

**President**  
Tom Floen

**VP**  
Stacy Doolittle

**Directors**  
Jane Jarlsberg  
Tomas Short  
David Fick

**General  
Manager**  
Sarah Johnson

**Legal Counsel**  
Jeff Hoskinson



## REGULAR MEETING AGENDA OF THE BOARD OF DIRECTORS

**Wednesday, November 20, at 5:30 p.m.**

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

REMOTE ACCESS IS AVAILABLE FOR THE CONVENIENCE OF THE PUBLIC

CLICK TO JOIN VIRTUALLY: [ZOOM LINK](#)

CALL TO JOIN BY PHONE: (669) 444-9171

MEETING ID: 872 8707 9239

PASSCODE: 61750

### MISSION, VISION, AND VALUES

#### Mission Statement

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

#### Vision Statement

To achieve excellence in all District endeavors.

#### Values

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

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

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

### 2. DETERMINATION OF A QUORUM

Consideration of Board Member requests for remote participation.

### 3. APPROVAL OF AGENDA

### 4. PUBLIC COMMENT

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

**5. CONSENT CALENDAR**

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

- A. DRAFT MINUTES - 10.30.24**
- B. DRAFT MINUTES – 11.06.24**
- C. CHECK REGISTER - SEPTEMBER 2024**

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

**7. DISCUSSION/ACTION CALENDAR**

**A. 2023/24 AUDITED FINANCIAL STATEMENTS**

PRESENTED BY: ANNE ROMAN, DIRECTOR OF FINANCE

RECOMMENDED ACTION: REVIEW AND APPROVE

**B. LOCAL GOVERNMENT INVESTMENT POOL SELECTION**

PRESENTED BY: ANNE ROMAN, DIRECTOR OF FINANCE

RECOMMENDED ACTION: CONSIDER SELECTION OF A LOCAL GOVERNMENT INVESTMENT POOL TO SUPPLEMENT LAIF

**C. 2023/24 RESERVE USAGE AND FUNDING TRANSFERS**

PRESENTED BY: ANNE ROMAN, DIRECTOR OF FINANCE

RECOMMENDED ACTION: APPROVE 2023/24 RESERVE TRANSFERS

**8. REPORTS AND COMMENTS**

For informational purposes only on subjects not covered by the agenda. The opinions of individual directors are not necessarily the opinions of the board or district staff. No action is to be taken. The Board may provide staff with requests for future agenda items.

- A. DIRECTORS REPORTS**
- B. GENERAL MANAGER REPORT**

**9. ADJOURNMENT**

CALENDAR REMINDER - FUTURE DIRECTOR MEETINGS	DATE	TIME	ATTENDEE(S)
ACWA – JPIA MEMBERSHIP SUMMIT	12.02.24		JARLSBERG
ACWA – FALL CONFERENCE	12.03.24	- 12.05.24	FICK/JARLSBERG
JBWD – REGULAR BOARD MEETING	12.04.24	5:30 PM	ALL

**MEETING INFORMATION**

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

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

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

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

# MEETING MINUTES



## SPECIAL MEETING OF THE BOARD OF DIRECTORS OCTOBER 30, 2024, 10:00 AM

### 1. CALL TO ORDER

President Floen called the meeting to order at 10:00 a.m.

### 2. DETERMINATION OF A QUORUM & ATTENDANCE

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

**Staff Present:** General Manager Johnson, Director of Finance Roman, Director of Administration Shook, Executive Assistant Thompson

**Consultant(s) Present:** Tim Worley and Susan Allen, Ortega Strategies Group

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

### 3. APPROVAL OF THE AGENDA

Director Jarlsberg made a motion to approve the agenda, seconded by Director Short, approved by the following vote:

1 <sup>st</sup> / 2 <sup>nd</sup>	Jarlsberg/Short
Ayes:	Floen, Doolittle, Jarlsberg, Short, Fick
Noes:	None
Abstain:	None
Absent:	None

### 4. PUBLIC COMMENT

None

### 5. STRATEGIC PLANNING WORKSHOP

President Floen opened the Strategic Planning Workshop at 10:02 a.m. Tim Worley and Susan Allen from Ortega Strategies Consultants facilitated the workshop, with the objective of finalizing the strategic plan document. The group reviewed and discussed various sections of the strategic plan, focusing on making necessary editorial changes to align the language with the district's strategic goals and vision. A follow-up meeting will be scheduled to review the updated document and approve the final version.

For informational purposes only. No action was taken.

The workshop ended at 12:34 p.m.

### 6. ADJOURNMENT

On motion by Vice President Doolittle, seconded by Director Short and approved by the Board, the meeting was adjourned at 12: 34 p.m.

Respectfully submitted,

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Sarah Johnson, General Manager & Board Secretary

# MEETING MINUTES



## REGULAR MEETING OF THE BOARD OF DIRECTORS NOVEMBER 6, 2024, 5:30 PM

### 1. CALL TO ORDER

President Floen called the meeting to order at 5:30 p.m.

### 2. DETERMINATION OF A QUORUM & ATTENDANCE

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

**Staff Present:** General Manager Johnson, Director of Finance Roman, Director of Administration Shook, Accounting Supervisor Rich, Executive Assistant Thompson

**Consultant(s) Present:** Public Outreach Consultant, Kathleen Radnich, Legal Counsel, Jeff Hoskinson, USGS Team, John Izbicki, and Geoff Cromwell

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

### 3. APPROVAL OF THE AGENDA

Director Jarlsberg made a motion to approve the agenda and seconded by Vice President Doolittle, approved by the following vote:

1 <sup>st</sup> / 2 <sup>nd</sup>	Jarlsberg/Doolittle
Ayes:	Floen, Doolittle, Jarlsberg, Short, Fick
Noes:	None
Abstain:	None
Absent:	None

### 4. PUBLIC COMMENT

None

### 5. CONSENT CALENDAR

#### A. DRAFT MINUTES – 10.16.24

Director Short made a motion to approve the 10.16.24 draft minutes, seconded by Director Fick, approved by the following vote:

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

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

**7. PRESENTATIONS - For informational purposes only. No action was taken.**

**A. PUBLIC OUTREACH REPORT**

Consultant Radnich provided an outreach report including the following:

- Radnich expressed gratitude to President Floen and Director Short for their participation in the Great ShakeOut event to help the public learn about water for emergencies.
- The MWA conservation campaign grant is in full swing.
- Radnich thanked our Customer Support team for making courtesy calls to customers with high water usage.
- The December newsletter will feature a sneak peek of events planned for 2025.
- In January, Desert Edible Gardening offers a 15-week course and a 4-week course in Wildcrafting in May. There are six stand-alone classes focused on water conservation and three seasonal events, including one plant sale.
- Radnich announced that on November 7, 2024, at 6:00 pm, there will be a class on Winterizing Your Home class on Zoom. Details of the class can be found in our November newsletter.
- Radnich attended the open house meeting hosted by the County of San Bernardino Land Use Department and made valuable connections with several departments. As a result, she received informative updates on various upcoming events. If appropriate, Radnich plans to include these events in our monthly newsletter.
- District closures will occur on the following dates to observe the holidays:
  - Monday, November 11, 2024 – Veteran’s Day
  - Thursday, November 28, 2024 – Thanksgiving Day
  - Tuesday, December 24, 2024 – Christmas Eve
  - Wednesday, December 25, 2024 – Christmas Day
  - Tuesday, December 31, 2024 – New Year’s Eve
  - Wednesday, January 1, 2025 – New Year’s Day

**8. DISCUSSION/ACTION CALENDAR**

**A. APPOINTMENT OF A NEW CITIZENS ADVISORY COUNCIL (CAC) MEMBER**

PRESENTED BY: GENERAL MANAGER, SARAH JOHNSON

RECOMMENDED ACTION: RECOMMEND THE BOARD OF DIRECTORS REVIEW APPLICATION AND CONSIDER APPOINTMENT TO THE CITIZENS ADVISORY COUNCIL

Director Short made a motion to appoint Melvin Smith as Citizens Advisory Council Member, seconded by Director Jarlsberg and approved by the following vote.

1 <sup>st</sup> / 2 <sup>nd</sup>	Short/Jarlsberg
Ayes:	Floen, Doolittle, Jarlsberg, Short, Fick
Noes:	None
Abstain:	None
Absent:	None

**B. OVERVIEW OF GROUNDWATER IN THE JOSHUA BASIN WATER DISTRICT SERVICE AREA**

PRESENTED BY: GENERAL MANAGER, SARAH JOHNSON

RECOMMENDED ACTION: DISCUSS AND PROVIDE DIRECTION

General Manager Sarah Johnson introduced the USGS team, which consisted of John Izbicki and Geoff Cromwell, who presented an overview of groundwater in the Joshua Basin Water District service area. The board directed the General Manager to work with USGS on a formal proposal for groundwater studies to present to the Board for consideration.

## 9. REPORTS AND COMMENTS

### President Floen

- Floen expressed gratitude for the emergency response team at the Great ShakeOut event in October. Floen shared that there is a household prescription drug disposal facility in Joshua Tree.

### Vice President Doolittle

- Doolittle showed gratitude for having the USGS team come out to present to the board.
- Doolittle mentioned the possibility of her sharing research on data related to pool water usage in the future.
- Doolittle requested to view a list of items to be placed on the agenda for future board meetings.

### Director Jarlsberg

- Jarlsberg expressed her appreciation of the USGS presentation.
- Jarlsberg appreciated the efforts regarding the minutes prepared by Executive Assistant Lisa Thompson.
- Jarlsberg suggested that future agenda item requests should have a separate line on the agenda and also be included in the minutes.
- Jarlsberg suggested revisiting the Customer Account Assistance Program for customers experiencing unexplained leaks that are not their fault that exceed ten units.
- Jarlsberg attended an MWA tour in October with Director Fick, where they visited a well site and pumping station but wished to have toured more of their facilities.

### Director Short

- Attended the Great ShakeOut event with President Floen in October. There was a small number of people at the event, but it was a good turnout. Short discussed the significance of proper prescription drug disposal and suggested promoting it at the Farmer's Market.
- On October 21st, Short reported a water leak and expressed gratitude to the crew who efficiently repaired it.

### Director Fick

- Fick attended the MWA board meeting in October.
- Fick congratulated both incumbents on their reelection to their seats on the board.
- Fick expressed his interest in comparing CLASS and LAIF investments with the investment pools from two years ago and would like to gather information from CLASS representative Crystal Lynn.

### General Manager Report

Johnson reported on the following:

- Johnson announced that Copper Mountain College (CMC) has developed five water technology courses: Distribution, Treatment, Career Pathways, Wastewater, and Water Fundamentals. Johnson has been collaborating with CMC for over eight years on this initiative. Johnson and HR



& Risk Generalist Audriana Sheehan had the pleasure of reviewing the courses and providing feedback. The process is currently under review for approval. If approved, the courses will be offered in either August 2025 or January 2026.

- Johnson attended the San Bernardino County Land Use meeting and met some contacts from the County.
- Johnson was selected to participate in the San Bernardino Drought Task Force to help with their Drought Task Force Plan.
- Johnson mentioned that we are beginning to make progress with the final draft of the Strategic Plan.
- President Floen and Johnson will tour a customer's olive tree farm on Thursday, November 7<sup>th</sup>.

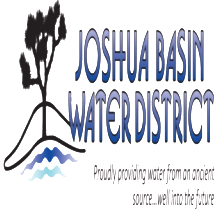
## **10. ADJOURNMENT**

On motion by Director Short, seconded by Vice President Doolittle and approved by the Board, the meeting was adjourned at 8:06 p.m.

Respectfully submitted,

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Sarah Johnson, General Manager & Board Secretary



Joshua Basin Water District

# Check Report

By Vendor DBA Name

Date Range: 09/01/2024 - 09/30/2024

Vendor Number	Vendor DBA Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<b>Bank Code: AP-AP Cash</b>						
000501	ACWA JPIA	09/18/2024	09/18/2024 Regular	0.00	7,663.18	66664
<a href="#">101</a>	Invoice	09/18/2024	ADD'L PYMT: PROPERTY INSURANCE 07/2024 - 06/2025	0.00	7,663.18	
000501	ACWA JPIA	09/18/2024	09/18/2024 Regular	0.00	33,632.27	66665
<a href="#">0703776</a>	Invoice	09/18/2024	EE HEALTH BENEFIT & EAP - 10/2024	0.00	33,632.27	
013998	AMAZON CAPITAL SERVICES INC	09/18/2024	09/18/2024 Regular	0.00	2,354.13	66666
<a href="#">11PG-YDXY-KFW1</a>	Invoice	09/18/2024	VEHICLE MAINT:V39,40,42,38,37,46,E84,83 & UNIFORMS	0.00	1,785.23	
<a href="#">1W3M3-NVGJ-L9JD</a>	Invoice	09/18/2024	OFFICE SUPPLIES & ADMIN: COMP EQUIPMENT	0.00	568.90	
013998	AMAZON CAPITAL SERVICES INC	09/10/2024	09/10/2024 Manual	0.00	4,326.16	902556
<a href="#">1JXN-WVTP-9MJ9..</a>	Credit Memo	09/10/2024	CREDIT: SHOP EXPENSE	0.00	-58.43	
<a href="#">1XHP-KWX1-D6GF</a>	Invoice	09/10/2024	UNIFORMS/SHOP OFFICE & SAFETY SUPPLIES/VACUUM	0.00	4,384.59	
013998	AMAZON CAPITAL SERVICES INC	09/10/2024	09/10/2024 Manual	0.00	58.43	902557
<a href="#">1JXN-WVTP-9MJ9..</a>	Invoice	09/10/2024	CREDIT REVERSE: SHOP EXPENSE	0.00	58.43	
013019	ARBORIST SERVICES	09/18/2024	09/18/2024 Regular	0.00	950.00	66676
<a href="#">9192</a>	Invoice	09/18/2024	DEMO GARDEN/BUILD MAINT 08/16/24 - 9/15/24	0.00	950.00	
014104	ARDURRA GROUP INC	09/18/2024	09/18/2024 Regular	0.00	1,100.00	66667
<a href="#">18016</a>	Invoice	09/18/2024	ENGINEERING SVS: E2-1 TANK 8/1/24 - 8/31/24	0.00	1,100.00	
013863	ATKINSON ANDELSON LOYA RUUD AND ROMO	09/04/2024	09/04/2024 Regular	0.00	1,956.78	66626
<a href="#">721820</a>	Invoice	09/04/2024	LEGAL SERVICES - 07/2024	0.00	1,956.78	
001630	ATT MOBILITY	09/18/2024	09/18/2024 Manual	0.00	2,737.85	902561
<a href="#">829480028X090..</a>	Invoice	09/18/2024	COMMUNICATIONS - 08/2024	0.00	2,737.85	
000985	AVALON URGENT CARE	09/04/2024	09/04/2024 Regular	0.00	100.00	66651
<a href="#">AUC072424</a>	Invoice	09/04/2024	PHYSICAL DMV/DOT	0.00	100.00	
000214	BABCOCK LABORATORIES INC	09/04/2024	09/04/2024 Regular	0.00	1,117.87	66627
<a href="#">CH41443-2287</a>	Invoice	09/04/2024	SAMPLING	0.00	19.10	
<a href="#">CH41544-2287</a>	Invoice	09/04/2024	HDMC WWTP - SAMPLING	0.00	432.26	
<a href="#">CH41583-2287</a>	Invoice	09/04/2024	HDMC WWTP - SAMPLING	0.00	268.77	
<a href="#">CH41748-2287</a>	Invoice	09/04/2024	SAMPLING	0.00	114.60	
<a href="#">CH41831-2287</a>	Invoice	09/04/2024	SAMPLING	0.00	283.14	
000214	BABCOCK LABORATORIES INC	09/18/2024	09/18/2024 Regular	0.00	1,428.15	66668
<a href="#">CI40284-2287</a>	Invoice	09/18/2024	SAMPLING	0.00	133.70	
<a href="#">CI40437-2287</a>	Invoice	09/18/2024	SAMPLING	0.00	123.59	
<a href="#">CI40438-2287</a>	Invoice	09/18/2024	SAMPLING	0.00	123.59	
<a href="#">CI40439-2287</a>	Invoice	09/18/2024	SAMPLING	0.00	291.18	
<a href="#">CI40565-2287</a>	Invoice	09/18/2024	HDMC WWTP - SAMPLING	0.00	386.44	
<a href="#">CI40576-2287</a>	Invoice	09/18/2024	SAMPLING	0.00	114.60	
<a href="#">CI40701-2287</a>	Invoice	09/18/2024	SAMPLING	0.00	255.05	
000181	BASIN WIDE FOUNDATION	09/04/2024	09/04/2024 Regular	0.00	65.00	66628
<a href="#">BWF082224</a>	Invoice	09/04/2024	ANNUAL AWARDS DINNER - JARLSBERG	0.00	65.00	
004110	BURRTEC WASTE AND RECYCLING SVCS	09/04/2024	09/04/2024 Manual	0.00	185.44	902552
<a href="#">BW0924</a>	Invoice	09/04/2024	TRASH & RECYCLING (OFFICE) - 09/2024	0.00	185.44	
004110	BURRTEC WASTE AND RECYCLING SVCS	09/18/2024	09/18/2024 Manual	0.00	485.66	902562
<a href="#">BW083124</a>	Invoice	09/18/2024	TRASH REMOVAL (SHOP) - 08/2024	0.00	485.66	

