water District**  
**Z of San Bernardino County**  
of San Bernardino County

Joshua Tree, California

June 30, 2010 and 2009

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| <b>MEMBER</b>  | <b>OFFICE</b>  | <b>TERM EXPIRES</b> |
|----------------|----------------|---------------------|
| Mickey Luckman | President      | December 5, 2012    |
| Mike Reynolds  | Vice-President | December 5, 2012    |
| Bill Long      | Director       | December 5, 2012    |
| Steven Whitman | Director       | December 5, 2010    |
| Gary Wilson    | Director       | December 5, 2010    |

**ADMINISTRATION**

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|                |                                       |
|----------------|---------------------------------------|
| Joe Guzzetta   | General Manager                       |
| Susan Greer    | Assistant General Manager/Controller  |
| Jim Corbin     | Distribution Supervisor               |
| Randy Little   | Water Production Supervisor           |
| Keith Faul     | GIS Coordinator                       |
| Terry Spurrier | HR/Administrative Services Supervisor |
| Ben Ruffner    | Accountant                            |

**Joshua Basin Water District**  
(A Special District)

Table of Contents  
June 30, 2010 and 2009

---

|  | Page |
|--|------|
| <b>Independent Auditors' Report</b> .....  | 1    |
| <b>Management's Discussion and Analysis</b> .....  | 3    |
| <b>Financial Statements</b>  |      |
| Statements of Net Assets.....  | 8    |
| Statements of Revenues, Expenses and Changes in Net Assets.....  | 9    |
| Statements of Cash Flows.....  | 10   |
| <b>Notes to Financial Statements</b> .....   | 12   |
| <b>Supplemental Schedule</b>   |      |
| Schedule of Operating Expenses.....  | 25   |
| <b>Other Independent Auditors' Report</b>  |      |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based<br>on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ..... | 27   |
| <b>Findings and Responses Section</b>  |      |
| Schedule of Findings and Responses.....  | 29   |

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Joshua Basin Water District

We have audited the accompanying statements of the business-type activities of Joshua Basin Water District (the "District"), as of and for the years ended June 30, 2010 and 2009, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Joshua Basin Water District, as of June 30, 2010 and 2009, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2010, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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.

- 1 -

The Board of Directors  
Joshua Basin Water District

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental operating statement is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Messmer & Hadley, LLP.*

Victorville , California  
December 8, 2010



## Joshua Basin Water District

(A Special District)

### Management's Discussion and Analysis

June 30, 2010 and 2009

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The management of the Joshua Basin Water District (the "District") presents this Management Discussion and Analysis to achieve two goals:

1. To comply with the requirements of Governmental Accounting Standards Board Statement 34 (GASB 34) that are designed to provide more and easier-to-understand information about the finances of local government agencies such as the District; and
2. To provide readers with narrative information that may help in understanding and interpreting the information presented in the District's financial statements for the year ended June 30, 2010.

Questions or comments regarding this Management Discussion and Analysis may be directed to the Assistant General Manager/Controller via the following methods:

Mailing Address: Joshua Basin Water District  
P.O. Box 675  
Joshua Tree, California 92252-0675

Telephone: (760) 366-8438  
Facsimile: (760) 366-9528  
E-mail: [sgreer@jbwd.com](mailto:sgreer@jbwd.com)

### Financial Highlights

The following items are, in the opinion of District management, among the most significant in assessing the District's overall financial activities and its financial position at the close of the year ended June 30, 2010:

- ✓ The District's assets exceeded its liabilities by \$28,031,402. Approximately 97 percent of the net assets, \$27,161,281, are composed of capital assets of the District – the water transmission and distribution system, land, buildings and equipment. Unrestricted net assets totaled \$5,566,234, down from \$6,639,001 at June 30, 2009. This decrease is due primarily to an increase in the District's investment in capital assets.
- ✓ The District's operating revenues for the year ended June 30, 2010 were \$2,818,039. The majority of revenues came from water sales to customers. The second-largest source of revenue was \$1,071,511 in standby charges.
- ✓ The District's total net long-term liabilities at June 30, 2010, including the 1974 General Obligation Bonds, the 1997 Refunding Revenue Bonds, and the Copper Mountain Mesa Limited Obligation Bonds, are \$4,008,113. This is a decrease of \$638,246 from net long-term liabilities, reflecting the payment of principal on debt.

## Joshua Basin Water District

(A Special District)

### Management's Discussion and Analysis

June 30, 2010 and 2009

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#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: (1) management's discussion and analysis; and (2) the financial statements, including the notes to financial statements.

The financial statements provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses and Changes in Net Assets. All assets and liabilities associated with the operation of the District are included in the Statement of Net Assets.

The Statement of Net Assets presents the financial position of the District on a full accrual historical cost basis and provides information about the nature and amount of resources and obligations at year-end.

#### Statement of Net Assets

As of June 30, 2010, the total net assets of the District were \$28,031,402. The following table summarizes assets, liabilities and net assets at June 30, 2010 and 2009:

|   | June 30, 2010        | June 30, 2009        | Net Change         |
|---|----------------------|----------------------|--------------------|
| Current assets                          | \$ 6,753,006         | \$ 7,422,404         | \$ (669,398)       |
| Capital assets                          | 27,161,281           | 26,530,936           | 630,345            |
| <b>Total Assets</b>                     | <b>\$ 33,914,287</b> | <b>\$ 33,953,340</b> | <b>\$ (39,053)</b> |
| Current liabilities                     | \$ 1,874,772         | \$ 1,438,403         | \$ 436,369         |
| Non-current liabilities                 | 4,008,113            | 4,646,359            | (638,246)          |
| Net assets                              | 28,031,402           | 27,868,578           | 162,824            |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 33,914,287</b> | <b>\$ 33,953,340</b> | <b>\$ (39,053)</b> |

Total net assets increased \$39,053, or .58 percent from the prior year. At June 30, 2010, the District had \$6,753,006 in current assets as compared to \$7,422,404 at June 30, 2009. The total decrease in current assets of \$669,398 consists primarily of a decrease to cash.

Net assets are reported as restricted when restrictions imposed by creditors (such as through debt covenants) or by law change the nature or normal understanding of the availability of the assets. Restricted assets for the District are cash collections in excess of amounts currently due for the repayment of bond principal.

## Joshua Basin Water District

(A Special District)

### Management's Discussion and Analysis

June 30, 2010 and 2009

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Non-current assets are the least liquid of assets. Assets that are not expected to be consumed or liquidated within one year are classified as non-current. Non-current assets for the District are deferred charges related to the issuance of long-term debt and utility plant (e.g., wells, tanks, pipeline, etc.). The District's non-current assets at June 30, 2010 were \$27,161,281 versus \$26,530,936 at June 30, 2009. Charges against non-current assets, in the form of depreciation and amortization account for a portion of the change in non-current assets.