Check Report

Date Range: 09/01/2024 - 09/30/2024

Vendor Number Payable #	Vendor DBA Name Payable Type	Post Date	Payment Date Payable Description	Payment Type	Discount Amount Discount Amount	Payment Amount Payable Amount	Number
000229 <a href="#">3923</a>	C AND S ELECTRIC Invoice	09/04/2024	09/04/2024 D1-1 BOOSTER STATION UPGRADE	Regular	0.00 0.00	27,891.00 27,891.00	66634
001517 <a href="#">100000017645034</a>	CalPERS Invoice	09/04/2024	09/04/2024 GASB-68 REPORTS & SCHEDULES	Manual	0.00 0.00	700.00 700.00	902551
001517 <a href="#">PPE 9-6-24</a>	CalPERS Invoice	09/13/2024	09/13/2024 PAY PERIOD ENDING 09/06/24	Manual	0.00 0.00	16,258.74 16,258.74	902559
001517 <a href="#">PPE 9-20-24</a>	CalPERS Invoice	09/26/2024	09/26/2024 PAY PERIOD ENDING 9/20/24	Manual	0.00 0.00	16,168.35 16,168.35	902569
014118 <a href="#">CR081624</a>	CAMERON RUSSELL Invoice	09/04/2024	09/04/2024 REIMB: LIVE SCAN SCREENING 08/16/24	Regular	0.00 0.00	94.00 94.00	66629
014075 <a href="#">CH090724</a>	CARBON HEALTH MEDICAL GROUP OF CALIFOR Invoice	09/18/2024	09/18/2024 EMPLOYMENT RECRUITING EXPENSE	Regular	0.00 0.00	100.00 100.00	66669
001555 <a href="#">240902252101</a>	CENTRATEL LLC Invoice	09/04/2024	09/04/2024 DISPATCH SERVICES - 08/2024	Regular	0.00 0.00	855.05 855.05	66630
000510 <a href="#">116905701090124</a>	CHARTER COMMUNICATIONS Invoice	09/18/2024	09/18/2024 INTERNET SERVICES - 09/2024	Regular	0.00 0.00	550.00 550.00	66670
014052 <a href="#">CJBC083124</a>	CJ BROWN AND COMPANY CPAS - AN ACCOUN Invoice	09/18/2024	09/18/2024 FINANCIAL AUDIT 23/24 - 08/2024	Regular	0.00 0.00	77.00 77.00	66671
000237 <a href="#">39905610805809</a>	COLONIAL LIFE AND ACCIDENT INSURANCE CO Invoice	09/04/2024	09/04/2024 EE LIFE INSURANCE - 08/2024	Manual	0.00 0.00	823.22 823.22	902553
013373 <a href="#">V391691</a>	CORE AND MAIN LP Invoice	09/04/2024	09/04/2024 INVENTORY & MAINLINE/LEAK REPAIR SUPPLIES	Regular	0.00 0.00	4,490.53 4,490.53	66631
013373 <a href="#">V373098</a> <a href="#">V417303</a>	CORE AND MAIN LP Invoice Invoice	09/18/2024 09/18/2024	09/18/2024 INVENTORY MAINLINE/LEAK REPAIR SUPPLIES	Regular	0.00 0.00 0.00	2,091.96 1,771.28 320.68	66672
014108 <a href="#">DF082624</a>	DAVID FICK Invoice	09/18/2024	09/18/2024 MILEAGE REIMBURSEMENT	Regular	0.00 0.00	109.88 109.88	66673
014064 <a href="#">INV00307791</a>	DIGIUM CLOUD SERVICE Invoice	09/18/2024	09/18/2024 OFFICE TELEPHONE - 09/2024	Regular	0.00 0.00	758.06 758.06	66683
002565 <a href="#">202406565</a>	DUDEK Invoice	09/04/2024	09/04/2024 ENG SERV: HDMC WWTP 07/01/24 - 07/26/24	Regular	0.00 0.00	930.00 930.00	66632
014126 <a href="#">A131872</a> <a href="#">A131873</a> <a href="#">A131874</a> <a href="#">A131875</a> <a href="#">A131876</a> <a href="#">A131877</a>	DUTHIE POWER SERVICES Invoice Invoice Invoice Invoice Invoice Invoice	09/18/2024 09/18/2024 09/18/2024 09/18/2024 09/18/2024 09/18/2024	09/18/2024 GENERATOR MAINT: GR7 GENERATOR MAINT: GR1 GENERATOR MAINT: GR2 GENERATOR MAINT: GR4 GENERATOR MAINT: GR6 GENERATOR MAINT: GR5	Regular	0.00 0.00 0.00 0.00 0.00 0.00	5,525.95 787.02 852.32 852.32 1,406.34 775.15 852.80	66674
013991 <a href="#">EI01729744</a>	EIDE BAILLY LLP Invoice	09/04/2024	09/04/2024 ACCOUNTING/AUDIT SERVICES - 07/2024	Regular	0.00 0.00	1,199.10 1,199.10	66633
000156 <a href="#">2400108</a> <a href="#">2400109</a>	FORSHOCK Invoice Invoice	09/04/2024 09/04/2024	09/04/2024 MONTHLY SCADA MONITORING - 09/2024 MONTHLY SCADA MONITORING - 09/2024	Regular	0.00 0.00 0.00	243.00 38.00 205.00	66640
013222 <a href="#">FC0924</a>	FRONTIER COMMUNICATIONS INC Invoice	09/18/2024	09/18/2024 HDMC WWTP - TELEPHONE - 09/2024	Manual	0.00 0.00	243.25 243.25	902563

Check Report

Date Range: 09/01/2024 - 09/30/2024

Vendor Number Payable #	Vendor DBA Name Payable Type	Post Date	Payment Date Payable Description	Payment Type	Discount Amount Discount Amount	Payment Amount Payable Amount	Number
000058 <a href="#">10791768</a>	GARDA CL WEST INC Invoice	09/04/2024	09/04/2024 ARMORED COURIER – 09/2024	Regular	0.00 0.00	678.56 678.56	66635
013802 <a href="#">988641</a>	HASA INC Invoice	09/04/2024	09/04/2024 WATER TREATMENT EXPENSE	Regular	0.00 0.00	993.50 993.50	66636
004195 <a href="#">HD0824</a>	HOME DEPOT CREDIT SERVICES Invoice	09/18/2024	09/18/2024 BELMONT PH2 SUPPLIES/LEAK & SAFETY SUPPLIES	Manual	0.00 0.00	1,560.48 1,560.48	902567
013797 <a href="#">270046</a>	INFOSEND INC Invoice	09/04/2024	09/04/2024 PRINT & MAIL WATER BILL - 08/2024	Regular	0.00 0.00	3,799.16 3,799.16	66637
013369 <a href="#">6665</a>	ISHRED INCORPORATED Invoice	09/18/2024	09/18/2024 ARCHIVE RECORD SHREDDING - 09/2024	Regular	0.00 0.00	70.00 70.00	66675
014119 <a href="#">JU081324</a>	JANE JARLSBERG Invoice	09/04/2024	09/04/2024 MILEAGE REIMBURSEMENT	Regular	0.00 0.00	113.23 113.23	66638
009054 <a href="#">24-0831-1</a>	KATHLEEN J RADNICH Invoice	09/04/2024	09/04/2024 PUBLIC RELATIONS SERVICES - 08/2024	Regular	0.00 0.00	4,500.00 4,500.00	66652
014125 <a href="#">KPI090324</a>	KUD PROPERTIES INC Invoice	09/04/2024	09/04/2024 MAINLINE EXT REFUND AGREEMENT REIMB	Regular	0.00 0.00	4,350.56 4,350.56	66639
014042 <a href="#">MSR091324</a>	MISSION SQUARE RETIREMENT Invoice	09/13/2024	09/13/2024 EE & ER 457 REMITTANCE - 09/13/24	Manual	0.00 0.00	4,558.50 4,558.50	902558
014042 <a href="#">MSR092724</a>	MISSION SQUARE RETIREMENT Invoice	09/27/2024	09/27/2024 EE & ER 457 REMITTANCE - 09/27/24	Manual	0.00 0.00	4,258.50 4,258.50	902570
006800 <a href="#">MWA073124</a>	MOJAVE WATER AGENCY Invoice	09/04/2024	09/04/2024 WATER RECHARGE PURCHASE	Regular	0.00 0.00	167,048.00 167,048.00	66641
013990 <a href="#">202409</a>	MOMS DESERT VALLEY CLEANING Invoice	09/18/2024	09/18/2024 JANITORIAL SERVICES - 09/2024	Regular	0.00 0.00	1,500.00 1,500.00	66677
000233 <a href="#">481731</a> <a href="#">481759</a> <a href="#">481905</a>	NAPA AUTO PARTS Invoice Invoice Invoice	09/04/2024 09/04/2024 09/04/2024	09/04/2024 VEHICLE MAINTENANCE: E84 VEHICLE MAINTENANCE: V36,37,38,35,41,45 & 46 SHOP OFFICE SUPPLIES	Regular	0.00 0.00 0.00	261.55 86.12 154.79 20.64	66650
000233 <a href="#">483022</a> <a href="#">483260</a> <a href="#">483317</a>	NAPA AUTO PARTS Invoice Invoice Invoice	09/18/2024 09/18/2024 09/18/2024	09/18/2024 STREET BROOM MAINT: E10SB VEHICLE MAINTENANCE: V31 & V38 BUILDING MAINTENANCE - OFFICE	Regular	0.00 0.00 0.00	195.66 42.38 128.72 24.56	66687
013808 <a href="#">15982</a>	NOBEL SYSTEMS INC Invoice	09/04/2024	09/04/2024 GEOVIEWER ADD'L MODULE - 8/1/24 - 7/31/25	Regular	0.00 0.00	2,500.00 2,500.00	66642
000070 <a href="#">1277739</a>	ONLINE INFORMATION SERVICES INC Invoice	09/18/2024	09/18/2024 ID VERIFICATION SERVICES - 08/2024	Regular	0.00 0.00	213.15 213.15	66678
008200 <a href="#">3106825587</a>	PITNEY BOWES INC Invoice	09/18/2024	09/18/2024 LEASING CHARGES 7/30/24 – 10/29/24	Manual	0.00 0.00	246.33 246.33	902568
008415 <a href="#">23690872</a> <a href="#">23690875</a>	PRUDENTIAL OVERALL SUPPLY Invoice Invoice	09/04/2024 09/04/2024	09/04/2024 SHOP EXPENSE OFFICE SUPPLIES	Regular	0.00 0.00 0.00	515.05 250.47 264.58	66643
008415 <a href="#">21042490</a> <a href="#">23696866</a> <a href="#">23696869</a>	PRUDENTIAL OVERALL SUPPLY Credit Memo Invoice Invoice	09/18/2024 09/18/2024 09/18/2024	09/18/2024 CREDIT: SHOP EXPENSE SHOP EXPENSE OFFICE SUPPLIES	Regular	0.00 0.00 0.00 0.00	93.96 -144.78 144.78 93.96	66679

Check Report

Date Range: 09/01/2024 - 09/30/2024

Vendor Number Payable #	Vendor DBA Name Payable Type	Post Date	Payment Date Payable Description	Payment Type	Discount Amount Discount Amount	Payment Amount Payable Amount	Number
008201 <a href="#">PB091224</a>	PURCHASE POWER Invoice	09/18/2024	09/18/2024 POSTAGE REFILL FOR METER	Manual	0.00 0.00	1,517.25 1,517.25	902560
009065 <a href="#">P0719045</a>	RDO EQUIPMENT COMPANY Invoice	09/18/2024	09/18/2024 TRACTOR MAINT: E5410 & MOTOR GRADER: E667	Regular	0.00 0.00	2,023.49 2,023.49	66680
000091 <a href="#">SB091624</a>	SAN BERNARDINO COUNTY RECORDER Invoice	09/18/2024	09/18/2024 RELEASE OF LIENS	Regular	0.00 0.00	20.00 20.00	66682
013831 <a href="#">253938</a>	SATMODO LLC Invoice	09/04/2024	09/04/2024 EMERGENCY SATELLITE PHONES - 09/2024	Regular	0.00 0.00	164.26 164.26	66644
013820 <a href="#">2717510-IN</a>	SC FUELS Invoice	09/18/2024	09/18/2024 FUEL FOR VEHICLES	Manual	0.00 0.00	5,861.16 5,861.16	902565
009880 <a href="#">SCE0824</a>	SOUTHERN CALIFORNIA EDISON CO Invoice	09/18/2024	09/18/2024 POWER TO BUILDINGS & GENERATORS - 08/2024	Manual	0.00 0.00	3,984.94 3,984.94	902564
009878 <a href="#">SCE0824</a>	SOUTHERN CALIFORNIA EDISON Invoice	09/04/2024	09/04/2024 POWER FOR PUMPING - 8/2024	Manual	0.00 0.00	50,783.51 50,783.51	902554
VEN01020 <a href="#">24-8087</a> <a href="#">24-90355C</a>	SOUTHWEST NETWORKS INC Invoice Invoice	09/18/2024 09/18/2024	09/18/2024 SUPPLEMENTAL IT (AMC) - 08/2024 OFFICE 365 MONTHLY MAINT - 10/2024	Regular	0.00 0.00 0.00	1,400.50 367.50 1,033.00	66684
014117 <a href="#">SL091624</a>	SUN LIFE ASSURANCE COMPANY OF CANADA Invoice	09/18/2024	09/18/2024 EE LIFE INSURANCE - 10/2024	Regular	0.00 0.00	1,309.24 1,309.24	66685
014114 <a href="#">TS081324</a>	TOMAS SHORT Invoice	09/04/2024	09/04/2024 MILEAGE REIMBURSEMENT	Regular	0.00 0.00	113.23 113.23	66645
010850 <a href="#">820240349</a>	UNDERGROUND SERVICE ALERT Invoice	09/04/2024	09/04/2024 TICKET DELIVERY SERVICE - 08/2024	Regular	0.00 0.00	84.00 84.00	66646
CC-ANNE <a href="#">US0824</a>	US BANK CORPORATE Invoice	09/04/2024	09/04/2024 ANNUAL TRELLO SUBSCRIPTION & GFOA MEMBERSHIP	Manual	0.00 0.00	519.97 519.97	902549
CC-DAN <a href="#">US0824</a>	US BANK CORPORATE Invoice	09/04/2024	09/04/2024 PUMP PLANT/SML TOOLS/TANK MAINT/SHOP EXPENSE	Manual	0.00 0.00	3,839.67 3,839.67	902555
CC-DAVID <a href="#">US0824</a>	US BANK CORPORATE Invoice	09/04/2024	09/04/2024 ADOBE SUBSCRIPTION/OFFSITE STORAGE	Manual	0.00 0.00	669.82 669.82	902548
CC-SARAH <a href="#">US0824</a>	US BANK CORPORATE Invoice	09/04/2024	09/04/2024 DIRECTOR TRAINING/EE TRAINING/BUSINESS EXPENSE	Manual	0.00 0.00	2,548.60 2,548.60	902550
009500 <a href="#">USDA 09/24 LN</a>	USDA RURAL DEVELOPMENT Invoice	09/03/2024	09/03/2024 CMM PRINCIPAL & INT LOAN #2	Manual	0.00 0.00	164,107.35 164,107.35	902547
014056 <a href="#">24AR2026621</a>	VISUAL EDGE IT INC Invoice	09/04/2024	09/04/2024 OFFICE EXPENSE 7/30/24 - 8/29/24	Regular	0.00 0.00	279.62 279.62	66647
000327 <a href="#">9831</a>	WATER QUALITY SPECIALISTS Invoice	09/04/2024	09/04/2024 HDMC WWTP: OPERATION & MAINT - 08/2024	Regular	0.00 0.00	4,771.00 4,771.00	66648
013809 <a href="#">2408-409</a>	WEST COAST CIVIL INC Invoice	09/18/2024	09/18/2024 ENG: BELMONT DESIGN/SURVEY THUR 08/31/24	Regular	0.00 0.00	290.00 290.00	66686
011615 <a href="#">67387447</a>	WESTERN EXTERMINATOR Invoice	09/18/2024	09/18/2024 PEST CONTROL SERVICES - SHOP & OFFICE	Regular	0.00 0.00	70.50 70.50	66681
013827 <a href="#">3025</a>	WRIGHT PAINTING COMPANY INC Invoice	09/04/2024	09/04/2024 EXTERIOR BLDG REFRESH - BALANCE	Regular	0.00 0.00	6,550.00 6,550.00	66649

Check Report

Date Range: 09/01/2024 - 09/30/2024

Vendor Number	Vendor DBA Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
013359	XEROX FINANCIAL SERVICES LLC	09/18/2024	Manual		397.60	902566
<a href="#">6207446</a>	Invoice	09/18/2024	OFFICE EXPENSE 8/30/24 - 9/29/24	0.00	397.60	

Bank Code AP Summary

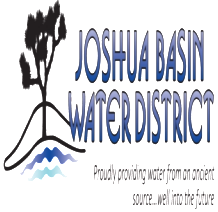
Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	77	51	0.00	299,191.13
Manual Checks	25	24	0.00	286,840.78
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	<b>102</b>	<b>75</b>	<b>0.00</b>	<b>586,031.91</b>

### All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	77	51	0.00	299,191.13
Manual Checks	25	24	0.00	286,840.78
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	<b>102</b>	<b>75</b>	<b>0.00</b>	<b>586,031.91</b>

### Fund Summary

Fund	Name	Period	Amount
01	GENERAL FUND	9/2024	586,031.91
			<b>586,031.91</b>



Joshua Basin Water District

# Check Report

By Vendor DBA Name

Date Range: 09/01/2024 - 09/30/2024

Vendor Number	Vendor DBA Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<b>Bank Code: PR-Payroll Account</b>						
000248	PAYCHEX	09/04/2024	Manual	0.00	5.00	950136
<a href="#">367676460</a>	Invoice	09/04/2024	MEDICAL FSA USE	0.00	5.00	
000248	PAYCHEX	09/11/2024	Manual	0.00	15.00	950137
<a href="#">369904096</a>	Invoice	09/11/2024	MEDICAL FSA USE	0.00	15.00	
000248	PAYCHEX	09/13/2024	Manual	0.00	583.10	950138
<a href="#">2024091101</a>	Invoice	09/13/2024	PAYROLL PROCESSING FEE - 09/13/24	0.00	583.10	
000248	PAYCHEX	09/13/2024	Manual	0.00	5.00	950139
<a href="#">1380348369</a>	Invoice	09/13/2024	MEDICAL FSA USE	0.00	5.00	
000248	PAYCHEX	09/16/2024	Manual	0.00	15.38	950140
<a href="#">1380048272</a>	Invoice	09/16/2024	MEDICAL FSA USE	0.00	15.38	
000248	PAYCHEX	09/13/2024	Manual	0.00	75.00	950141
<a href="#">29544907</a>	Invoice	09/13/2024	FSA PROCESSING FEE – 09/2024	0.00	75.00	
000248	PAYCHEX	09/24/2024	Manual	0.00	8.09	950142
<a href="#">373435586</a>	Invoice	09/24/2024	MEDICAL FSA USE	0.00	8.09	
000248	PAYCHEX	09/27/2024	Manual	0.00	578.10	950143
<a href="#">2024092401</a>	Invoice	09/27/2024	PAYROLL PROCESSING FEE - 09/27/24	0.00	578.10	

**Bank Code PR Summary**

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	0	0	0.00	0.00
Manual Checks	8	8	0.00	1,284.67
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	<b>8</b>	<b>8</b>	<b>0.00</b>	<b>1,284.67</b>



### All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	0	0	0.00	0.00
Manual Checks	8	8	0.00	1,284.67
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	<b>8</b>	<b>8</b>	<b>0.00</b>	<b>1,284.67</b>

### Fund Summary

Fund	Name	Period	Amount
01	GENERAL FUND	9/2024	1,284.67
			<b>1,284.67</b>

**JOSHUA BASIN WATER DISTRICT  
UTILITY REFUND REGISTER**

<u>Account Number</u>	<u>Name</u>	<u>Date</u>	<u>Type</u>	<u>Amount</u>
64-99302-000	HOANG, UYEN	9/4/2024	Refund	696.96 Check #: 66625
04-00053-002	MACINNES, JOHN	9/18/2024	Refund	120.46 Check #: 66653
04-00057-016	HALLAGAN, SHEILAGH	9/18/2024	Refund	193.08 Check #: 66654
05-00016-020	CLEMENT, SADIE	9/18/2024	Refund	343.00 Check #: 66655
06-00088-010	KOLSKY, DEANNA	9/18/2024	Refund	210.31 Check #: 66656
07-00169-014	DEVINNEY, TERESA	9/18/2024	Refund	101.41 Check #: 66657
07-00169-014	DEVINNEY, TERESA	9/30/2024	Refund	-101.41 Check #: 66657
08-00008-006	CASPERSEN, DANIEL J Jr.	9/18/2024	Refund	87.47 Check #: 66658
10-00343-012	MUSSEN, RYAN D	9/18/2024	Refund	167.16 Check #: 66659
12-00007-006	GLEIBS, JOAN	9/18/2024	Refund	51.69 Check #: 66660
52-00044-016	CANTU, VANESSA	9/18/2024	Refund	263.00 Check #: 66661
52-00072-014	PROSPERITY TRUST 6-16-90	9/18/2024	Refund	222.88 Check #: 66662
62-00236-003	JOHN AND NERMINE BAKHIT	9/18/2024	Refund	7.35 Check #: 66663
				<b><u>2,363.36</u></b>

JOSHUA BASIN WATER  
 DISTRICT  
 PO BOX 675  
 Joshua Tree, CA 922520675

Pay Adjustments Report  
 08/24/2024 - 09/20/2024

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>
513	Doolittle, Stacy	08/26/2024	ASBCSD DINNER - PAID 100/504//10050	1.0000	\$173.63	
		08/27/2024	SPECIAL JBWD BOARD MEETING - PAID 100/504//10050	1.0000	\$173.63	
		09/04/2024	JBWD BOARD MEETING - PAID 100/504//10050	1.0000	\$173.63	
		09/09/2024	TRAINING - PAID Note: CSDA Annual Conference 100/504//10050	1.0000	\$173.63	
		09/10/2024	TRAINING - PAID Note: CSDA Annual Conference 100/504//10050	1.0000	\$173.63	
		09/11/2024	TRAINING - PAID Note: CSDA Annual Conference 100/504//10050	1.0000	\$173.63	
		09/18/2024	JBWD BOARD MEETING - PAID Note: SECOND MEETING - NO STIPEND 100/504//10050	0.0000		
		09/18/2024	OTHER MEETING -PAID Note: MANAGER MEETUPS 100/504//10050	1.0000	\$173.63	
Totals:					\$1,215.41	\$0.00
Employee Total:					\$1,215.41	

Pay Adjustments Report  
08/24/2024 - 09/20/2024

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>
516	Fick, David	08/24/2024	SPECIAL JBWD BOARD MEETING - PAID 100/504//10050	1.0000	\$173.63	
		08/26/2024	ASBCSD DINNER - PAID 100/504//10050	1.0000	\$173.63	
		09/04/2024	JBWD BOARD MEETING - PAID 100/504//10050	1.0000	\$173.63	
		09/09/2024	FINANCE COMMITTEE MEETING - PAID Note: Special Finance Committee 100/504//10050	1.0000	\$173.63	
		09/16/2024	ASBCSD DINNER - PAID 100/504//10050	1.0000	\$173.63	
		09/18/2024	JBWD BOARD MEETING - PAID 100/504//10050	1.0000	\$173.63	
				Totals:	\$1,041.78	\$0.00
				Employee Total:	\$1,041.78	

Pay Adjustments Report  
08/24/2024 - 09/20/2024

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>
511	Floen, Thomas	08/27/2024	SPECIAL JBWD BOARD MEETING - PAID 100/504//10050	1.0000	\$173.63	
		09/04/2024	JBWD BOARD MEETING - PAID 100/504//10050	1.0000	\$173.63	
		09/09/2024	FINANCE COMMITTEE MEETING - PAID Note: Special Finance Committee 100/504//10050	1.0000	\$173.63	
		09/11/2024	TRAINING - PAID Note: CSDA ANNUAL CONFERENCE - TOM FLOEN DECLINED PAYMENT, NO STIPEND 100/504//10050	0.0000		
		09/17/2024	OTHER MEETING - PAID Note: MORONGO BASIN PIPELINE COMMISSION 100/504//10050	1.0000	\$173.63	
		09/18/2024	JBWD BOARD MEETING - PAID Note: REGULAR BOARD MEETING - SECOND MEETING, NO STIPEND 100/504//10050	0.0000		
		09/18/2024	OTHER MEETING - PAID Note: MANAGER MEETUPS 100/504//10050	1.0000	\$173.63	
Totals:					\$868.15	\$0.00
Employee Total:					\$868.15	

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>
512	Jarlsberg, Jane	08/27/2024	SPECIAL JBWD BOARD MEETING - PAID 100/504//10050	1.0000	\$173.63	
		09/04/2024	JBWD BOARD MEETING - PAID 100/504//10050	1.0000	\$173.63	
		09/18/2024	JBWD BOARD MEETING - PAID 100/504//10050	1.0000	\$173.63	
Totals:					\$520.89	\$0.00
Employee Total:					\$520.89	

<u>Employee Number</u>	<u>Employee Name</u>	<u>Date</u>	<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>
515	Short, Tyler	08/24/2024	SPECIAL JBWD BOARD MEETING - PAID 100/504//10050	1.0000	\$173.63	
		09/04/2024	JBWD BOARD MEETING - PAID 100/504//10050	1.0000	\$173.63	
		09/18/2024	JBWD BOARD MEETING - PAID 100/504//10050	1.0000	\$173.63	
Totals:					\$520.89	\$0.00
Employee Total:					\$520.89	

### Pay Adjustment Summary

<u>Type</u>	<u>Units</u>	<u>Additions</u>	<u>Deductions</u>	
ASBCSD DINNER - PAID	3.0000	\$520.89		Grand Totals: \$4,167.12 \$0.00
SPECIAL JBWD BOARD MEETING - PAID	5.0000	\$868.15		
JBWD BOARD MEETING - PAID	8.0000	\$1,389.04		Grand Total: \$4,167.12
TRAINING - PAID	3.0000	\$520.89		
OTHER MEETING - PAID	3.0000	\$520.89		
FINANCE COMMITTEE MEETING - PAID	2.0000	\$347.26		



<b>AGENDA ITEM NO:</b>	7A
<b>MEETING DATE:</b>	11.20.24

## Staff Report

<b>PRESENTED BY:</b>	Anne Roman, Director of Finance
<b>TOPIC:</b>	<b>2023/24 AUDITED FINANCIAL STATEMENTS</b>
<b>RECOMMENDATION:</b>	Review and approve

**SUMMARY:** The 2023/24 Audited Financial Statements deliver positive results with no audit findings and minimal adjustments.

**ANALYSIS:** Attached are the 2023/2024 Audited Financial Statement report from CJ Brown & Company, CPA's. Jonathan Abadesco, CPA and partner at the firm will present the statements. Jonathan has the unique experience of being the past AGM-Administration at our neighboring HDWD so he understands many of the special characteristics of a local government water district. The Finance Committee reviewed the statements on 11/13/2024.

This year's audit results are positive, with no audit findings, only one [anticipated] adjusting journal entry, and a [still] "unmodified opinion" issued by the Auditor. This means that the Auditor has confidence that the statements "present fairly, in all material respects, the respective financial position of the Joshua Basin Water District..." (Audit, Independent Auditor's Report, original page 1).

Below are some highlights from the attached **Financial Statements (Audit)**:

- **Net position *increased*** by 8.29% or \$3,866,309 to \$50,508,960, for multiple reasons, including additions to capital assets, increased property tax revenues, continued higher-than-normal capacity charge revenues, and record-high interest earnings, paired with under-budget expenditures. In addition, the 2023 Rate Study, of which we can now fully see the rate adjustment results, includes increased reserve funding for infrastructure, future CIRP equipment replacement, and numerous costly Reports and Studies (including many mandated by the State).
  - "Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating" (Audit, Management's Discussion and Analysis, page 5). **In our case, net position is increasing/improving.**
- **Total Revenues *increased*** by 15.06% or \$1,485,920 to \$11,355,359, mainly due to increased water consumption sales due to scheduled rate increases. The new Rate Study was in effect this full fiscal year and is designed to generate reserves to fund capital projects such as pipeline replacement, future CIRP equipment replacement (which

could begin as early as 2028 – 2030), and additional State-mandated Reports and Studies. Water consumption sales increased \$589,348 from \$3,695,652 to \$4,285,000 in 2024.

- **Total Expenses *increased*** by 1.72% or \$140,189 to \$8,269,064 due to increases in pumping, production, and treatment costs, with Well 14 being fully back online. This overall percentage increase is below the consumer price index (CPI).
- **Net Pension liability** for CalPERS has increased from \$903,646 to \$1,079,924. Pension liability changes for a variety of reasons as actuarial assumptions change. These include things such as earnings performance, inflation, mortality rates, etc. Although this figure will continuously change over time, the District continues to make annual additional discretionary payments to help keep this liability in check.

Also attached is the **Management Report**, which would contain any findings/recommendations made by the Auditor to the Board. No recommendations were made for 2023/24. Routine disclosure of adjusting entries made after the District has finalized its books at year end are included. Out of thousands of annual transactions, no entries were made to adjust reporting errors. One entry, related to complex GASB68 Pension liability calculations, was made by the Auditors at District’s request.

The Stated-required annual audit, a nine-to-ten-month long task, is the single largest project for the Finance Department each year. The audit typically kicks off in the Spring with a multi-day site visit to review transaction records and continues in the Fall with another multi-day site visit. Each year’s requirements seem to become more complex, as we keep up with new Government Accounting Standards Board (GASB) changes. Our Finance Staff prepares year-round but devotes substantial overtime during each summer “audit season.” Tremendous credit goes to our devoted Finance team for their tireless efforts. Thank you! Thank you also to District staff for their cooperation and to our Auditors for their expertise and support!

Upon Board approval, these audited financial statements will be distributed to comply with all regulations, including submission to the State Controller, County of San Bernardino, LAFCO, USDA, US Bank, Municipal Finance Corporation, and the Electronic Municipal Market Access (EMMA) website to comply with CMM bond requirements.

**RECOMMENDED ACTION:**

Review and approve.