### Changes in Net Assets

The following table summarizes the changes in net assets for the years ended June 30, 2010 and 2009:

|                                   | June 30, 2010     | June 30, 2009     | Net Change          |
|-----------------------------------|-------------------|-------------------|---------------------|
| Operating revenues                | \$ 2,818,039      | \$ 2,775,396      | \$ 42,643           |
| Operating expenses                | (4,181,495)       | (4,211,693)       | 30,198              |
| Operating loss                    | (1,363,456)       | (1,436,297)       | 72,841              |
| Non-operating revenue and expense | 1,519,540         | 1,716,761         | (197,221)           |
| Capital contributions             | 6,740             | 107,382           | (100,642)           |
| <b>Change in Net Assets</b>       | <b>\$ 162,824</b> | <b>\$ 387,846</b> | <b>\$ (225,022)</b> |

Total operating revenues increased \$42,643 or 1.5 percent, while expenses decreased \$30,198 or .72 percent.

Non-operating revenues of \$2,053,174 exceeded non-operating expenses of \$533,634 by \$1,519,540. Although revenue from standby charges was essentially unchanged, property tax revenue dropped \$46,911 and there was a \$124,408 drop in investment income. While interest expense dropped \$27,202 from 2009, other non-operating expenses increased \$6,298, mainly due to uncollectible prior year standby charges.

Capital contributions decreased by \$100,642.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

As of June 30, 2010, the District's investment in capital assets was \$22,465,168, including: the water transmission and distribution system (underground pipelines, water services, water meters, fire hydrants, and other components); water production facilities (groundwater wells); land; buildings and both mobile and fixed equipment. Invested in capital assets is the component of net assets that consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributable to the acquisition of those assets.

**Joshua Basin Water District**

(A Special District)

## Management's Discussion and Analysis

June 30, 2010 and 2009

The amounts reported as invested in capital assets for the District at June 30, 2010 include: utility plant, at cost, of \$45,255,841, less accumulated depreciation of \$18,094,500; less all debt related to the acquisition of utility plant of \$4,696,113 for a total of \$22,465,168. At June 30, 2009 the total of invested in capital assets was \$21,229,577. The increase is due to current year capital asset additions and a pay down of the related debt.

The following shows the composition of the District's total capital assets at June 30, 2010:

|                                     | <u>June 30, 2010</u> | <u>June 30, 2009</u> | <u>Net Change</u>  |
|-------------------------------------|----------------------|----------------------|--------------------|
| Land                                | \$ 496,400           | \$ 218,371           | \$ 278,029         |
| Construction in progress            | 3,169,928            | 2,382,140            | 787,788            |
| Water storage and related equipment | 41,301,668           | 40,551,668           | 750,000            |
| Office building and equipment       | 287,845              | 284,664              | 3,182              |
| Less accumulated depreciation       | <u>(18,094,560)</u>  | <u>(16,905,907)</u>  | <u>(1,188,653)</u> |
| Total utility plant, net            | <u>\$ 27,161,281</u> | <u>\$ 26,530,936</u> | <u>\$ 630,346</u>  |

Additional information on the District's capital assets can be found in Note 4, Capital Assets, of the notes to the basic financial statements.

**Debt Administration**

The District has three outstanding bond issues: the Copper Mountain Mesa Limited Obligation Bonds of 1996, the General Obligation Bonds, and the 1997 Revenue Refunding Bonds.

No new debt was incurred by the District in 2010. Principal payments of \$90,000 on the General Obligation Bonds were made as scheduled, as well as \$75,000 principal payments on the Copper Mountain Mesa Limited Obligation Bonds. \$490,000 in principal payments were made on the 1997 Revenue Refunding Bonds.

|                                 | <u>June 30, 2010</u> | <u>June 30, 2009</u> | <u>Net Change</u>   |
|---------------------------------|----------------------|----------------------|---------------------|
| General Obligation Bonds - 1974 | \$ 525,000           | \$ 615,000           | \$ (90,000)         |
| Refunding Revenue Bonds - 1997  | 515,000              | 1,005,000            | (490,000)           |
| Rural Development - CCM         | 3,703,438            | 3,778,438            | (75,000)            |
| Less current portion            | (688,000)            | (655,000)            | (33,000)            |
| Less deferred amounts           | <u>(47,325)</u>      | <u>(97,079)</u>      | <u>49,754</u>       |
|                                 | <u>\$ 4,008,113</u>  | <u>\$ 4,646,359</u>  | <u>\$ (638,246)</u> |

## **Joshua Basin Water District**

(A Special District)

### Management's Discussion and Analysis

June 30, 2010 and 2009

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The \$4.5 million Copper Mountain Mesa Limited Obligation Bonds were issued in 1996 to finance the installation and construction of a water distribution system and two booster pumping stations.

The \$5.9 million Revenue Refunding Bonds, issued in 1991 and refinanced in 1997 for \$5.4 million, were sold to finance capital improvements to the current system; specifically, to change existing 4-inch mainlines to 6-inch.

Additional information on debt activity can be found in Note 6, Long-Term Liabilities, of the notes to the basic financial statements.

## **ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS**

### **Growth**

As of June 30, 2010, growth in the District has stalled again in response to declines in both state and national economies. This follows six years of minimal-to-moderate growth. Prior to that, the 1992 Landers earthquake resulted in more than a decade of virtually no growth. We measure growth in two ways: increased assessed values and new service installations.

Assessed values decreased 7% in the District for the year ending June 30, 2010. This is compared to increases of 12%, 16%, 15%, 29%, and 14% for the years ended June 30, 2009, June 30, 2008, June 30, 2007, June 30, 2006, and June 30, 2005, respectively.

The District installed two new customer-funded meters for the year ended June 30, 2010, a decrease of 78% over the previous year. In prior years, new service installations were 9 for 2009, 24 for 2008, 105 for 2007, 192 in 2006 and 147 in 2005.

In addition to the factors considered above – assessed values and meter installations – the District is seeing decreased water consumption by customers. The water rates are comprised of two components: a fixed charge and a variable charge based upon water consumption. Customers appear to be reducing their water consumption voluntarily in order to reduce their variable water charge. For the year ending June 30, 2010, water consumption was 7% less than the year before.

Management expects growth, measured by assessed values and new meter installations, to slow even more in response to the continuing decline in the economy.

### **Water Rates and Capital Spending**

The District implemented a 6% water rate increase mid year and has another scheduled for January 2011. This will be the final increase authorized by the 2007 independently prepared study, which is designed to provide for the capital needs of the District with small, regular rate increases. For the year ending June 30, 2010, the District completed \$770,000 in capital projects, including land purchase for future facilities, upgrades to the SCADA system, new accounting software and waste water feasibility study.

The District intends to initiate another rate study during the fiscal year ending June 30, 2011.

**Joshua Basin Water District**  
(A Special District)

Statements of Net Assets  
For the Years Ended June 30, 2010 and 2009

|   | <u>2010</u>                 | <u>2009</u>                 |
|---|-----------------------------|-----------------------------|
| <b>ASSETS</b>                               |                             |                             |
| Current assets:                             |                             |                             |
| Cash and investments, unrestricted          | \$ 5,581,317                | \$ 6,432,275                |
| Accounts receivable                         | 974,240                     | 835,115                     |
| Inventory                                   | 141,452                     | 125,585                     |
| Prepaid expenses                            | <u>55,997</u>               | <u>29,429</u>               |
| Total current assets                        | 6,753,006                   | 7,422,404                   |
| Non-current assets:                         |                             |                             |
| Utility plant, net                          | <u>27,161,281</u>           | <u>26,530,936</u>           |
| <b>TOTAL ASSETS</b>                         | <u><u>\$ 33,914,287</u></u> | <u><u>\$ 33,953,340</u></u> |
| <br><b>LIABILITIES</b>                      |                             |                             |
| Current liabilities:                        |                             |                             |
| Accounts payable                            | \$ 846,369                  | \$ 453,699                  |
| Current portion of long-term debt           | 688,000                     | 655,000                     |
| Deposits                                    | 272,830                     | 256,032                     |
| Interest payable                            | <u>67,573</u>               | <u>73,672</u>               |
| Total current liabilities                   | 1,874,772                   | 1,438,403                   |
| Non-current liabilities, net                | <u>4,008,113</u>            | <u>4,646,359</u>            |
| <b>Total Liabilities</b>                    | <u>5,882,885</u>            | <u>6,084,762</u>            |
| <br><b>NET ASSETS</b>                       |                             |                             |
| Invested in capital assets                  | 22,465,168                  | 21,229,577                  |
| Unrestricted                                | <u>5,566,234</u>            | <u>6,639,001</u>            |
| <b>Total Net Assets</b>                     | <u>28,031,402</u>           | <u>27,868,578</u>           |
| <br><b>TOTAL LIABILITIES AND NET ASSETS</b> | <u><u>\$ 33,914,287</u></u> | <u><u>\$ 33,953,340</u></u> |

**Joshua Basin Water District**  
(A Special District)

Statements of Revenues, Expenses and Changes in Net Assets  
For the Years Ended June 30, 2010 and 2009

|   | 2010          | 2009          |
|---|---------------|---------------|
| <b>OPERATING REVENUES</b>                         | \$ 2,818,039  | \$ 2,775,396  |
| <b>OPERATING EXPENSES</b>                         |               |               |
| Customer accounts                                 | 146,421       | 136,945       |
| Fringe benefits                                   | 469,228       | 447,217       |
| General and administrative                        | 1,540,847     | 1,668,409     |
| Pumping plant                                     | 321,937       | 314,608       |
| Source of supply                                  | 41,725        | 56,279        |
| Transmission and distribution                     | 356,280       | 300,207       |
| Vehicle and equipment                             | 109,995       | 120,421       |
| Depreciation                                      | 1,195,062     | 1,167,607     |
| <b>Total operating expenses</b>                   | 4,181,495     | 4,211,693     |
| <b>OPERATING LOSS</b>                             | (1,363,456)   | (1,436,297)   |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>          |               |               |
| Standby charges                                   | 1,071,511     | 1,159,817     |
| Property taxes                                    | 868,967       | 915,878       |
| Investment income                                 | 39,446        | 163,854       |
| Grant revenue                                     | 73,250        | 31,750        |
| Interest expense                                  | (251,738)     | (278,940)     |
| Inter-agency payments                             | (219,763)     | (219,594)     |
| Other non-operating revenue/(expense)             | (62,133)      | (56,004)      |
| <b>Total non-operating revenues (expenses)</b>    | 1,519,540     | 1,716,761     |
| <b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b> | 156,084       | 280,464       |
| Capital contributions                             | 6,740         | 107,382       |
| <b>CHANGE IN NET ASSETS</b>                       | 162,824       | 387,846       |
| Net Assets, Beginning of year                     | 27,868,578    | 27,480,732    |
| Net Assets, End of year                           | \$ 28,031,402 | \$ 27,868,578 |

**Joshua Basin Water District**

(A Special District)

## Statements of Cash Flows

For the Years Ended June 30, 2010 and 2009

|   | <u>2010</u>         | <u>2009</u>         |
|---|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                                 |                     |                     |
| Receipts from customers   | \$ 2,695,712        | \$ 2,528,701        |
| Payments to suppliers   | (758,591)           | (958,032)           |
| Payments to employees and directors for services                            | <u>(1,877,819)</u>  | <u>(1,921,868)</u>  |
| Net cash provided by (used in) operating activities                         | 59,302              | (351,199)           |
| <b>Cash flows from non-capital and related financing activities</b>         |                     |                     |
| Payments on inter-agency maintenance  | (219,763)           | (219,594)           |
| Other payments  | <u>(52,032)</u>     | <u>(56,004)</u>     |
| Net cash provided by (used in) non-capital and related financing activities | (271,795)           | (275,598)           |
| <b>Cash flows from capital and related financing activities</b>             |                     |                     |
| Acquisition and construction of utility plant                               | (1,835,508)         | (2,160,917)         |
| Principal paid on long-term debt  | (655,000)           | (623,000)           |
| Interest paid on long-term debt   | (208,083)           | (229,186)           |
| Receipts from assessments   | 1,071,511           | 1,323,082           |
| Receipts from property tax for debt service                                 | 868,967             | 915,878             |
| Capital contributions   | 6,740               | 107,382             |
| Grant revenue   | <u>73,250</u>       | <u>31,750</u>       |
| Net cash provided by (used in) capital and related financing activities     | (678,123)           | (635,011)           |
| <b>Cash flows from investing activities</b>                                 |                     |                     |
| Interest received   | <u>39,446</u>       | <u>163,854</u>      |
| NET DECREASE IN CASH  | (851,170)           | (1,097,954)         |
| <b>Cash and cash equivalents</b>  |                     |                     |
| Beginning of year   | <u>6,432,275</u>    | <u>7,530,229</u>    |
| End of year   | <u>\$ 5,581,105</u> | <u>\$ 6,432,275</u> |



**Joshua Basin Water District**

(A Special District)