---

**STRATEGIC PLAN:**

2.5 Conduct the Annual Audit

**FISCAL IMPACT:**

N/A





**Joshua Basin Water District**

**Annual Financial Report**

**Fiscal Years Ended June 30, 2024 and 2023**





# JOSHUA BASIN WATER DISTRICT

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

## **Our Mission Statement**

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

### **Board of Directors as of June 30, 2024**

<b>Name</b>	<b>Title</b>	<b>Elected/ Appointed</b>	<b>Current Term</b>
Thomas Floen	President	Elected	12/20-12/24
Stacy Doolittle	Vice President	Elected	12/20-12/24
Jane Jarlsberg	Director	Elected	12/20-12/24
Tyler "Thomas" Short	Director	Elected	12/22-12/26
David Fick	Director	Appointed	4/23-12/24

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

**Joshua Basin Water District**

**Annual Financial Report**

**Fiscal Years Ended**

**June 30, 2024 and 2023**

DRAFT

**Joshua Basin Water District  
Annual Financial Report  
For the Fiscal Years Ended June 30, 2024 and 2023**

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## **Financial Section**

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## **Independent Auditor's Report**

Board of Directors  
Joshua Basin Water District  
Joshua Tree, California

### **Report on the Audit of the Financial Statements**

We have audited the accompanying financial statements of the Joshua Basin Water District (District), which comprises the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position for the fiscal years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Joshua Basin Water District as of June 30, 2024 and 2023, and the respective changes in net position, and, where applicable, cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Independent Auditor's Report, continued

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Emphasis-of-Matter***

#### *Implementation of GASB Statement No. 96*

As discussed in Note 15 to the financial statements, the District has adopted the provisions of GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. As a result, the District has restated its net position to reflect the effects of the change in accounting policy. Our opinion is not modified with respect to this matter.

## Independent Auditor's Report, continued

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the required supplementary information on pages 40 through 42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 43 through 44.

**C.J. Brown & Company, CPA's**  
Cypress, California  
November 20, 2024



**Joshua Basin Water District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Joshua Basin Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2024 and 2023. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

**Financial Highlights**

- In 2024, the District's net position increased 8.29% or \$3,866,309 to \$50,508,960 as a result of ongoing operations. In 2023, the District's net position increased 6.17% or \$2,710,540 to \$46,642,651 as a result of ongoing operations.
- Total revenues increased 15.06% or \$1,485,920 to \$11,355,359. In 2023, the District's total revenues decreased 0.56% or \$55,428 to \$9,869,439.
- Operating revenues increased 8.97% or \$743,921 to \$9,033,008. In 2023, the District's operating revenues increased 0.20% or \$16,658 to \$8,289,087.
- Non-operating revenues increased 46.95% or \$741,999 to \$2,322,351. In 2023, the District's non-operating revenues decreased 4.36% or \$72,086 to \$1,580,352.
- Total expenses increased 1.72% or \$140,189 to \$8,269,064. In 2023, the District's total expenses increased 9.76% or \$722,520 to \$8,128,875.
- Operating expenses increased 10.21% or \$577,754 to \$6,233,982. In 2023, the District's operating expenses increased 5.64% or \$302,114 to \$5,656,228.
- Non-operating expenses decreased 58.14% or \$518,380 to \$373,288. In 2023, the District's non-operating expenses increased 66.87% or \$357,308 to \$891,668.
- Capital contributions decreased 19.58% or \$189,962 to \$780,014. In 2023, the District's capital contributions decreased 25.11% or \$325,259 to \$969,976.

**Using This Financial Report**

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

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

**Joshua Basin Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**Financial Analysis of the District**

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

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

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

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 15 through 39.

**Statements of Net Position**

**Condensed Statements of Net Position**

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>As restated 2022</u>	<u>Change</u>
<b>Assets:</b>					
Current assets	\$ 24,042,862	20,217,172	3,825,690	18,054,705	2,162,467
Non-current assets	223,831	298,442	(74,611)	373,052	(74,610)
Capital assets, net	<u>32,125,158</u>	<u>32,165,886</u>	<u>(40,728)</u>	<u>31,536,315</u>	<u>629,571</u>
<b>Total assets</b>	<u>56,391,851</u>	<u>52,681,500</u>	<u>3,710,351</u>	<u>49,964,072</u>	<u>2,717,428</u>
<b>Deferred outflows of resources</b>	<u>761,244</u>	<u>729,726</u>	<u>31,518</u>	<u>463,928</u>	<u>265,798</u>
<b>Liabilities:</b>					
Current liabilities	1,652,142	1,553,106	99,036	1,454,510	98,596
Non-current liabilities	<u>4,991,993</u>	<u>5,215,469</u>	<u>(223,476)</u>	<u>4,970,220</u>	<u>245,249</u>
<b>Total liabilities</b>	<u>6,644,135</u>	<u>6,768,575</u>	<u>(124,440)</u>	<u>6,424,730</u>	<u>343,845</u>
<b>Deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,159</u>	<u>(71,159)</u>
<b>Net position:</b>					
Net investment in capital assets	27,965,806	27,587,286	378,520	26,419,985	1,167,301
Restricted	5,496,441	4,541,505	954,936	4,445,785	95,720
Unrestricted	<u>17,046,713</u>	<u>14,513,860</u>	<u>2,532,853</u>	<u>13,066,341</u>	<u>1,447,519</u>
<b>Total net position</b>	<u>\$ 50,508,960</u>	<u>46,642,651</u>	<u>3,866,309</u>	<u>43,932,111</u>	<u>2,710,540</u>

**Joshua Basin Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**Statements of Net Position, continued**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$50,508,960 and \$46,642,651, as of June 30, 2024 and 2023, respectively.

Compared to prior year, net position of the District increased 8.29% or \$3,866,309. The District's total net position is made up of three components: (1) net investment of capital assets, (2) restricted net position and (2) unrestricted net position.

By far the largest portion of the District's net position (55.37% and 59.15% as of June 30, 2024 and 2023, respectively) reflects the District's net investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2024 and 2023, the District showed a positive balance in its unrestricted net position of \$17,046,713 and \$14,513,860, respectively, which may be utilized in future years. See note 12 for further information.

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

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

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>As restated 2022</u>	<u>Change</u>
<b>Revenue:</b>					
Operating revenue	\$ 9,033,008	8,289,087	743,921	8,272,429	16,658
Non-operating revenue	<u>2,322,351</u>	<u>1,580,352</u>	<u>741,999</u>	<u>1,652,438</u>	<u>(72,086)</u>
<b>Total revenue</b>	<u>11,355,359</u>	<u>9,869,439</u>	<u>1,485,920</u>	<u>9,924,867</u>	<u>(55,428)</u>
<b>Expense:</b>					
Operating expense	6,233,982	5,656,228	577,754	5,354,113	302,115
Depreciation and amortization	1,661,794	1,580,979	80,815	1,517,882	63,097
Non-operating expense	<u>373,288</u>	<u>891,668</u>	<u>(518,380)</u>	<u>534,360</u>	<u>357,308</u>
<b>Total expense</b>	<u>8,269,064</u>	<u>8,128,875</u>	<u>140,189</u>	<u>7,406,355</u>	<u>722,520</u>
<b>Net income before capital contributions</b>	3,086,295	1,740,564	1,345,731	2,518,512	(777,948)
<b>Capital contributions</b>	<u>780,014</u>	<u>969,976</u>	<u>(189,962)</u>	<u>1,295,235</u>	<u>(325,259)</u>
Change in net position	<u>3,866,309</u>	<u>2,710,540</u>	<u>1,155,769</u>	<u>3,813,747</u>	<u>(1,103,207)</u>
<b>Net position, beginning of year as previously stated (note 11)</b>	46,642,651	43,932,111	2,710,540	40,094,478	3,837,633
<b>Prior period adjustment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,886</u>	<u>(23,886)</u>
<b>Net position, beginning of year as restated (note 11)</b>	<u>46,642,651</u>	<u>43,932,111</u>	<u>2,710,540</u>	<u>40,118,364</u>	<u>3,813,747</u>
<b>Net position, end of year</b>	<u>\$ 50,508,960</u>	<u>46,642,651</u>	<u>3,866,309</u>	<u>43,932,111</u>	<u>2,710,540</u>

**Joshua Basin Water District**  
*Management's Discussion and Analysis, continued*  
**For the Fiscal Years Ended June 30, 2024 and 2023**

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

The statement of revenues, expenses, and changes in net position shows how the District's net position changed during the fiscal year. In the case of the District, net position increased 8.29% or \$3,866,309 to \$50,508,960, due to the change in net position of \$3,086,295 from ongoing operations and \$780,014 in capital contributions for the fiscal year ended June 30, 2024. For the fiscal year ended June 30, 2023, the District's net position increased 6.17% or \$2,710,540 to \$46,642,651, due to the change in net position of \$1,740,564 from ongoing operations and \$969,976 in capital contributions.

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

The District's total revenues (before capital contributions) increased 15.06% or \$1,485,920 to \$11,355,359. In 2023, the District's total revenues (before capital contributions) decreased 0.56% or \$55,428 to \$9,869,439.

In 2024, the District's operating revenues increased 8.97% or \$743,921 to \$9,033,008, due primarily to increases of \$589,348 in water consumption sales, and \$183,420 in water service charges; which were offset by a decrease of \$34,740 in other charges for services as compared to the prior year. In 2023, the District's operating revenues increased 0.20% or \$16,658 to \$8,289,087, due primarily to an increase of \$228,522 in water service charges; which was offset by decreases of \$163,670 in water consumption sales, and \$34,878 in standby service charges, and \$13,316 in other charges for services as compared to the prior year

In 2024, the District's non-operating revenues increased 46.95% or \$741,999 to \$2,322,351, due primarily to increases of \$611,316 in investment returns, and \$144,875 in property taxes as compared to the prior year. In 2023, the District's non-operating revenues decreased 4.36% or \$72,086 to \$1,580,352, due primarily to a decreases of \$22,857 in HDMC operations revenue, and \$12,597 in special assessments for debt service as compared to the prior year.

The District's total expenses increased 1.72% or \$140,189 to \$8,269,064. In 2023, the District's total expenses increased 9.76% or \$722,520 to \$8,128,875.

In 2024, the District's operating expenses increased 10.21% or \$577,754 to \$6,233,982 due to increases of \$380,049 in transmission and distribution, and \$281,523 in customer service; which were offset by a decrease of \$99,612 in general and administrative expenses as compared to the prior year. In 2023, the District's operating expenses increased 5.64% or \$302,114 to \$5,656,228 due to increases of \$259,931 in pumping, production, and treatment, and \$64,214 in transmission and distribution as compared to the prior year.

In 2024, the District's non-operating expenses decreased 58.14% or \$518,380 to \$373,288, due primarily to a decrease of \$340,412 in non-operating expenses (as a result of the non-cash pension actuarial adjustments based from the CalPERS Miscellaneous Risk Pool Defined Benefit Pension Plan as the June 30, 2022 measurement date), which was offset by a decrease of \$133,870 in loss on disposition of assets as compared to the prior year. In 2023, the District's non-operating expenses increased 66.87% or \$357,308 to \$891,668, due primarily to an increase of \$485,172 in non-operating expenses (as a result of the non-cash pension actuarial adjustments based from the CalPERS Miscellaneous Risk Pool Defined Benefit Pension Plan as the June 30, 2022 measurement date), which was offset by a decrease of \$138,765 in waste and abuse as compared to the prior year.

In 2024, the District's capital contributions decreased 19.58% or \$189,962 to \$780,014, due primarily to decreases of \$203,781 in water capacity charges, and \$76,470 in wastewater capacity charges; which were offset by an increase of \$90,289 in state capital grant as compared to the prior year. In 2023, the District's capital contributions decreased 25.11% or \$325,259 to \$969,976, due primarily to an increase of \$314,944 in state capital grant as compared to the prior year.

**Joshua Basin Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**Capital Asset Administration**

Changes in capital assets for 2024, were as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2024</u>
Capital assets:				
Non-depreciable assets	\$ 1,711,579	1,708,577	(1,816,849)	1,603,307
Depreciable assets	62,132,691	1,816,470	(664,958)	63,284,203
Accumulated depreciation	<u>(31,678,384)</u>	<u>(1,661,794)</u>	<u>577,826</u>	<u>(32,762,352)</u>
Total capital assets, net	<u>\$ 32,165,886</u>	<u>1,863,253</u>	<u>(1,903,981)</u>	<u>32,125,158</u>

Changes in capital assets for 2023, were as follows:

	<u>As restated Balance 2022</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2023</u>
Capital assets:				
Non-depreciable assets	\$ 3,063,095	2,468,877	(3,820,393)	1,711,579
Depreciable assets	60,909,089	3,877,389	(2,653,787)	62,132,691
Accumulated depreciation	<u>(32,435,869)</u>	<u>(1,580,979)</u>	<u>2,338,464</u>	<u>(31,678,384)</u>
Total capital assets, net	<u>\$ 31,536,315</u>	<u>4,765,287</u>	<u>(4,135,716)</u>	<u>32,165,886</u>

At the end of fiscal year 2024 and 2023, the District's capital assets amounted to \$32,125,158 and \$32,165,886 (net of accumulated depreciation), respectively. These capital assets include land, transmission and distribution systems, buildings, equipment, vehicles, and construction-in-process.

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

**Debt Administration**

Changes in long-term debt for 2024, were as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2024</u>
Long-term debt:				
Bonds payable	\$ 1,988,000	-	(116,000)	1,872,000
Notes payable	2,365,953	-	(176,802)	2,189,151
Leases payable	11,675	-	(4,134)	7,541
Subscription payable	<u>212,972</u>	<u>-</u>	<u>(122,312)</u>	<u>90,660</u>
Total long-term debt	<u>\$ 4,578,600</u>	<u>-</u>	<u>(419,248)</u>	<u>4,159,352</u>

In 2024, long-term debt primarily decreased due to regular scheduled debt payments of \$419,248.

**Joshua Basin Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**Debt Administration, continued**

Changes in long-term debt for 2023, were as follows:

	<b>As restated Balance 2022</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance 2023</b>
Long-term debt:				
Bonds payable	\$ 2,495,000	-	(507,000)	1,988,000
Notes payable	2,536,200	-	(170,247)	2,365,953
Leases payable	17,544	-	(5,869)	11,675
Subscription payable	<u>67,586</u>	<u>272,060</u>	<u>(126,674)</u>	<u>212,972</u>
Total long-term debt	<u>\$ 5,116,330</u>	<u>272,060</u>	<u>(809,790)</u>	<u>4,578,600</u>

In 2023, long-term debt primarily decreased due to regular scheduled debt payments of \$809,790, which was offset by additions to subscription payable as a result of the implementation of GASB 96.

See further detailed information in Note 9.