## Statements of Cash Flows

For the Years Ended June 30, 2010 and 2009

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|  | <u>2010</u>      | <u>2009</u>         |
|--|------------------|---------------------|
| <b>Reconciliation of operating loss to cash used in operating activities</b> |                  |                     |
| Operating loss   | \$ (1,363,456)   | \$ (1,436,297)      |
| Depreciation and amortization  | 1,195,062        | 1,167,607           |
| <b>(Increase) decrease in assets</b>   |                  |                     |
| Accounts receivable and other current assets                                 | (139,125)        | (188,537)           |
| Inventory  | (15,867)         | (4,566)             |
| Prepaid expenses   | (26,568)         | 65,241              |
| <b>Increase (decrease) in liabilities</b>                                    |                  |                     |
| Accounts payable   | 392,670          | 112,753             |
| Interest payable   | -                | (9,242)             |
| Deposits   | 16,798           | (58,158)            |
| <b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>                   | <u>\$ 59,514</u> | <u>\$ (351,199)</u> |

## **Joshua Basin Water District**

(A Special District)

Notes to Financial Statements

June 30, 2010 and 2009

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

#### **Reporting Entity**

Joshua Basin Water District (the “District”) was organized under provisions of Division 12 of the Water Code of the State of California in January 1963. The District was formed to finance, construct, operate and maintain a water system serving portions of southwestern San Bernardino County. Currently, the District services approximately 96 square miles in the unincorporated area of Joshua Tree, located in the Morongo Basin of San Bernardino County.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14. The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit’s board, or because the component unit will provide a financial benefit or impose a financial burden on the District. The District has no component units.

#### **Basis of Presentation and Method of Accounting**

The District accounts for its activities as a single enterprise fund, and the financial statements are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liability is incurred, regardless of the timing of the cash flows.

The District distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with principal ongoing operations. The principal operating revenues of the District are charges to customers for water sales and services. Operating expenses include the cost of water delivery and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange include grants, entitlements and donations. In accordance with GASB No. 33, *Accounting and Reporting for Non-Exchange Transactions*, revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

#### **Budget and Budgeting**

Budget integration is employed as a management control device. Budgets are formally adopted by the Board of Directors and take effect the following July 1. The budgets are used as a management tool and are not a legal requirement.

## Joshua Basin Water District

(A Special District)

Notes to Financial Statements

June 30, 2010 and 2009

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### Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as construction of improvements and financing of debt obligations. These assets are for the benefit of a distinct group and, as such, are legally or contractually restricted.

### Inventory and Prepaid Expenses

Inventories of supplies and expendable equipment are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

### Capital Assets

Purchased capital assets are stated at historical cost or estimated historical cost when original cost is not available. Donated capital assets are recorded at their estimated fair value at the date of donation. The District's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$5,000. Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets. The range of estimated useful lives by type of asset is as follows:

|                               |               |
|-------------------------------|---------------|
| Automatic controls            | 5 – 10 years  |
| Booster station               | 25 – 45 years |
| General structures            | 15 – 40 years |
| Intangible plant              | 3 – 5 years   |
| Meters and services           | 10 – 30 years |
| Office equipment              | 5 – 10 years  |
| Reservoirs and tanks          | 25 – 50 years |
| Shop tools and equipment      | 5 – 15 years  |
| Source of supply – wells      | 5 – 40 years  |
| Transmission and distribution | 3 – 50 years  |
| Transportation equipment      | 5 years       |
| Pumping and equipment         | 15 – 25 years |

Depreciation aggregated \$1,195,062 and \$1,167,607 for the years ended June 30, 2010 and 2009, respectively.

### Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents.

**Joshua Basin Water District**

(A Special District)

Notes to Financial Statements

June 30, 2010 and 2009

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**Compensated Absences**

All earned vacation, floating holiday and administrative leave hours are payable upon termination or retirement and are accrued as compensated absences. The compensated liability is calculated in accordance with GASB Statement No. 16.

**Use of Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants (AICPA), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Net Assets**

GASB Statement No. 34 requires that the difference between assets and liabilities be reported as net assets. Net assets are classified as either invested in capital assets, net of related debt, restricted, or unrestricted.

Net assets that are invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net assets are those net assets that have external constraints placed on them by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net assets consist of net assets that do not meet the definition of invested in capital assets, net of related debt, or restricted net assets. The District did not have any Net Assets restricted by legislation at June 30, 2010.

**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments held by the District were comprised of the following at June 30, 2010 and 2009:

|  | <u>2010</u>         | <u>2009</u>         |
|--|---------------------|---------------------|
| Cash on hand and in banks                            | \$ 130,829          | \$ 144,662          |
| Investments with Local Agency Investment Fund (LAIF) | <u>5,450,488</u>    | <u>6,287,613</u>    |
|  | <u>\$ 5,581,317</u> | <u>\$ 6,432,275</u> |

## **Joshua Basin Water District**

(A Special District)

Notes to Financial Statements

June 30, 2010 and 2009

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### **Custodial Credit Risk of Cash Deposits**

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 California Government Code requires that a financial institution secure the District's cash deposits by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of pledged securities in the collateral pool must equal at least 110% of the District's cash deposits. California law also allows institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits.

At June 30, 2010, the recorded amount of the District's deposits was \$130,829 and the bank balances were \$141,200. Of the bank balances, all were covered by Federal Depository Insurance Corporation (FDIC).

### **Investments**

Under the provisions of the District's investment policy, and in accordance with California Government Code, sections 53600 and 53603, the following investments were authorized:

#### Investment Type

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Securities issued by the U.S. Treasury

Securities issued and fully guaranteed as to payment by an agency of the U.S. Government

Bankers' Acceptances

Non-negotiable certificates of deposit

Repurchase Agreements

California Local Agency Investment Fund (State Pool)

Corporate medium-term notes

Mortgage-backed securities

Diversified Management Companies, as defined by Section 23701m of the Revenue Taxation Code

### **Concentration of Credit Risk**

At June 30, 2010, in accordance with State law and the District's Investment Policy, the District did not have 5% or more of its net investment in commercial paper, corporate bonds or medium term notes of a single organization. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

## Joshua Basin Water District

(A Special District)

Notes to Financial Statements

June 30, 2010 and 2009

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### Local Agency Investment Fund

The District maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (the "Board") has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

At June 30, 2010, the District's investment position in the State of California Local Agency Investment Fund (LAIF) included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgaged-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2010, the District had \$5,450,588 invested in LAIF.

### NOTE 3 – RECEIVABLES

The following summarizes the significant categories of receivables and other assets (current and non-current) at June 30, 2010 and 2009:

|   | <u>2010</u>       | <u>2009</u>       |
|---|-------------------|-------------------|
| Receivables:                                    |                   |                   |
| Water sales                                     | \$ 513,577        | \$ 457,582        |
| Assessments/property taxes                      | 781,416           | 767,000           |
| Interest  | 7,570             | 23,610            |
| Grants  | 9,607             | -                 |
| Other   | 130,720           | 32,344            |
| Allowance for uncollectible assessment/accounts | (468,650)         | (445,421)         |
|   | <u>\$ 974,240</u> | <u>\$ 835,115</u> |

**Joshua Basin Water District**  
(A Special District)

Notes to Financial Statements  
June 30, 2010 and 2009

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

| <b>Capital Assets:</b>                         | Balance<br>July 01, 2009 | Additions      | Deletions       | Balance<br>June 30, 2010 |
|--|--------------------------|----------------|-----------------|--------------------------|
| Land and easements                             | \$ 218,371               | \$ 278,029     | \$ -            | \$ 496,400               |
| Construction in progress                       | 2,382,140                | 787,788        | -               | 3,169,928                |
| <br>Total capital assets not being depreciated | <br>2,600,511            | <br>1,065,817  | <br>-           | <br>3,666,328            |
| Automatic controls                             | 337,210                  | 115,692        | -               | 452,902                  |
| Booster/pump stations                          | 923,484                  | 21,440         | -               | 944,924                  |
| Mainlines & fire hydrants                      | 23,512,190               | -              | -               | 23,512,190               |
| Meters   | 3,368,158                | 809            | -               | 3,368,967                |
| Monitor wells                                  | 86,726                   | -              | -               | 86,726                   |
| Production wells                               | 3,081,426                | -              | -               | 3,081,426                |
| Pumping plant                                  | 539,892                  | 49,436         | -               | 589,328                  |
| Tanks  | 4,968,502                | 59,154         | -               | 5,027,656                |
| USGS monitoring wells-phase 2                  | 548,615                  | -              | -               | 548,615                  |
| Utility plant                                  | 92,843                   | -              | -               | 92,843                   |
| Water sampling stations                        | 20,150                   | -              | -               | 20,150                   |
| Water seepage pits                             | 29,953                   | -              | -               | 29,953                   |
| Buildings                                      | 537,937                  | 5,292          | -               | 543,229                  |
| Office furniture/equipment                     | 397,743                  | 3,261          | -               | 401,004                  |
| Engineering equipment                          | 79,498                   | 3,182          | -               | 82,680                   |
| Mapping system                                 | 50,888                   | -              | -               | 50,888                   |
| Meter reading equipment                        | 59,010                   | -              | (5,182)         | 53,827                   |
| Shop tools/equipment                           | 205,166                  | -              | -               | 205,166                  |
| Automotive                                     | 479,814                  | -              | -               | 479,814                  |
| Large equipment                                | 812,631                  | 66,179         | -               | 878,810                  |
| Demographic survey                             | 5,150                    | -              | -               | 5,150                    |
| Ground water monitoring plan                   | 33,336                   | -              | -               | 33,336                   |
| Ground water survey                            | 25,250                   | -              | -               | 25,250                   |
| Personnel manual/class study                   | 49,370                   | -              | -               | 49,370                   |
| Rate & fee study                               | -                        | 42,566         | -               | 42,566                   |
| Strategic plans                                | 33,999                   | -              | -               | 33,999                   |
| Urban water management plan                    | 34,431                   | 15,919         | -               | 50,349                   |
| Vulnerability assessment                       | 8,044                    | -              | -               | 8,044                    |
| Waster water feasibility study                 | 31,758                   | 85,874         | -               | 117,632                  |
| Water availability evaluation                  | 66,757                   | 4,323          | -               | 71,081                   |
| Water master plan                              | 77,399                   | -              | -               | 77,399                   |
| Water model assessment H2O net                 | 46,407                   | -              | -               | 46,407                   |
| Software & Computers                           | 28,837                   | 274,145        | (11,326)        | 291,656                  |
| Intangible water rights                        | 263,759                  | -              | -               | 263,759                  |
| Waste water start up                           | -                        | 22,419         | -               | 22,419                   |
|  | 40,836,332               | 769,690        | (16,508)        | 41,589,514               |
| Less accumulated depreciation                  | (16,905,907)             | (1,195,062)    | 6,409           | (18,094,560)             |
| Net assets being depreciated                   | 23,930,425               | (425,372)      | (10,099)        | 23,494,954               |
| <br>NET CAPITAL ASSETS                         | <br>\$ 26,530,936        | <br>\$ 640,445 | <br>\$ (10,099) | <br>\$ 27,161,281        |

**Joshua Basin Water District**  
(A Special District)

Notes to Financial Statements  
June 30, 2010 and 2009

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

| <b>Capital Assets:</b>                         | Balance<br>July 01, 2008 | Additions        | Deletions        | Balance<br>June 30, 2009 |
|--|--------------------------|------------------|------------------|--------------------------|
| Land and easements                             | \$ 216,027               | \$ 2,344         | \$ -             | \$ 218,371               |
| Construction in progress                       | 2,553,877                | 38,029           | (209,766)        | 2,382,140                |
| <br>Total capital assets not being depreciated | <br>2,769,904            | <br>40,373       | <br>(209,766)    | <br>2,600,511            |
| Automatic controls                             | 319,531                  | 17,679           | -                | 337,210                  |
| Booster/pump stations                          | 906,777                  | 16,706           | -                | 923,483                  |
| Mainlines & fire hydrants                      | 21,880,474               | 1,632,945        | -                | 23,513,419               |
| Meters   | 3,354,555                | 13,603           | -                | 3,368,158                |
| Monitor wells                                  | 86,726                   | -                | -                | 86,726                   |
| Production wells                               | 2,900,017                | 189,719          | -                | 3,089,736                |
| Pumping plant                                  | 539,892                  | -                | -                | 539,892                  |
| Tanks  | 4,951,106                | 17,396           | -                | 4,968,502                |
| USGS monitoring wells-phase 2                  | 548,615                  | -                | -                | 548,615                  |
| Utility plant                                  | 92,843                   | -                | -                | 92,843                   |
| Water sampling stations                        | 20,150                   | -                | -                | 20,150                   |
| Water seepage pits                             | 21,643                   | -                | -                | 21,643                   |
| Buildings                                      | 529,764                  | 8,173            | -                | 537,937                  |
| Office furniture/equipment                     | 397,743                  | 40,815           | -                | 438,558                  |
| Engineering equipment                          | 67,520                   | -                | -                | 67,520                   |
| Mapping system                                 | 50,888                   | -                | -                | 50,888                   |
| Meter reading equipment                        | 57,781                   | -                | -                | 57,781                   |
| Shop tools/equipment                           | 191,368                  | 398,357          | (9,410)          | 580,315                  |
| Automotive                                     | 612,446                  | 2,238            | -                | 614,684                  |
| Large equipment                                | 506,301                  | -                | -                | 506,301                  |
| Demographic survey                             | 5,150                    | -                | -                | 5,150                    |
| Ground water monitoring plan                   | 33,336                   | -                | -                | 33,336                   |
| Ground water survey                            | 25,250                   | -                | -                | 25,250                   |
| Personnel manual/class study                   | 49,370                   | -                | -                | 49,370                   |
| Strategic plans                                | 33,999                   | -                | -                | 33,999                   |
| Urban water management plan                    | 34,431                   | -                | -                | 34,431                   |
| Vulnerability assessment                       | 8,044                    | -                | -                | 8,044                    |
| Waster water feasibility study                 | 31,758                   | -                | -                | 31,758                   |
| Water availability evaluation                  | 66,757                   | -                | -                | 66,757                   |
| Water master plan                              | 77,399                   | -                | -                | 77,399                   |
| Water model assessment H2O net                 | 46,407                   | -                | -                | 46,407                   |
| Intangible water rights                        | 263,759                  | -                | -                | 263,759                  |
|  | 38,711,799               | 2,337,631        | (9,410)          | 41,040,020               |
|  | (15,941,988)             | (1,167,607)      |                  | (17,109,595)             |
|  | 22,769,811               | 1,170,024        | (9,410)          | 23,930,425               |
| <br>NET CAPITAL ASSETS                         | <br>\$ 25,539,715        | <br>\$ 1,210,397 | <br>\$ (219,176) | <br>\$ 26,530,936        |