**Requests for Information**

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

## **Basic Financial Statements**

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**Joshua Basin Water District**  
**Statements of Net Position**  
**June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 14,959,214	13,228,459
Cash and cash equivalents - restricted (note 2)	5,194,248	4,169,841
Accrued interest receivable	218,151	133,981
Accrued interest receivable - restricted (note 5)	9,333	6,825
Accounts receivable - water sales and services, net (note 3)	1,883,112	1,756,232
Property taxes receivable	13,298	10,702
Special assessments receivable – restricted	69,029	66,397
Grants receivable (note 4)	5,874	5,874
Accounts receivable - other	37,648	244,894
Water-in-storage inventory	322,500	-
Materials and supplies inventory	1,102,280	359,626
Prepaid expenses and other deposits	228,175	234,341
<b>Total current assets</b>	<b>24,042,862</b>	<b>20,217,172</b>
<b>Non-current assets:</b>		
Note receivable - restricted (note 5)	223,831	298,442
Capital assets - not being depreciated (note 6)	1,603,307	1,711,579
Capital assets, net - being depreciated (note 6)	30,521,851	30,454,307
<b>Total non-current assets</b>	<b>32,348,989</b>	<b>32,464,328</b>
<b>Total assets</b>	<b>56,391,851</b>	<b>52,681,500</b>
<b>Deferred outflows of resources:</b>		
Deferred pension outflows (note 10)	761,244	729,726
<b>Total deferred outflows of resources</b>	<b>\$ 761,244</b>	<b>729,726</b>

*Continued on next page*

See accompanying notes to the basic financial statements



**Joshua Basin Water District**  
**Statements of Net Position, continued**  
**June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 481,352	412,446
Accrued wages and related payables	142,025	125,943
Customer deposits and unearned revenue	479,631	443,997
Accrued interest payable	97,523	100,648
Long-term liabilities - due within one year:		
Compensated absences (note 7)	51,082	50,824
Bonds payable (note 9)	122,000	116,000
Notes payable (note 9)	183,609	176,802
Leases payable	4,260	4,134
Subscription payable (note 9)	90,660	122,312
	<b>1,652,142</b>	<b>1,553,106</b>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (note 7)	153,246	152,471
Bonds payable (note 9)	1,750,000	1,872,000
Notes payable (note 9)	2,005,542	2,189,151
Leases payable (note 9)	3,281	7,541
Subscription payable (note 9)	-	90,660
Net pension liability (note 10)	1,079,924	903,646
	<b>4,991,993</b>	<b>5,215,469</b>
	<b>6,644,135</b>	<b>6,768,575</b>
<b>Net position: (note 12)</b>		
Net investment in capital assets	27,965,806	27,587,286
Restricted	5,496,441	4,541,505
Unrestricted	17,046,713	14,513,860
	<b>\$ 50,508,960</b>	<b>46,642,651</b>

**Joshua Basin Water District**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Operating revenues:</b>		
Water consumption sales	\$ 4,285,000	3,695,652
Water service charges	3,206,237	3,022,817
Standby service charges	1,230,921	1,225,028
Other charges for services	310,850	345,590
<b>Total operating revenues</b>	<b>9,033,008</b>	<b>8,289,087</b>
<b>Operating expenses:</b>		
Pumping, production, and treatment	1,907,133	1,891,339
Transmission and distribution	1,468,079	1,088,030
Customer service	817,280	535,757
General and administrative	2,041,490	2,141,102
<b>Total operating expenses</b>	<b>6,233,982</b>	<b>5,656,228</b>
Operating income before depreciation and amortization expense	2,799,026	2,632,859
Depreciation and amortization expense	(1,661,794)	(1,580,979)
<b>Operating income</b>	<b>1,137,232</b>	<b>1,051,880</b>
<b>Non-operating revenue (expense):</b>		
Property taxes	962,829	817,954
Special assessments for debt service	267,501	271,183
Investment returns	932,287	320,971
Interest expense	(179,051)	(186,368)
Debt administration charges	(25,651)	(38,275)
Property tax administration charge	(6,207)	(5,861)
HDMC operations revenue (note 5)	159,734	170,244
HDMC project – District expense (note 5)	(130,992)	(137,395)
Loss on disposition of assets	(29,955)	(163,825)
Other non-operating revenues (expenses), net	(1,432)	(359,944)
<b>Total non-operating revenue, net</b>	<b>1,949,063</b>	<b>688,684</b>
<b>Net income before capital contributions</b>	<b>3,086,295</b>	<b>1,740,564</b>
<b>Capital contributions:</b>		
Water capacity charges	442,339	646,120
Wastewater capacity charges	232,386	308,856
State capital grant	90,289	-
Local capital grant - Mojave Water Agency	15,000	15,000
<b>Total capital contributions</b>	<b>780,014</b>	<b>969,976</b>
<b>Change in net position</b>	<b>3,866,309</b>	<b>2,710,540</b>
<b>Net position, beginning of year</b>	<b>46,642,651</b>	<b>43,932,111</b>
<b>Net position, end of year</b>	<b>\$ 50,508,960</b>	<b>46,642,651</b>

See accompanying notes to the basic financial statements

**Joshua Basin Water District**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers for water sales and services	\$ 9,149,008	7,763,386
Cash paid to employees for salaries and wages	(1,879,615)	(1,569,307)
Cash paid to vendors and suppliers for materials and services	(5,182,574)	(3,363,967)
<b>Net cash provided by operating activities</b>	<b>2,086,819</b>	<b>2,830,112</b>
<b>Cash flows from non-capital financing activities:</b>		
Property taxes	928,375	771,179
Other non-operating expenses, net	(1,432)	(359,944)
<b>Net cash provided by non-capital financing activities</b>	<b>926,943</b>	<b>411,235</b>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(1,621,066)	(2,233,931)
Loss on disposition of assets	(29,955)	(163,825)
HDMC project expense	28,742	32,849
Capital contributions	689,725	969,976
Payments received for note receivable	74,611	74,610
Proceeds from capital grants	90,289	-
Special assessments for debt service	264,869	275,708
Principal paid on long-term debt	(419,248)	(514,349)
Interest paid on long-term debt	(182,176)	(200,446)
<b>Net cash used in capital and related financing activities</b>	<b>(1,104,209)</b>	<b>(1,759,408)</b>
<b>Cash flows from investing activities:</b>		
Investment returns	845,609	209,736
<b>Net cash provided by investing activities</b>	<b>845,609</b>	<b>209,736</b>
<b>Net increase in cash and cash equivalents</b>	2,755,162	1,691,675
<b>Cash and cash equivalents, beginning of year</b>	<b>17,398,300</b>	<b>15,706,625</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 20,153,462</b>	<b>17,398,300</b>
<b>Reconciliation of cash and cash equivalents to the statements of net position:</b>		
Cash and cash equivalents	\$ 14,959,214	13,228,459
Cash and cash equivalents - restricted	5,194,248	4,169,841
<b>Total cash and cash equivalents</b>	<b>\$ 20,153,462</b>	<b>17,398,300</b>

*Continued on next page*

See accompanying notes to the basic financial statements

**Joshua Basin Water District**  
**Statements of Cash Flows, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
<b>Operating income</b>	\$ <u>1,137,232</u>	<u>1,051,880</u>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation	1,661,794	1,580,979
<b>Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:</b>		
(Increase) decrease in assets:		
Accounts receivable – water sales and services, net	(126,880)	(114,780)
Accounts receivable – other	207,246	(192,779)
Water-in-storage inventory	(322,500)	-
Materials and supplies inventory	(742,654)	(35,441)
Prepaid expenses and other deposits	6,166	(18,443)
(Increase) decrease in deferred outflows of resources:		
Deferred pension outflows	(31,518)	(265,798)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	68,906	205,043
Accrued wages and related payables	16,082	35,039
Customer deposits and unearned revenue	35,634	(218,142)
Compensated absences	1,033	51,584
Net pension liability	176,278	822,129
Increase (decrease) in deferred inflows of resources:		
Deferred pension inflows	<u>-</u>	<u>(71,159)</u>
<b>Total adjustments</b>	<u>949,587</u>	<u>1,778,232</u>
<b>Net cash provided by operating activities</b>	<u>\$ 2,086,819</u>	<u>2,830,112</u>
<b>Non-cash investing, capital, and financing transactions:</b>		
Changes in fair value of funds deposited with LAIF	<u>\$ (73,146)</u>	<u>(265,028)</u>

See accompanying notes to the basic financial statements

**Joshua Basin Water District**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

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

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

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

**B. Basis of Accounting and Measurement Focus**

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

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

**C. Financial Reporting**

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

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

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

**C. Financial Reporting, continued**

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

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

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

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

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

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

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

**1. Use of Estimates**

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

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

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

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

**2. Cash and Cash Equivalents**

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

**3. Investments and Investment Policy**

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

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

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

**3. Accounts Receivable and Allowance for Uncollectible Accounts**

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

**4. Property Taxes and Assessments**

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

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

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

**5. Water-in-Storage Inventory**

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

**6. Materials and Supplies Inventory**

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

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

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

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

**7. Prepaid Expenses**

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

**8. Capital Assets**

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

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

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

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

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

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

**8. Deferred Outflows of Resources**

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

**9. Compensated Absences**

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

**10. Lease Payable**

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

**11. Subscription Payable**

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



**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

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

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

**12. Pensions**

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

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

- Valuation dates: June 30, 2022 and 2021
- Measurement dates: June 30, 2023 and 2022
- Measurement periods: July 1, 2021 to June 30, 2022 and July 1, 2022 to June 30, 2023

**13. Deferred Inflows of Resources**

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

**14. Water Sales and Services**

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

**15. Capital Contributions**

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

**16. Net Position**

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

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

**17. Budgetary Policies**

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

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

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

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

**18. Reclassification**

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

**(2) Cash and Cash Equivalents**

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

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 14,959,214	13,228,459
Cash and cash equivalents – restricted	5,194,248	4,169,841
Total cash and investments	\$ 20,153,462	17,398,300

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

	<b>2024</b>	<b>2023</b>
Cash on hand	\$ 2,300	2,300
Deposits held with financial institutions	369,163	192,227
California Local Agency Investment Fund:		
Unrestricted	14,587,751	13,033,932
Restricted	5,194,248	4,169,841
Total cash and investments	\$ 20,153,462	17,398,300

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

	<b>2024</b>	<b>2023</b>
California Local Agency Investment Fund	217 days	260 days

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

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

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(2) Cash and Cash Equivalents, continued**

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

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

***Investment in State Investment Pool***

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

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

***Interest Rate Risk***

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

***Credit Risk***

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

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(2) Cash and Cash Equivalents, continued**

***Custodial Credit Risk***

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

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

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

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

***Concentration of Credit Risk***

The District’s investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The District’s deposit portfolio with governmental agencies, LAIF, is 99% and 97% as of June 30, 2024 and 2023, respectively, of the District’s total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5% or more of the District’s total investments.

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

The balance at June 30 consists of the following:

		<b>2024</b>	<b>2023</b>
Accounts receivable – water sales	\$	1,073,362	1,032,037
Unbilled water sales receivables		776,076	746,954
Standby charges receivables		278,272	253,748
Property liens		128,621	126,361
Allowance for doubtful accounts		(373,219)	(402,868)
Total accounts receivable, net	\$	1,883,112	1,756,232

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(4) Grants Receivable**

***Integrated Regional Water Management Plan***

The balance at June 30 consists of the following:

	<b>2024</b>	<b>2023</b>
Prop 1 DWR grant – retention	\$ 5,874	5,874
Total grants receivable	\$ 5,874	5,874

On June 18, 2018, the Coachella Valley Water District and the State of California, Department of Water Resources (DWR), entered into a grant agreement to assist in financing projects associated with the Integrated Regional Water Management Plan (IRWMP) pursuant to Chapter 7 of Division 26.7 of the California Water Code. The maximum amount payable by the State under this grant agreement is not to exceed \$2,636,488. The grant agreement consists of twelve separate IRWMP projects for various local sponsors with different allocation amounts – one of which being Joshua Basin Water District for \$130,000. The District has utilized grant revenue for the Saddleback Pipeline Project. As of June 30, 2024, all projects associated with the grant agreement are completed, and the remaining retention balance awaiting release from the State amounted to \$5,874.

**(5) Note Receivable – Hi-Desert Medical Center**

On July 1, 2012, the District executed a note receivable with the Hi-Desert Medical Center for \$1,119,156 for capacity charges due for sanitary sewer service to the Hi-Desert Medical Center Wastewater Treatment Plant. The note is to be repaid over a 15-year period (\$74,610 principal payment per year) with interest charged at the quarterly LAIF interest earnings rate. As of June 30, 2024 and 2023, the remaining principal balance was \$223,831 and \$298,442, respectively. At June 30, 2024 and 2023, accrued interest receivable on the note was \$9,333 and \$6,825, respectively, and is included as part of the accrued interest receivable balance - restricted in the statements of net position.

***Hi-Desert Medical Center Project***

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

For the fiscal years ended June 30, 2024 and 2023, the District received \$159,734 and \$170,244, respectively, in reimbursement revenue from HDMC. For the fiscal years ended June 30, 2024 and 2023, the District incurred \$130,992 and \$137,395, respectively, in reimbursable costs towards the project.

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(6) Capital Assets**

Changes in capital assets for the year ended June 30, 2024, were as follows:

	<u>Balance 2023</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2024</u>
Non-depreciable assets:				
Land and land rights	\$ 734,027	-	-	734,027
Construction-in-process	977,552	1,708,577	(1,816,849)	869,280
Total non-depreciable assets	<u>1,711,579</u>	<u>1,708,577</u>	<u>(1,816,849)</u>	<u>1,603,307</u>
Depreciable assets:				
Transmission and distribution system	46,518,614	1,377,054	(299,528)	47,596,140
Recharge facilities	9,108,029	-	-	9,108,029
Structures and improvements	1,404,351	52,664	-	1,457,015
Vehicles and large equipment	3,982,403	366,959	(323,968)	4,025,394
Office furniture and equipment	690,063	19,793	(30,152)	679,704
Wastewater system	22,419	-	-	22,419
Subscription asset	374,966	-	-	374,966
Leased equipment	31,846	-	(11,310)	20,536
Total depreciable assets	<u>62,132,691</u>	<u>1,816,470</u>	<u>(664,958)</u>	<u>63,284,203</u>
Accumulated depreciation:				
Transmission and distribution system	(26,807,204)	(1,006,439)	299,528	(27,514,115)
Recharge facilities	(1,564,243)	(182,169)	-	(1,746,412)
Structures and improvements	(658,912)	(32,549)	-	(691,461)
Vehicles and large equipment	(1,922,227)	(281,019)	251,063	(1,952,183)
Office furniture and equipment	(548,102)	(28,825)	15,924	(561,003)
Wastewater system	(22,419)	-	-	(22,419)
Subscription asset	(136,423)	(124,989)	-	(261,412)
Leased equipment	(18,855)	(5,804)	11,311	(13,348)
Total accumulated depreciation	<u>(31,678,384)</u>	<u>(1,661,794)</u>	<u>577,826</u>	<u>(32,762,352)</u>
Total depreciable assets, net	<u>30,454,307</u>	<u>154,676</u>	<u>(87,132)</u>	<u>30,521,851</u>
<b>Total capital assets, net</b>	<u>\$ 32,165,886</u>	<u>1,863,253</u>	<u>(1,903,981)</u>	<u>32,125,158</u>

Major depreciable capital asset additions during the fiscal year ended 2024, include upgrades and extensions of the District's water transmission and distribution systems of \$1,377,054, purchases of vehicles and large equipment of \$366,959, structures and improvements of \$52,664, and office furniture and equipment of \$19,793. During the year, the District's deletions included: vehicles and large equipment of \$323,968, transmission and distribution replacements of \$299,528, office furniture and equipment disposals of \$30,152, and leased equipment of \$11,310.

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(6) Capital Assets, continued**

Changes in capital assets for the year ended June 30, 2023, were as follows:

	As restated Balance 2022	Additions/	Deletions/ Transfers	Balance 2023
Non-depreciable assets:				
Land and land rights	\$ 636,822	97,205	-	734,027
Construction-in-process	2,426,273	2,371,672	(3,820,393)	977,552
Total non-depreciable assets	3,063,095	2,468,877	(3,820,393)	1,711,579
Depreciable assets:				
Transmission and distribution system	43,794,862	3,003,620	(279,868)	46,518,614
Recharge facilities	9,108,029	-	-	9,108,029
Structures and improvements	1,348,344	73,330	(17,323)	1,404,351
Vehicles and large equipment	3,771,727	438,509	(227,833)	3,982,403
Office furniture and equipment	1,257,448	89,870	(657,255)	690,063
Wastewater system	22,419	-	-	22,419
Studies and reports	1,471,508	-	(1,471,508)	-
Subscription asset	102,906	272,060	-	374,966
Leased equipment	31,846	-	-	31,846
Total depreciable assets	60,909,089	3,877,389	(2,653,787)	62,132,691
Accumulated depreciation:				
Transmission and distribution system	(26,180,321)	(906,751)	279,868	(26,807,204)
Recharge facilities	(1,382,074)	(182,169)	-	(1,564,243)
Structures and improvements	(634,138)	(32,168)	7,395	(658,912)
Vehicles and large equipment	(1,704,895)	(275,556)	58,224	(1,922,227)
Office furniture and equipment	(1,001,378)	(55,238)	508,514	(548,102)
Wastewater system	(22,419)	-	-	(22,419)
Studies and reports	(1,484,462)	-	1,484,462	-
Subscription asset	(11,434)	(124,989)	-	(136,423)
Leased equipment	(14,748)	(4,107)	-	(18,855)
Total accumulated depreciation	(32,435,869)	(1,580,979)	2,338,464	(31,678,384)
Total depreciable assets, net	28,473,220	2,296,410	(315,323)	30,454,307
<b>Total capital assets, net</b>	<b>\$ 31,536,315</b>	<b>4,765,287</b>	<b>(4,135,716)</b>	<b>32,165,886</b>

Major depreciable capital asset additions during the fiscal year ended 2023, include upgrades and extensions of the District's water transmission and distribution systems of \$3,003,620, purchases of vehicles and large equipment of \$438,509, subscription asset of \$272,060, office furniture and equipment of \$89,870, and structures and improvements of \$73,330. During the year, the District's deletions included: studies and reports of \$1,471,508, office furniture and equipment disposals of \$657,255, transmission and distribution replacements of \$279,868, vehicles and large equipment of \$227,833, and structures and improvements of \$17,323.