**Joshua Basin Water District**  
(A Special District)

Notes to Financial Statements  
June 30, 2010 and 2009

**NOTE 5 – ACCOUNTS PAYABLE**

Accounts payable at June 30, 2010 and 2009 consisted of the following:

|                   | <u>2010</u>       | <u>2009</u>       |
|-------------------|-------------------|-------------------|
| Payables:         |                   |                   |
| Vendors           | \$ 648,315        | \$ 284,421        |
| Payroll           | 49,217            | 39,841            |
| Vacation          | 113,803           | 94,403            |
| Pre-paid capacity | 35,034            | 35,034            |
|                   | <u>\$ 846,369</u> | <u>\$ 453,699</u> |

**NOTE 6 – LONG-TERM LIABILITIES**

**Summary**

The changes in the District's long-term obligations during the past two years consist of the following:

|  | Balance<br><u>July 01, 2009</u> | Additions   | Reductions        | Due in<br>one year | Long-term balance<br><u>June 30, 2010</u> |
|--|---------------------------------|-------------|-------------------|--------------------|---|
| General Obligation Bonds - 1974            | \$ 615,000                      | \$ -        | \$ 90,000         | \$ 95,000          | \$ 430,000                                |
| Refunding Revenue Bonds - 1997             | 1,005,000                       | -           | 490,000           | 515,000            | -   |
| Rural Development - CMM                    | 3,778,438                       | -           | 75,000            | 78,000             | 3,625,438                                 |
|  | -                               | -           | -                 | -                  | -   |
| Total                                      | <u>5,398,438</u>                | -           | <u>655,000</u>    | <u>\$ 688,000</u>  | <u>4,055,438</u>                          |
| Less deferred amounts:                     |                                 |             |                   |                    |   |
| Issuance costs/premiums/<br>discounts/loss | <u>(97,079)</u>                 | -           | <u>(49,754)</u>   |                    | <u>(47,325)</u>                           |
| Total long-term liabilities, net           | <u>\$ 5,301,359</u>             | <u>\$ -</u> | <u>\$ 605,246</u> |                    | <u>\$ 4,008,113</u>                       |

|                                  | Balance<br><u>July 01, 2008</u> | Additions   | Reductions        | Due in<br>one year | Long-term balance<br><u>June 30, 2009</u> |
|----------------------------------|---------------------------------|-------------|-------------------|--------------------|---|
| General Obligation Bonds - 1974  | \$ 700,000                      | \$ -        | \$ 85,000         | \$ 90,000          | \$ 525,000                                |
| Refunding Revenue Bonds - 1997   | 1,470,000                       | -           | 465,000           | 490,000            | 515,000                                   |
| Rural Development - CMM          | 3,850,438                       | -           | 72,000            | 75,000             | 3,703,438                                 |
|                                  | -                               | -           | -                 | -                  | -   |
| Total                            | <u>6,020,438</u>                | -           | <u>622,000</u>    | <u>\$ 655,000</u>  | <u>4,743,438</u>                          |
| Less deferred amounts:           |                                 |             |                   |                    |   |
| Issuance costs/discounts/loss    | <u>(146,837)</u>                | -           | <u>(49,758)</u>   |                    | <u>(97,079)</u>                           |
| Total long-term liabilities, net | <u>\$ 5,873,601</u>             | <u>\$ -</u> | <u>\$ 572,242</u> |                    | <u>\$ 4,646,359</u>                       |

**Joshua Basin Water District**

(A Special District)

Notes to Financial Statements

June 30, 2010 and 2009

**General Obligation Bonds**

In 1974, the District authorized and issued General Obligation Bonds in the amount of \$2,000,000 at an interest rate of 5%. The bonds mature through 2015 as follows:

| <u>Fiscal Year</u> | <u>General Obligation Bonds - 1974</u> |                  |
|--------------------|--|------------------|
|                    | <u>Principal</u>                       | <u>Interest</u>  |
| 2011               | \$ 95,000                              | 26,250           |
| 2012               | 100,000                                | 21,500           |
| 2013               | 105,000                                | 16,500           |
| 2014               | 110,000                                | 11,250           |
| 2015               | 115,000                                | 5,750            |
|                    | <u>\$ 525,000</u>                      | <u>\$ 81,250</u> |

**1997 Refunding Revenue Bonds Capital Improvement**

In November 1997, the Joshua Basin-Hi Desert Financing Authority (the "Authority") issued \$5,400,000 in revenue refunding bonds. The proceeds of this issue, together with other lawfully available monies, were used to establish irrevocable escrows to advance refund and defease in their entirety the District's outstanding 1991 Revenue Bonds and the 1978 and 1979 State Safe Drinking Water Act Loans.

The District extinguished \$4,905,000 of 1991 Revenue Bonds and \$282,720 of State Safe Drinking Water Act Loans through a refunding. This resulted in a defeasance of debt. The net proceeds of approximately \$5,750,374 (after payment of issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Revenue Bonds and Safe Drinking Water Act Loans. As a result, this debt is considered to be defeased and the liability for the debt has been removed from long-term debt on the District's financial statements.

Although the refunding resulted in a deferred amount of \$740,419, the District, in effect, reduced its aggregate debt service payments by approximately \$638,567 over the next 18 years and obtained an economic gain (difference between the present value of the old and new debt service payments) of approximately \$301,513. The deferred amount on refunding is being amortized over the remaining life of the refunded debt.