***Construction-In-Process***

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

As of June 30, 2024 and 2023, the balance of construction-in-process was \$869,280 and \$977,552, respectively.

**(6) Capital Assets, continued**

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

Construction-in-process consisted of the following projects:

<u>Project Description</u>	<u>2024</u>	<u>2023</u>
Well 14 Upgrade	\$ 70,034	-
E2-1 Reservoir Upgrade	113,061	-
D-1 Booster Design	-	122,769
D1-1 Booster Station Upgrade	445,335	221,677
Tilford Ph 2 Install	-	371,828
Belmont Design/Survey	219,047	200,066
Various other minor projects < \$50,000	21,803	61,212
Total construction-in-process	<u>\$ 869,280</u>	<u>977,552</u>

**(7) Compensated Absences**

Changes to compensated absences for 2024 were as follows:

<u>Balance</u> <u>2023</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>2024</u>	<u>Due within</u> <u>one year</u>	<u>Due in more</u> <u>than one year</u>
\$ 203,295	384,403	(383,370)	204,328	51,082	153,246

Changes to compensated absences for 2023 were as follows:

<u>Balance</u> <u>2022</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>2023</u>	<u>Due within</u> <u>one year</u>	<u>Due in more</u> <u>than one year</u>
\$ 151,711	294,193	(242,609)	203,295	50,824	152,471

**(8) Deferred Compensation Savings Plan**

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. At June 30, 2024 and 2023, the market value of all plan assets held in trust by MissionSquare was \$1,226,230 and \$1,003,516, respectively.

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



**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(9) Long-Term Debt**

Changes in long-term debt amounts for 2024 were as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2024</u>	<u>Current Portion</u>	<u>Long Term Portion</u>
Bonds payable:						
1996 Bond	\$ 1,988,000	-	(116,000)	1,872,000	122,000	1,750,000
Note payable:						
Installment Sale #18-012	2,365,953	-	(176,802)	2,189,151	183,609	2,005,542
Leases payable:						
Xerox C8170	11,675	-	(4,134)	7,541	4,260	3,281
Xerox C8035	-	-	-	-	-	-
Subscription payable						
Tyler Incode	34,292	-	(34,292)	-	-	-
Nobel Geoviewer	178,680	-	(88,020)	90,660	90,660	-
Total long-term debt	<u>\$ 4,578,600</u>	<u>-</u>	<u>(419,248)</u>	<u>4,159,352</u>	<u>400,529</u>	<u>3,758,823</u>

Changes in long-term debt amounts for 2023 were as follows:

	<u>As restated Balance 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2023</u>	<u>Current Portion</u>	<u>Long Term Portion</u>
Bonds payable:						
1996 Bond	\$ 2,495,000	-	(507,000)	1,988,000	116,000	1,872,000
Note payable:						
Installment Sale #18-012	2,536,200	-	(170,247)	2,365,953	176,802	2,189,151
Leases payable						
Xerox C8170	15,687	-	(4,012)	11,675	4,134	7,541
Xerox C8035	1,857	-	(1,857)	-	-	-
Subscription payable						
Tyler Incode	67,586	-	(33,294)	34,292	34,292	-
Nobel Geoviewer	-	272,060	(93,380)	178,680	88,020	90,660
Total long-term debt	<u>\$ 5,116,330</u>	<u>272,060</u>	<u>(809,790)</u>	<u>4,578,600</u>	<u>419,248</u>	<u>4,159,352</u>

***1996 Limited Obligation Improvement Bond***

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

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(9) Long-Term Debt, continued**

***1996 Limited Obligation Improvement Bond, continued***

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 122,000	84,240	206,240
2026	127,000	78,750	205,750
2027	132,000	73,035	205,035
2028	138,000	67,095	205,095
2029	145,000	60,885	205,885
2030-2034	825,000	200,790	1,025,790
2035-2036	383,000	26,010	409,010
Total	1,872,000	590,805	2,462,805
Current	(122,000)		
Long-term	\$ 1,750,000		

***2018 Installment Sale Agreement #18-012***

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

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 183,609	84,282	267,891
2026	190,678	77,213	267,891
2027	198,019	69,872	267,891
2028	205,642	62,249	267,891
2029	213,560	54,331	267,891
2029-2034	1,197,643	141,989	1,339,632
Total	2,189,151	489,936	2,679,087
Current	(183,609)		
Long-term	\$ 2,005,542		

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(9) Long-Term Debt, continued**

***Xerox Financial Services, LLC – C8170***

On April 8, 2021, the District entered into an agreement with Xerox Financial Services, LLC for the purpose of acquiring a Xerox copier for its Administrative Office. Terms of the agreement commenced in April 2021 and matures in March 2026. As of June 30, 2024 and 2023, rental payments amounted to \$3,894 and \$955, respectively.

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

Annual lease payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,260	168	4,428
2026	<u>3,281</u>	<u>41</u>	<u>3,322</u>
Total	7,541	<u>209</u>	<u>7,750</u>
Current	<u>(4,260)</u>		
Long-term	\$ <u>3,281</u>		

***Xerox Financial Services, LLC – Xerox C8035***

On April 1, 2018, the District entered into an agreement with Xerox Financial Services, LLC for the purpose of acquiring a Xerox copier for its Shop Building Office. Terms of the agreement commenced in April 2018 and matures in March 2023. As of June 30, 2023, rental payment amounted to \$1,857 and \$2,303, respectively.

The right-to-use asset is amortized on a straight-line basis over the term of the lease. The lease was fully paid in March 2023.

***Tyler Technologies – Tyler Incode Subscription***

On February 7, 2022, the District entered into an agreement with Tyler Technologies (Tyler) for the purpose of providing the District access to Tyler’s proprietary software, Tyler Incode. Terms of the agreement commenced in April 2022 and matures in March 2025. As of June 30, 2024 and 2023, rental payments amounted to \$33,294 and \$34,292, respectively.

Following the guidelines of *GASB Statement No. 96*, the District recorded a right-to-use asset and a subscription payable at present value using an interest rate of 3%. The right-to-use asset is amortized on a straight-line basis over the term of the subscription. The lease was fully paid in February 2024.

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

On April 22, 2022, the District entered into an agreement with Nobel Systems, Inc. (Nobel) for the purpose of providing the District access to Nobel’s GeoViewer system to provide maintenance and management of the District’s Geographic Information System (GIS) and update other databases that have been integrated with the GIS Database. Terms of the agreement commenced in July 2022 and matures in June 2025. As of June 30, 2024 and 2023, rental payments amounted to \$93,380 and \$88,020, respectively.

Following the guidelines of *GASB Statement No. 96*, the District recorded a right-to-use asset and a subscription payable at present value using an interest rate of 3%. The right-to-use asset is amortized on a straight-line basis over the term of the subscription.

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(9) Long-Term Debt, continued**

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

Annual subscription payments are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 88,020	-	88,020
Total	88,020	-	88,020
Current	(88,020)		
Long-term	\$ -		

**(10) Defined Benefit Pension Plan**

***Plan Description***

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

***Benefits Provided***

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

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

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(10) Defined Benefit Pension Plan, continued**

***Benefits Provided, continued***

The Plans' provision and benefits in effect as of June 30, 2024 and 2023, are summarized as follows:

	<b>Miscellaneous Risk Pool</b>	
	<b>Classic</b>	<b>PEPRA</b>
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
2024:		
Required employee contribution rates	6.92%	8.25%
Required employer contribution rates	13.26%	8.00%
2023:		
Required employee contribution rates	6.92%	7.25%
Required employer contribution rates	11.61%	7.76%

***Contributions***

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

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

	<u>2024</u>	<u>2023</u>
Contributions – employer	\$ <u>321,984</u>	<u>281,757</u>

***Net Pension Liability***

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

	<u>2024</u>	<u>2023</u>
Proportionate share of net pension liability	\$ <u>1,079,924</u>	<u>903,646</u>

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(10) Defined Benefit Pension Plan, continued**

*Net Pension Liability, continued*

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2024 and 2023, the net pension liability of the Plan is measured as of June 30, 2023 and 2022 (the measurement dates), respectively, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 and 2021 (the valuation dates), respectively, rolled forward to June 30, 2023 and 2022, respectively, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

	<u>Miscellaneous</u>
Proportion – June 30, 2021	0.00151%
Decrease in proportion	<u>0.00632%</u>
Proportion – June 30, 2022	0.00782%
Increase in proportion	<u>0.00083%</u>
Proportion – June 30, 2023	<u>0.00866%</u>

For the fiscal years ended June 30, 2024 and 2023, the District recognized pension expense of \$144,760 and \$485,172, respectively.

*Deferred Pension Outflows (Inflows) of Resources*

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

<u>Description</u>	<u>2024</u>		<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 321,984	-	281,757	-
Differences between actual and expected experience	46,610	-	5,993	-
Changes in assumptions	65,200	-	92,597	-
Net difference between projected and actual earnings on plan investments	174,849	-	165,524	-
Differences between actual contribution and proportionate share of contribution	11,526	-	8,717	-
Net adjustment due to differences in proportions of net pension liability	<u>141,075</u>	<u>-</u>	<u>175,138</u>	<u>-</u>
Total	<u>\$ 761,244</u>	<u>-</u>	<u>729,726</u>	<u>-</u>

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(10) Defined Benefit Pension Plan, continued**

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

As of June 30, 2024 and 2023, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement dates of \$321,984 and \$281,757, respectively, will be recognized as a reduction of the net pension liability in the fiscal years ended June 30, 2025 and 2024, respectively.

As of June 30, 2024, other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Deferred Net</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2025	\$ 175,578
2026	106,972
2027	151,692
2028	5,018
2029	-
Remaining	-

***Actuarial Assumptions***

The total pension liabilities in the June 30, 2022 and 2021, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation dates	June 30, 2022 and 2021
Measurement dates	June 30, 2023 and 2022
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Discount rate	6.90%
Inflation	2.50%
Salary increases	Varies by entry age and service
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period upon which actuarial experience survey assumptions were based	1997 – 2015
Post retirement benefit increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies

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

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(10) Defined Benefit Pension Plan, continued**

***Discount Rate***

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. This discount rate is not adjusted for administrative expenses.

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

As of June 30, 2024, the table below reflects the expected real rates of return by asset class.

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return 1-10<sup>1,2</sup></b>
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021-22 Asset Liability Management Study.

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

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



**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(10) Defined Benefit Pension Plan, continued**

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

As of June 30, 2024, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

	<b>Discount Rate - 1% 5.90%</b>	<b>Current Discount Rate 6.90%</b>	<b>Discount Rate + 1% 7.90%</b>
District's net pension liability	\$ <u>2,064,208</u>	<u>1,079,924</u>	<u>269,774</u>

As of June 30, 2023, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

	<b>Discount Rate - 1% 5.90%</b>	<b>Current Discount Rate 6.90%</b>	<b>Discount Rate + 1% 7.90%</b>
District's net pension liability	\$ <u>1,796,346</u>	<u>903,646</u>	<u>169,176</u>

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 40 through 42 for the Required Supplementary Information.

**(11) Prior Period Adjustment**

In 2024, the District adopted the provisions of GASB Statement No. 96, "Subscription-Based Information Technology Arrangements". The nature, justification, and an explanation of the change are included in note 1.C. As a result of the implementation, the District recognized the subscription assets, subscription amortization and subscription payable and recorded prior period adjustments of \$23,886, to establish beginning balances as of July 1, 2021.

The adjustment to net position is as follows:

Net position at July 1, 2021, as previously stated	\$ <u>40,094,478</u>
Effect of adjustment to record subscription assets	102,906
Effect of adjustment to record subscription amortization	(11,434)
Effect of adjustment to record subscription payable	<u>(67,586)</u>
Total adjustments	<u>23,886</u>
Net position at July 1, 2021, as restated	\$ <u><u>40,118,364</u></u>

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(12) Net Position**

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

	<b>2024</b>	<b>2023</b>
<b>Net investment in capital assets:</b>		
Capital assets, not being depreciated	\$ 1,603,307	1,711,579
Depreciable capital assets, net	30,521,851	30,454,307
Current:		
Bonds payable	(122,000)	(116,000)
Notes payable	(183,609)	(176,802)
Leases payable	(4,260)	(4,134)
Subscription payable	(90,660)	(122,312)
Non-current:		
Bonds payable	(1,750,000)	(1,872,000)
Notes payable	(2,005,542)	(2,189,151)
Leases payable	(3,281)	(7,541)
Subscription payable	-	(90,660)
<b>Total net investment in capital assets</b>	<b>27,965,806</b>	<b>27,587,286</b>
<b>Restricted net position:</b>		
Cash and cash equivalents – restricted	5,194,248	4,169,841
Accrued interest receivable – restricted	9,333	6,825
Special assessments receivable – restricted	69,029	66,397
Note receivable – Hi-Desert Medical Center, restricted	223,831	298,442
<b>Total restricted net position</b>	<b>5,496,441</b>	<b>4,541,505</b>
<b>Unrestricted net position</b>		
<b>Non-spendable net position:</b>		
Water-in-storage inventory	322,500	-
Materials and supplies inventory	1,102,280	359,626
Prepaid expenses and other deposits	228,175	234,341
<b>Total non-spendable net position</b>	<b>1,652,955</b>	<b>593,967</b>
<b>Spendable net assets are designated as follows:</b>		
Unrestricted	15,393,758	13,919,893
<b>Total spendable net position</b>	<b>15,393,758</b>	<b>13,919,893</b>
<b>Total unrestricted net position</b>	<b>17,046,713</b>	<b>14,513,860</b>
<b>Total net position</b>	<b>\$ 50,508,960</b>	<b>46,642,651</b>

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(13) Risk Management**

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

At June 30, 2024, the District participated in the liability, property, and workers' compensation programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$5,000,000, combined single limit at \$5,000,000 per occurrence. The JPIA purchases additional excess coverage up to \$55 million per occurrence for general, auto, and public officials' liability, which increases the limits on the insurance coverage noted above.
- Cyber liability coverage protects the District from risks relating to information technology infrastructure and activities by first and third parties. The limit is \$3,000,000 per loss/\$5,000,000 program annual aggregate. The retention is based on total insurable value – the District's retention is \$100,000 per loss.
- Employee dishonesty coverage up to \$1,000,000 per loss includes public employee theft, depositors forgery or alteration, and computer and funds transfer fraud, subject to a \$1,000 deductible per loss. JPIA pools for the first \$100,000; excess coverage is purchased through National Union Fire Insurance Company of Pittsburgh.
- Property loss, including boiler and machinery coverage is paid at the replacement cost for buildings, personal property, fixed equipment, and unscheduled vehicles on premise of \$27,573,396 subject to a \$5,000 deductible per occurrence. Repairs or replacement must be completed within two years, otherwise loss is valued on an actual cash value basis. Boiler and Machinery Accidental Breakdown based on actual cash value at the time of loss, subject to a \$25,000 deductible per occurrence. Mobile equipment and vehicles are valued based on actual cash value at time of loss, subject to a \$5,000 deductible per occurrence. Flood loss subject to a deductible of \$100,000. Earthquake loss up to 5% per unit of insurance and subject to \$75,000 minimum. ACWA JPIA has purchased excess coverage up to \$500 million.
- Workers' compensation insurance up to California statutory limits for all work-related injuries/illnesses covered by California law, and employer's liability limit of \$4 million. The ACWA JPIA is self-insured up to \$2 million and excess insurance coverage has been purchased.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the fiscal years ended June 30, 2024, 2023, and 2022. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There was no IBNR claims payable as of June 30, 2024, 2023, and 2022.