The 1997 Revenue Bonds are limited obligations of the Authority. They are payable from and secured by a first pledge of certain payments received by the Authority from the District under an installment agreement and from interest and other income derived from any funds and accounts held under the indenture of trust. The obligation of the District to make such payments is payable solely from all gross income and revenue received by the District. The 1997 Revenue Bonds bear interest from 3.8% to 5.05% and mature from May 1, 1998 through May 1, 2011.

The bonds mature through 2011 as follows:

| <u>Fiscal Year</u> | <u>Refunding Revenue Bonds - 1997</u> |                  |
|--------------------|---------------------------------------|------------------|
|                    | <u>Principal</u>                      | <u>Interest</u>  |
| 2011               | <u>\$ 515,000</u>                     | <u>\$ 26,008</u> |

**Joshua Basin Water District**

(A Special District)

Notes to Financial Statements

June 30, 2010 and 2009

**Limited Obligation Improvement Bonds**

In March 1996, the District authorized the issuance of \$4,551,389 in Copper Mountain Mesa Limited Obligation Bonds pursuant to the provisions of the Municipal Improvement Act of 1913. The bonds are payable solely from and secured solely by the assessments 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 shall bear interest at 4.5% per annum. Principal and/or the applicable interest are payable on March 2 and September 2 of each year.

The bonds mature through 2036 as follows:

| <u>Fiscal Year</u> | <u>Rural Development - CCM</u> |                     |
|--------------------|--------------------------------|---------------------|
|                    | <u>Principal</u>               | <u>Interest</u>     |
| 2011               | \$ 78,000                      | \$ 164,925          |
| 2012               | 82,000                         | 161,325             |
| 2013               | 85,000                         | 157,568             |
| 2014               | 89,000                         | 153,653             |
| 2015               | 93,000                         | 149,558             |
| 2016 - 2020        | 534,000                        | 679,275             |
| 2021 - 2025        | 663,000                        | 545,243             |
| 2026 - 2030        | 823,000                        | 378,788             |
| 2031 - 2035        | 1,025,000                      | 171,608             |
| 2036 - 2040        | 231,438                        | 5,220               |
|                    | <u>\$ 3,703,438</u>            | <u>\$ 2,567,160</u> |

**NOTE 7 – MOJAVE WATER AGENCY AGREEMENT**

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 (the “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 and fixed operating and maintenance costs of the project on a take-or-pay basis.

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).

**Joshua Basin Water District**

(A Special District)

Notes to Financial Statements

June 30, 2010 and 2009

The District is obligated to pay 27% of the debt service on Improvement District M's general obligation bonds.

| Project Participants   | Debt Service Obligations |
|--|--------------------------|
| Hi-Desert Water District   | 59%                      |
| Joshua Basin Water District  | 27%                      |
| Bighorn-Desert View Water Agency                                   | 9%                       |
| San Bernardino County Service Area:<br>No. 70 Improvement Zone W-1 | 5%                       |
| Improvement Zone W-4   | 0%                       |
| Mojave Water Agency  | 0%                       |

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 \$219,763 and \$219,594 for the years ended June 30, 2010 and 2009.

**NOTE 8 – JOINT VENTURE, JOSHUA BASIN – HI DESERT FINANCING AUTHORITY**

In February 1991, the District and Hi-Desert Water District created the Joshua Basin – Hi-Desert Financing Authority (the "Authority") pursuant to the laws of the State of California.

The Authority is a joint exercise of powers agreement by and between Joshua Basin Water District and Hi-Desert Water District. The purpose of the Authority is to cause the acquisition and construction of water facilities and to finance such projects through the issuance of bonds.

The Authority has a five-member Board of Directors comprised of: (a) three members of the Board of Directors of Joshua Basin Water District and (b) two members of the Board of Directors of Hi-Desert Water District.

## Joshua Basin Water District

(A Special District)

Notes to Financial Statements

June 30, 2010 and 2009

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Participation in the joint venture gives the District the ability to finance the cost of the installation and construction of any building, facility, structure, or other improvement which may be used to provide water to the lands and inhabitants of the District.

As provided in the law, the Authority shall be a public entity separate from Joshua Basin Water District and Hi-Desert Water District. The debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of Joshua Basin Water District or Hi-Desert Water District. The debts, liabilities and obligations of either Joshua Basin Water District or Hi-Desert Water District shall not constitute debts, liabilities or obligations of the other agency.

### NOTE 9 – DEFERRED CHARGES

The long-term debt issuance costs are capitalized and amortized over the terms of the respective debt using the life of the underlying debt.

### NOTE 10 – EMPLOYEES' RETIREMENT PLAN DESCRIPTION

In August, 2008 the District transitioned from a defined contribution plan to a defined benefit pension plan, Public Employees' Retirement System (PERS) that provides retirement and disability benefits, annual cost - of - living adjustments, and death benefits to plan members and beneficiaries. PERS is part of the Public Agency portion of the California Public Employees' Retirement System, (CalPERS), a cost-sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers with the State of California. A menu of benefit provisions as well as other requirements is established by State statutes with the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 Q Street – Sacramento, California 95814.

**Funding Policy** – The District contributes the employer shares for the Miscellaneous Plan. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The District's employer contribution rate for 2009/10 was 9.511% for miscellaneous employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

**Annual Pension Cost** – For year ended June 30, 2010, the District's annual pension cost was \$119,308 and was equal to the District's required and actual contributions. The required contribution was determined as part of the pool's June 30, 2008 actuarial valuation.

#### Information for the District Public Employees' Retirement Plan

| <u>Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentages APC Contribution</u> | <u>Net Pension Obligation</u> |
|--------------------|----------------------------------|-------------------------------------|-------------------------------|
| 6-30-2010          | \$ 119,308                       | 100%                                | \$ --                         |

**Joshua Basin Water District**

(A Special District)

Notes to Financial Statements

June 30, 2010 and 2009

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**Schedule of Funding Progress** – The schedule of funding progress for the District’s Miscellaneous Plan is no longer available. Information is available on a pooled-basis only and can be obtained from CalPERS, P.O. Box 942709, Sacramento, California 94229-2709.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

The District has entered into various contracts for the purchase of material and construction of facilities. The amounts contracted for are based on the contractor’s estimated cost of construction. At June 30, 2010 and 2009, the total unpaid amounts on these contracts were \$1,022,746 and \$668,630, respectively.

In addition, the District has begun a program to recoat seven of their water storage tanks. The District has contracted with Utility Service Company to perform this recoating program along with a tank inspection program. The total cost to complete the tank recoating and inspection program is \$1,197,056. At June 30, 2010 the District was committed to \$213,763 of the total project cost.