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2024 that have effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 101***

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 102***

In December 2023, the GASB issued Statement No. 102 – *Certain Risk Disclosures*. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 103***

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

**Joshua Basin Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**(15) Commitments and Contingencies**

***Grant Awards***

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

***Construction Contracts***

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

***Litigation***

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

**(16) Subsequent Events**

Events occurring after June 30, 2024, have been evaluated for possible adjustment to the financial statements or disclosure as of November 20, 2024, which is the date the financial statements were available to be issued.

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## **Required Supplementary Information**

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**Joshua Basin Water District**  
**Schedules of the District's Proportionate Share of Net Pension Liability**  
**As of June 30, 2024**  
**Last Ten Years**

Description	Measurement Dates									
	06/30/23	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15	06/30/14
District's proportion of the net pension liability	0.00866%	0.00782%	0.00151%	0.00618%	0.00550%	0.00490%	0.00495%	0.00439%	0.00394%	0.00475%
District's proportionate share of the net pension liability	\$ 1,079,924	903,646	81,517	672,436	563,855	472,046	490,750	379,802	270,679	288,403
District's covered payroll	\$ 1,662,790	1,824,500	1,963,492	1,950,376	1,743,402	1,467,121	1,462,157	1,344,686	1,384,706	1,385,361
District's proportionate share of the net pension liability as a percentage of its covered payroll	64.95%	49.53%	4.15%	34.48%	32.34%	32.17%	33.56%	28.24%	19.55%	20.82%
Plan's proportionate share of fiduciary net position as a percentage of total pension liability	76.21%	76.68%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	80.43%

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

***Changes in Benefit Terms***

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

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

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

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

***Change of Assumptions and Methods***

In fiscal year 2021, there were no changes to actuarial assumptions or methods. The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses.

**Joshua Basin Water District**  
**Schedules of the District's Proportionate Share of Net Pension Liability, continued**  
**As of June 30, 2024**  
**Last Ten Years**

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

*Change of Assumptions and Methods, continued*

These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting. In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

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

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

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

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



**Joshua Basin Water District  
Schedules of Pension Plan Contributions  
As of June 30, 2024  
Last Ten Years**

<b>Description</b>	<b>Fiscal years ended</b>									
	<b>06/30/24</b>	<b>06/30/23</b>	<b>06/30/22</b>	<b>06/30/21</b>	<b>06/30/20</b>	<b>06/30/19</b>	<b>06/30/18</b>	<b>06/30/17</b>	<b>06/30/16</b>	<b>06/30/15</b>
Actuarially determined contribution	\$ 274,238	285,375	270,609	243,362	189,373	170,464	144,890	145,219	143,957	148,451
Contributions in relation to the actuarially determined contribution	<u>(321,984)</u>	<u>(281,757)</u>	<u>(262,145)</u>	<u>(238,632)</u>	<u>(226,625)</u>	<u>(188,604)</u>	<u>(159,828)</u>	<u>(137,342)</u>	<u>(121,564)</u>	<u>(146,314)</u>
Contribution deficiency (excess)	\$ <u>(47,746)</u>	3,618	8,464	4,730	<u>(37,252)</u>	<u>(18,140)</u>	<u>(14,938)</u>	7,877	22,393	2,137
District's covered payroll	\$ <u>2,131,986</u>	<u>1,662,790</u>	<u>1,824,500</u>	<u>1,963,492</u>	<u>1,950,376</u>	<u>1,743,402</u>	<u>1,467,121</u>	<u>1,462,157</u>	<u>1,344,686</u>	<u>1,384,706</u>
Contributions as a percentage of covered payroll	<u>12.86%</u>	<u>17.16%</u>	<u>14.83%</u>	<u>12.39%</u>	<u>9.71%</u>	<u>9.78%</u>	<u>9.88%</u>	<u>9.93%</u>	<u>10.71%</u>	<u>10.72%</u>

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# **Report on Internal Controls and Compliance**

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

Board of Directors  
Joshua Basin Water District  
Joshua Tree, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Joshua Basin Water District (District) as of and for the fiscal years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprises the District’s basic financial statements, and have issued our report thereon dated November 20, 2024

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

**Purpose of this Report**

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

**C.J. Brown & Company, CPAs**  
Cypress, California  
November 20, 2024

DRAFT

**Joshua Basin Water District**

**Management Report**

**June 30, 2024**

DRAFT

**Joshua Basin Water District**

**Management Report**

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DRAFT

**CONFIDENTIAL**

Board of Directors  
Joshua Basin Water District  
Joshua Tree, California

**Dear Members of the Board:**

In planning and performing our audit of the financial statements of the business-type activities of Joshua Basin Water District (District) as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

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

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

**Current Year Comment and Recommendation**

**Disclosure of Adjustments and Reclassifications**

As your external auditor, we assume that the books and records of the District are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year.

## **Current Year Comment and Recommendation, continued**

### Disclosure of Adjustments and Reclassifications, continued

For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the journal entries that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

#### ***Management's Response***

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

## **Prior Year Comments and Recommendations**

### Disclosure of Adjustments and Reclassifications

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

#### ***Management's Response***

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

\* \* \* \* \*

This communication is intended solely for the information and use of management, the Board of Directors, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

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

**C.J. Brown & Company, CPAs**  
Cypress, California  
November 20, 2024



**APPENDIX**

**Joshua Basin Water District**

**Audit/Finance Committee Letter**

**June 30, 2024**

DRAFT

Board of Directors  
Joshua Basin Water District  
Joshua Tree, California

We have audited the financial statements of the business-type activities of the Joshua Basin Water District (District) for the year ended June 30, 2024, and have issued our report thereon dated November 20, 2024. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated March 20, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated November 20, 2024.

### **Planned Scope and Timing of the Audit**

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

### **Compliance with All Ethics Requirements Regarding Independence**

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

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

### **Required Risk Assessment Procedures per Auditing Standards**

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

- Management override of controls
- Revenue recognition

### **Qualitative Aspects of the Entity’s Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As of and for the year ended June 30, 2024, the District implemented the provisions of GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. There have been no initial selection of accounting policies and no other changes in significant accounting policies or their application during 2024. No other matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

Management’s estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of capital assets depreciation is based on historical estimates of each capitalized item’s useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management’s estimate of the defined benefit pension plan’s deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial valuation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

#### *Financial Statement Disclosures*

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

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

*Financial Statement Disclosures, continued*

The disclosure of capital assets, net in Note 6 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

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

**Significant Unusual Transactions**

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

**Identified or Suspected Fraud**

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

**Significant Difficulties Encountered during the Audit**

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

**Uncorrected and Corrected Misstatements**

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

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

**Disagreements with Management**

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

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

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

**Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated November 20, 2024.

### **Management’s Consultations with Other Accountants**

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

### **Other Significant Matters, Findings, or Issues**

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

### **Other Matters**

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

### **Restrictions on Use**

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

### **Conclusion**

We appreciate the cooperation extended us by Sarah Johnson, General Manager, and Anne Roman, Director of Finance, in the performance of our audit testwork.

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

**C.J. Brown & Company, CPAs**  
Cypress, California  
November 20, 2024

**Joshua Basin Water District**  
**Schedule of Audit Adjusting Journal Entries**  
**For the Fiscal Year Ended June 30, 2024**

**Adjusting Journal Entries JE # 1**

To adjust net pension liability

100-13600	DEFERRED OUTFLOWS OF RESOURCES	\$	31,518	
509-09215	RETIREMENT: CALPES GASB68 CONTRA		144,760	
200-22360	NET PENSION LIABILITY			176,278

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<b>AGENDA ITEM NO:</b>	7B
<b>MEETING DATE:</b>	11.20.24

# Staff Report

<b>PRESENTED BY:</b>	Anne Roman, Director of Finance
<b>TOPIC:</b>	<b>LOCAL GOVERNMENT INVESTMENT POOL SELECTION</b>
<b>RECOMMENDATION:</b>	Consider selection of a Local Government Investment Pool to supplement LAIF.

**SUMMARY:** At the Board’s request, three Local Government Investment Pools (LGIPs) have been evaluated as potential supplements to LAIF. Staff recommends California Asset Management Program (CAMP), initially investing the District’s two most static reserve funds.

**ANALYSIS:** In October 2024, the District’s Investment Policy was updated to authorize investment in Joint Powers Authority (JPAs) Local Government Investment Pools (LGIP) in line with the Board’s desire to diversify investments and seek higher interest returns.

California Government Code 53600 – 53610 and 53630 – 53686 sets forth many requirements for investment of surplus funds and declares that **“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.”** (Justia Law). The Director of Finance, having been charged with this important fiduciary duty, makes the following recommendations in accordance with the intent to best preserve principal, the primary government investment objective.

Since Spring of 2024, we have been researching three LGIP options: CAMP, California CLASS, and CalTRUST. Most things being comparable among the three LGIPs, the Director of Finance recommends that the District enroll in the California Asset Management Program (CAMP) Cash Reserve Portfolio (aka “Pool”), noting the following advantages:

- CAMP has significantly greater longevity than the other pools, having been established in 1989 vs. 2003 (CalTRUST) and 2022 (CLASS).
- CAMP limits a single investor to investing no more than 10% of the overall fund. This promotes equity and prevents potential fund instability from a sudden liquidation request by a large investor (redemption pressure/concentration risk/systemic risk).
- CAMP follows GASB79 requirements. Although *not* doing so is acceptable, following GASB79 elevates the pool’s requirements and offers benefits like simplified accounting and enhanced transparency and disclosure. *(Does Your LGIP Follow GASB 79?)*.

The CAMP Cash Reserve Portfolio (“Pool”) offers the following features as described in the attached documents:

- CAMP’s Cash Reserve Portfolio invests in investment types authorized for Public Agencies pursuant to California Government Code Section 53601 (*CAMP Program Guide*).
- Pool is rated AAAM by Standard & Poor’s. “The AAAM rating signifies excellent safety of investment principal and a superior capacity to maintain a \$1.00 per share net asset value.” (*CAMP Fact Sheet*).
- The objective of the Cash Reserve Portfolio is to earn a high rate of return while preserving principal, providing liquidity, and seeking a stable NAV of \$1.00 (*CAMP Program Guide*).
- CAMP is directed by a Pool of Trustees, comprised of experienced local government finance directors and treasurers. (*CAMP Program Guide*). Also, while it is possible for the District to join the JPA as a “Participant” in order to obtain voting privileges and the opportunity to serve on the CAMP Board of Directors, initially enrolling with the “Investor” (not “Participant”) status is simpler and initially recommended. The JPA participant status can be obtained later with a separate resolution of the Board.
- The Pool meets the requirements of the District’s investment policy and Government Code 6509.7. This requires: (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission. (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o), inclusive, of Section 53601. (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000). (*CAMP Program Guide Page 26*).
- Based on Spring 2024 research, CAMP’s interest returns are greatly comparable to its LGIP competitors. At 10/29/24, the CAMP current 7-day yield was 5.02% vs 4.983% (CLASS) and 4.96% (CalTRUST, 10/28/24). That compares with 4.71% at LAIF as of 10/15/24.

However, it is also important to note that investment in any such LGIP is subject to the following risks: Interest rate risk, credit risk, liquidity risk, and management risk. (*CAMP Program Guide*). For context, some of these also exist with our LAIF investment as cited in annual audited financial statements.

Staff recommends enrolling in the CAMP Cash Reserve Portfolio (“Pool”), initially investing two of the District’s relatively static funds -- the Wastewater Capacity Charges Fund \$2,726,851.90 and the Emergency Capital Replacement Reserve Fund \$2,395,166 for a total initial investment of \$5,122,017.90 (plus any additional interest earned or legal restrictions made subsequent to this writing). This proposed investment in CAMP represents approximately 26% of the District’s current \$19,948,294.62 investment with LAIF. Earnings on the Wastewater Capacity Charges Fund will continue to be restricted to increase that fund balance, while interest earned on the Emergency Capital Replacement Reserve Fund will become part of the District’s generally



available interest earnings. Finally, any increased interest may be offset to some extent by additional Finance workload and potential outsourcing needs.

Please consider selection of an investment pool.

REFERENCES:

Justia Law: <https://law.justia.com/codes/california/code-gov/title-5/division-2/part-1/chapter-4/article-1/section-53600-5/>

Does Your LGIP Follow GASB 79?: [https://www.camponline.com/docs/default-source/default/gasb-79-1pager\\_camp.pdf?Status=Temp&sfvrsn=b8e110da\\_2](https://www.camponline.com/docs/default-source/default/gasb-79-1pager_camp.pdf?Status=Temp&sfvrsn=b8e110da_2)

CAMP Program Guide: [https://www.camponline.com/docs/default-source/default/current-camp-program-guide-final.pdf?sfvrsn=3f5ee308\\_26](https://www.camponline.com/docs/default-source/default/current-camp-program-guide-final.pdf?sfvrsn=3f5ee308_26)

CAMP Fact Sheet: [https://www.camponline.com/docs/default-source/default/camp-fact-sheet.pdf?sfvrsn=6aeaea70\\_122](https://www.camponline.com/docs/default-source/default/camp-fact-sheet.pdf?sfvrsn=6aeaea70_122)

**RECOMMENDED ACTION:**

Consider selection of a Local Government Investment Pool to supplement LAIF.

---

**STRATEGIC PLAN:**

2024 Strategic Plan Draft, Objective 2.2

**FISCAL IMPACT:**

Unknown. Investments are subject to market risk. Potential increased earnings may be offset by additional staff effort/outsourcing costs.

# Program Fact Sheet

CAMP is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services.

## INVESTMENT OBJECTIVE

To earn a high rate of return while preserving principal and providing liquidity. The Pool seeks to maintain a stable NAV of \$1.00 per share and the TERM Portfolio seeks to achieve a NAV of \$1.00 per share at the stated maturity.

## CASH RESERVE PORTFOLIO (POOL)

A short-term cash reserve portfolio and cash management vehicle permitted as an investment for all local agencies under California Government Code Section 53601(p).

## TERM PORTFOLIO

A fixed rate, fixed term portfolio rated AAAf by Fitch Ratings<sup>5</sup> and permitted as an investment for all local agencies under California Government Code Section 53601(p).

## POOL FACTS

As of September 30, 2024

7-Day Net Yield <sup>1</sup>	5.08%
Monthly Distribution Yield <sup>2</sup>	5.29%
Weighted Average Maturity <sup>3</sup>	37 Days
Pool Rating <sup>4</sup>	AAAm by Standard and Poor's

## SERVICE PROVIDERS

**Investment Adviser, Administrator and Transfer Agent:** PFM Asset Management LLC

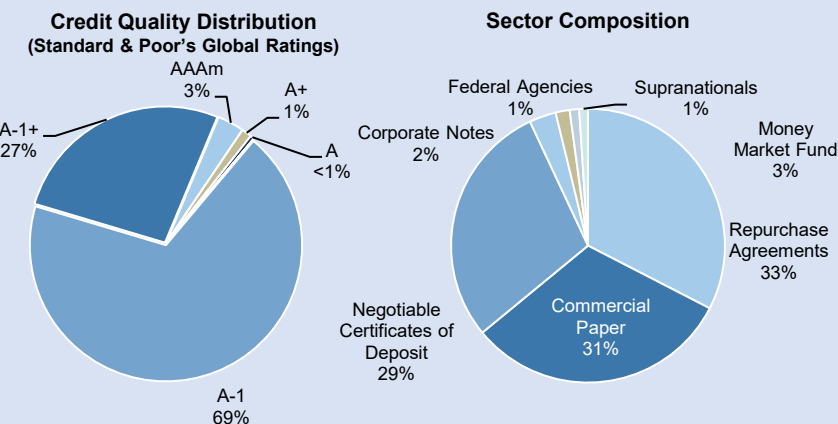
**Distributor:** PFM Fund Distributors, Inc

**Depository and Custodian:** U.S. Bank, N.A.

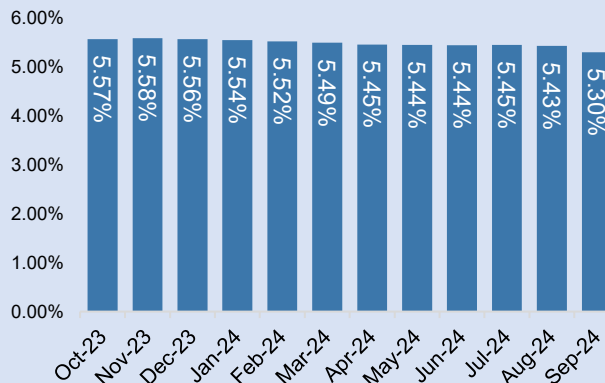
**Independent Auditor:** Ernst & Young LLC

**Counsel:** Nossaman LLP

## Pool Diversification as of September 30, 2024



## Pool Performance (30-Day Net Yield<sup>6</sup> %)



<sup>1</sup> 7-day net yield, also known as the current annualized yield, represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally \$1.00 per share) over a seven-day base period expressed as a percentage of the value of one share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7.