**SUPPLEMENTAL SCHEDULE**

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**Joshua Basin Water District**  
(A Special District)

Schedule of Operating Expenses  
For the Years Ended June 30, 2010 and 2009

|  | 2010      | 2009      |
|--|-----------|-----------|
| <b>Customer accounts</b>                 |           |           |
| Meter repair salaries and wages          | \$ 67,138 | \$ 62,286 |
| Office salaries                          | 64,904    | 62,408    |
| Meter repair                             | 14,379    | 12,251    |
| Total                                    | 146,421   | 136,945   |
| <b>Fringe benefits</b>                   |           |           |
| Group insurance and workers compensation | 230,422   | 220,692   |
| Payroll taxes                            | 112,453   | 109,209   |
| Retirement                               | 119,306   | 110,681   |
| Uniforms                                 | 7,047     | 4,197     |
| Total                                    | 469,228   | 444,779   |
| <b>General and administration</b>        |           |           |
| Salaries                                 | 925,696   | 963,549   |
| Temporary Labor                          | 27,880    | 115,861   |
| Directors' fees/education                | 36,115    | 29,409    |
| Accounting services                      | 23,582    | 22,883    |
| Bad debt expense                         | 23,244    | 25,908    |
| Building repairs                         | 26,537    | 22,876    |
| Dues and subscriptions                   | 16,526    | 13,363    |
| Communication                            | 10,730    | 8,316     |
| Education expense                        | -         | -         |
| Engineering services                     | 33,406    | 86,380    |
| Insurance - property                     | 63,479    | 71,832    |
| Legal services                           | 67,689    | 66,442    |
| Lobbyist                                 | 42,000    | 42,000    |
| Membership fees and public information   | 42,354    | 30,681    |
| Miscellaneous expense                    | 41,510    | 51,050    |
| Office equipment repair and maintenance  | 79,799    | 50,468    |
| Office supplies and postage              | 54,144    | 69,322    |
| Outside services                         | 37,406    | 33,394    |
| Telephone and utilities                  | 31,615    | 35,278    |
| Training                                 | 32,004    | 31,925    |
| Travel and business expenses             | 15,843    | 18,511    |
| Expense allocation                       | (90,712)  | (121,039) |
| Total                                    | 1,540,847 | 1,668,409 |



**Joshua Basin Water District**  
(A Special District)

Schedule of Operating Expenses  
For the Years Ended June 30, 2010 and 2009

|  | 2010                | 2009                |
|--|---------------------|---------------------|
| <b>Pumping plant</b>                     |                     |                     |
| Power purchased for pumping              | 265,702             | 250,052             |
| Salaries and wages                       | 13,686              | 18,525              |
| Maintenance                              | 42,549              | 46,031              |
| Total                                    | 321,937             | 314,608             |
| <b>Source of supply</b>                  |                     |                     |
| Operation and maintenance                | 28,426              | 41,551              |
| Water treatment                          | 13,299              | 14,728              |
| Total                                    | 41,725              | 56,279              |
| <b>Transmission and distribution</b>     |                     |                     |
| Salaries and wages                       | 274,814             | 211,479             |
| Repairs and maintenance                  | 81,466              | 88,728              |
| Total                                    | 356,280             | 300,207             |
| <b>Vehicle and equipment</b>             |                     |                     |
| Auto expense                             | 61,017              | 68,191              |
| Auto repair - salaries and wages         | 7,476               | 10,844              |
| Tractor - tool repair                    | 16,014              | 10,156              |
| Tractor - tool repair salaries and wages | 3,415               | 2,727               |
| Equipment rental                         | 2,878               | 3,088               |
| Shop and small tools expense             | 19,195              | 25,415              |
| Total                                    | 109,995             | 120,421             |
| <b>Depreciation</b>                      | 1,195,062           | 1,167,607           |
| Total                                    | <u>\$ 4,181,495</u> | <u>\$ 4,209,255</u> |

**OTHER INDEPENDENT AUDITORS' REPORT**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Trustees  
Joshua Basin Water District

We have audited the financial statements of the business-type activities of Joshua Basin Water District (the "District"), as of and for the year ended June 30, 2010, and have issued our report thereon dated December 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

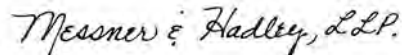
- 27 -

The Board of Trustees  
Joshua Basin Water District

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

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



Messner & Hadley, LLP  
Certified Public Accountants

Victorville, California  
December 8, 2010

**FINDINGS AND RESPONSES SECTION**

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**Joshua Basin Water District**  
(A Special District)

Schedule of Findings and Responses  
For the Year Ended June 30, 2010

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There are no findings to report for the year ended June 30, 2010.

JOSHUA BASIN WATER DISTRICT  
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

December 15, 2010

Report to: President and Members of the Board  
From: Joe Guzzetta, General Manager

TOPIC: SELECTION OF BOARD OFFICERS

RECOMMENDATION: That the Board select a President and a Vice President for the 2011 year.

ANALYSIS: Board rules require that a President and Vice President be selected at the last meeting of the calendar year. There are no rules or practices concerning rotation or selection, other than that the officers are selected by majority vote.

JOSHUA BASIN WATER DISTRICT  
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

December 15, 2010

Report to: President and Members of the Board  
From: Joe Guzzetta, General Manager

TOPIC: APPOINTMENT OF BOARD REPRESENTATIVES TO MOJAVE WATER AGENCY, MORONGO BASIN PIPELINE COMMISSION, AND ASSOCIATION OF THE SAN BERNARDINO COUNTY SPECIAL DISTRICTS

RECOMMENDATION: That the Board receive the appointments to be made by the Board President for representatives to the above agencies.

ANALYSIS: The District participates in three organizations that require official appointment of representatives. They are:

- Morongo Basin Pipeline Commission
- Association of San Bernardino County Special Districts (ASBCSD)
- Mojave Water Agency Technical Advisory Committee (MWA TAC)

The purpose of the Morongo Basin Pipeline Commission is to make recommendations to MWA regarding rates, taxes, and other issues pertaining to the pipeline which brings state project water to the Morongo Basin. The meetings are held 3 or 4 times per year on a weekday at a water agency within the Morongo Basin, and are about one and one half hours long. JBWD has one voting seat on this commission.

Mojave Water Agency TAC meets about 4 to 6 times per year on a Wednesday from 9:00 am to noon in Apple Valley. This is an informal committee which is open to all "stakeholders" with an interest in MWA. The Joshua Basin Water District General Manager typically attends. Attendance by the JBWD board is not limited, so that all board members could attend if there were interest. The TAC provides recommendations to the MWA board on the Regional Water Management Plan, rates and fees, strategies for securing future water, etc.

The Association of San Bernardino County Special Districts meets monthly, at a dinner meeting usually in the west end of San Bernardino County. JBWD has one vote at meetings of this agency.



The meetings consist of a program and/or discussion of issues of interest to special districts in San Bernardino County. This association also has a formal role in making appointments to positions on the Local Agency Formation Commission.

The Board practice is for the president to make the appointments of representatives to these organizations.