<sup>2</sup> The monthly distribution yield represents the net change in the value of a hypothetical account with a value of one share (normally \$1.00 per share) resulting from all dividends declared during a month by the Pool expressed as a percentage of the value of one share at the beginning of the month. This resulting net change is then annualized by multiplying it by 365 and dividing it by the number of calendar days in the month.

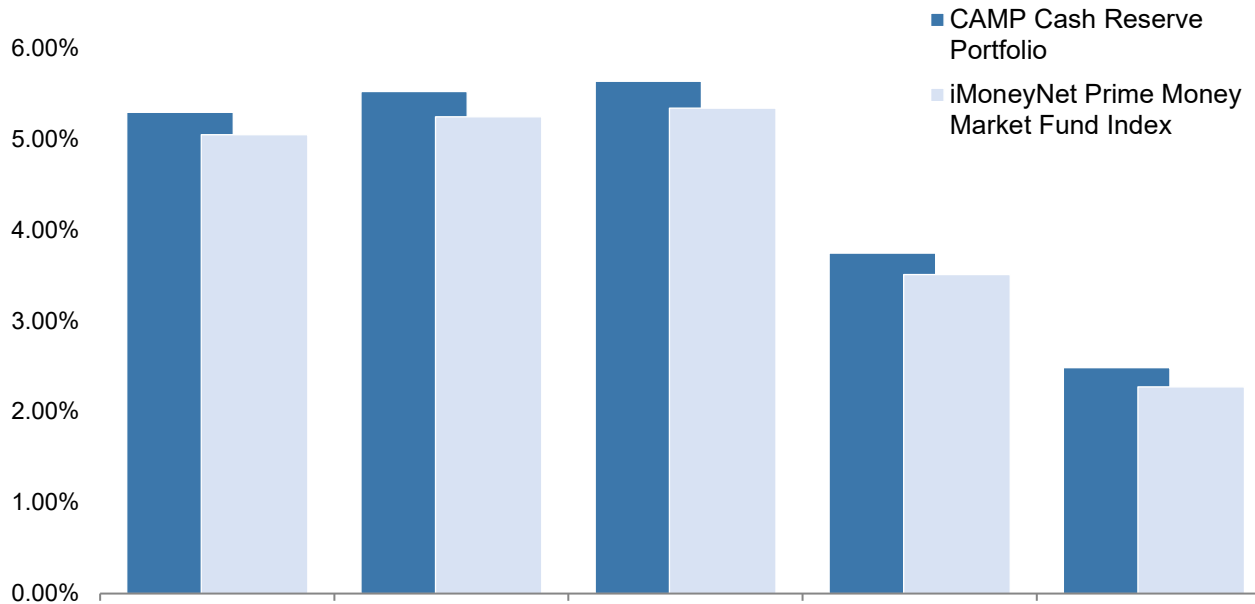
<sup>3</sup> Weighted Average Maturity: Calculated by the final maturity for a security held in the portfolio and the interest rate reset date. This is a way to measure a fund's sensitivity to potential interest rate changes.

<sup>4</sup> Standard & Poor's fund ratings are based on analysis of credit quality, market price exposure, and management. According to Standard & Poor's rating criteria, the AAAm rating signifies excellent safety of investment principal and a superior capacity to maintain a \$1.00 per share net asset value. However, it should be understood that the rating is not a "market" rating nor a recommendation to buy, hold or sell the securities. For a full description on rating methodology, visit Standard & Poor's website ([http://www.standardandpoors.com/ratings/en\\_US/web/guest/home](http://www.standardandpoors.com/ratings/en_US/web/guest/home)).

<sup>5</sup> The AAAf rating reflects Fitch Ratings' ("Fitch") review of the Term program's investment and credit guidelines, the portfolio's credit quality and diversification, as well as the capabilities of PFM Asset Management LLC as investment adviser. It indicates the highest underlying credit quality (or lowest vulnerability to default). However, it should be understood that this rating is not a "market" rating nor a recommendation to buy, hold or sell the securities. For a full description on rating methodology visit [www.fitchratings.com](http://www.fitchratings.com).

<sup>6</sup> As of the last day of the month. The 30-day yield represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally \$1.00 per share) over a thirty-day base period expressed as a percentage of the value of one share at the beginning of the thirty-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 30.

## Average Annual Return as of September 30, 2024



	Month	3-Month	1-Year	3-Year	5-Year
CAMP Cash Reserve Portfolio	5.30%	5.53%	5.64%	3.75%	2.48%
iMoneyNet Prime Money Market Fund Index <sup>1</sup>	5.05%	5.25%	5.34%	3.51%	2.27%

**Must be preceded or accompanied by a Program Guide. For a current Program Guide, which contains more complete information, please visit <http://www.camponline.com/> or call 800-729-7665. Before investing, consider the investment objectives, risks, charges and expenses of the pool carefully. This and other information can be found in the Program Guide. Read the Program Guide carefully before you invest or send money.**

<sup>1</sup>Source: iMoneyNet First Tier Institutional Money Market Fund Average; benchmark yields are as of the last business day of each month. This index is comprised of funds rated in the top grade that invest in high-quality financial instruments with dollar-weighted average maturities of less than 60 days. It is not possible to invest directly in such an index.

**Past performance is no guarantee of future results.** Yields will fluctuate as market conditions change. The current fund performance may be higher or lower than that cited. The yields shown may reflect fee waivers by service providers that subsidize and reduce the total operating expenses of the Pool. Pool yields would be lower if there were no such waivers. Important disclosure information is provided on the following page.

CAMP® is a registered trademark and the CAMP logos and designs are trademarks owned by the California Asset Management Trust (Trust).

This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the Trust's investment objectives, risks, charges and expenses before investing in the Trust. This and other information about the Trust is available in the Trust's current Information Statement, which should be read carefully before investing. A copy of the Trust's Information Statement may be obtained by calling 1-800-729-7665 or is available on the Trust's website at [www.camponline.com](http://www.camponline.com). While the Cash Reserve Portfolio seeks to maintain a stable net asset value of \$1.00 per share and the CAMP Term Portfolio seeks to achieve a net asset value of \$1.00 per share at the stated maturity, it is possible to lose money investing in the Trust. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Trust are distributed by **PFM Fund Distributors, Inc.**, member Financial Industry Regulatory Authority (FINRA) ([www.finra.org](http://www.finra.org)) and Securities Investor Protection Corporation (SIPC) ([www.sipc.org](http://www.sipc.org)). PFM Fund Distributors, Inc. is an affiliate of PFM Asset Management LLC.

# Does Your LGIP Follow GASB 79?



During stable times, and especially during economic or financial crisis, people depend on their government services. The last thing government finance officials want to worry about is the safety and liquidity of public funds invested in a Local Government Investment Pool (LGIP).

The Governmental Accounting Standards Board (GASB) Statement 79<sup>1</sup>, issued in 2015, incorporates robust guidance and

accounting standards for LGIPs to qualify for electing to measure its investments at amortized cost from a financial reporting perspective.

While an LGIP could opt not to adopt these standards and default to the fair value reporting standards in GASB 31, PFM Asset Management LLC (PFMAM) believes following GASB 79 criteria is crucial to safeguarding investments. All stable value LGIPs managed by PFMAM have adopted GASB 79.

## GASB 79 Adherence Checklist



**Maturity Requirements.** All securities in the portfolio must have a maturity of 397 days or less. The portfolio's weighted average maturity must be 60 days or less, along with a weighted average life of 120 days or less.



**Diversification.** No more than 5% of the portfolio's assets are from a single issuer. U.S. government securities are exempt from this requirement.



**Liquidity.** At least 10% of the portfolio's assets must be in daily liquid assets, in addition to at least 30% being held in weekly liquid assets as those thresholds are defined in GASB 79. This is aimed at providing minimum daily and weekly liquidity under adverse market conditions.



**Portfolio Quality.** Securities must be rated in the highest category of short-term ratings.

## How GASB 79 Can Help Focus on Investment Goals

For LGIPs managed by PFMAM, the primary goal is to seek to preserve the safety of principal and liquidity of funds in all rate environments, but especially during times of economic stress. Providing a competitive yield is also an important objective, but secondary to maintaining safety and providing liquidity.

Maintaining liquidity can allow the California Asset Management Program (CAMP) to serve unexpected investor redemptions and supports its ability to maintain a stable net asset value (NAV).



### CAMP and GASB 79

The CAMP Cash Reserve Portfolio aims to follow GASB 79 liquidity, maturity, quality and diversification requirements to help protect the portfolio and its shareholders during adverse market conditions. Conversely, portfolios that hold more credit may encounter additional liquidity risk when credit spreads widen during times of crisis.

**1-800-729-7665 | [CAMPonline.com](http://CAMPonline.com) | [CAMP@pfmam.com](mailto:CAMP@pfmam.com)**

*CAMP® is a registered trademark and the CAMP logos and designs are trademarks owned by the California Asset Management Trust (Trust). This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the Trust's investment objectives, risks, charges and expenses before investing in the Trust. This and other information about the Trust is available in the Trust's current Information Statement, which should be read carefully before investing. A copy of the Trust's Information Statement may be obtained by calling 1-800-729-7665 or is available on the Trust's website at [www.camponline.com](http://www.camponline.com). While the Cash Reserve Portfolio seeks to maintain a stable net asset value of \$1.00 per share and the CAMP Term Portfolio seeks to achieve a net asset value of \$1.00 per share at the stated maturity, it is possible to lose money investing in the Trust. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Trust are distributed by **PFM Fund Distributors, Inc.**, member Financial Industry Regulatory Authority (FINRA) ([www.finra.org](http://www.finra.org)) and Securities Investor Protection Corporation (SIPC) ([www.sipc.org](http://www.sipc.org)). PFM Fund Distributors, Inc. is an affiliate of PFM Asset Management LLC.*

**CALIFORNIA ASSET MANAGEMENT PROGRAM (“CAMP”)**  
**SUPPLEMENT DATED OCTOBER 1, 2024**  
**TO THE**  
**CAMP PROGRAM GUIDE AND THE INFORMATION STATEMENT**  
**DATED JANUARY 12, 2023**

This Supplement supplies additional information with respect to CAMP and should be read in conjunction with the CAMP Program Guide and Information Statement dated January 12, 2023. Terms used in this Supplement shall be as defined in the Information Statement.

Effective October 1, 2024, CAMP’s investment adviser and administrator, PFM Asset Management LLC (“PFMAM”) has consolidated its investment advisory accounts under its parent company, U.S. Bancorp Asset Management, Inc. (“USBAM”), an investment adviser registered with the U.S. Securities and Exchange Commission, under the Investment Advisers Act of 1940, as amended. PFMAM will continue to serve CAMP as a brand operating as a division of USBAM. USBAM is a subsidiary of U.S. Bank, National Association (“U.S. Bank”). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. As a result of the consolidation, effective October 1, 2024, USBAM is the investment adviser and administrator to CAMP.

Effective October 1, 2024, PFM Fund Distributors, Inc., the distributor of CAMP’s shares, merged into its affiliate U.S. Bancorp Investments, Inc. (“USBI”), member Financial Industry Regulatory Authority (FINRA) ([www.finra.org](http://www.finra.org)) and Securities Investor Protection Corporation (SIPC) ([www.sipc.org](http://www.sipc.org)). U.S. Bancorp Investments, Inc. is an affiliate of USBAM. As a result of the merger, effective October 1, 2024, USBI is the distributor of CAMP’s shares.

The date of this Supplement is October 1, 2024.

**THIS IS A SUPPLEMENT TO THE PROGRAM GUIDE AND INFORMATION  
STATEMENT DATED JANUARY 12, 2023. IT PROVIDES ADDITIONAL  
INFORMATION ABOUT THE PROGRAM. A COMPLETE PROGRAM GUIDE,  
INCLUDING ALL SUPPLEMENTS, IS AVAILABLE UPON REQUEST BY  
CONTACTING A PROGRAM REPRESENTATIVE AT  
(800) 729-7665.**

**PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE.**



# PROGRAM GUIDE

January 12, 2023

This Program Guide includes an Information Statement that contains important information on the California Asset Management Trust. Please read the Information Statement carefully before you invest in the Trust.

© 2023 California Asset Management Program

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### Key Facts

*Part 1 presents key facts about the Portfolios, including information on costs, minimums, policies, and how to place transaction orders. Part 1 is descriptive, not definitive, and is qualified by the information contained in Part 2.*

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*Part 2 contains supplemental information to Parts 1 and 3. Some of this information further defines or qualifies information presented in Part 1. There is also information on additional topics, such as the history of the Trust and a list of the Trustees. Parts 1, 2, and 3 together constitute the offering document for the Pool, Term, and Individual Portfolios.*

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## Part 1

### Terms Used in This Document

**Account Application** The form to open a CAMP account.

**ACH** Automated clearing house is a secure payment transfer system that connects all U.S. financial institutions. The ACH network acts as the central clearing facility for all Electronic Fund Transfer (EFT) transactions that occur nationwide.

**Advisory Agreement** Investment advisory agreement between the Investment Adviser and the Trust.

**Act** California Joint Exercise of Powers Act (California Government Code Section 6500 et seq.).

**Board** The Trust's Board of Trustees. These individuals are employees of California Public Agencies which are Participants in the Trust.

**Business Day** Any day on which both the bond market (as determined by the Securities Industry and Financial Markets Association "SIFMA") and the Custodian are open for business. The Trust may close early on any days when the bond market closes early. In light of anticipated limited availability for money market securities and fixed income settlement capacity limitations, the Trust will not be open for business on Good Friday even if the primary trading markets are open.

**California Asset Management Program or CAMP or Program** The Program consisting of the Trust and Individual Portfolios.

**Cash Reserve Portfolio** A short-term portfolio and cash management vehicle (the "Pool") designed to earn a high rate of return while preserving principal, providing liquidity, and seeking a stable NAV of \$1.00.

**Custodian** U.S. Bank National Association or the designated bank, agent, or trust company responsible for safeguarding financial assets of the Trust and the Individual Portfolios.

**Connect** The Investment Adviser's web-based information and transaction service.

**FINRA** Financial Industry Regulatory Authority.

**Individual Portfolio** Professionally managed investment accounts which Shareholders may establish by separate agreement with the Investment Adviser.

**Internal Revenue Code** The Internal Revenue Code of 1986, as amended.

**Investment Adviser** PFM Asset Management LLC, the Trust's investment adviser, administrator, and transfer agent.

**Investor Agreement** The Agreement to become an Investor and purchase shares of the Investor Shares Series.

**Investors** Shareholders that invest in the Trust's Portfolios without joining the Trust.

**JPA** Joint Exercise of Powers Authority. The Trust is a JPA.

**MSRB** Municipal Securities Rulemaking Board.

**NAV** Net asset value.

**NRSRO** Nationally recognized statistical-rating organization.

**Officers** Executive officers of the Trust.

**PFMAM** PFM Asset Management LLC

**Pacific Time** The local West Coast time, either daylight or standard depending on time of year.

**Participants** Shareholders that invest in the Trust's Portfolios who have joined the Trust.

**Pool** The Trust's Cash Reserve Portfolio.

**Portfolios** The Cash Reserve Portfolio and Term Portfolio which are each professionally managed investment portfolios.

**Public Agency** As defined in California Government Code, Section 6500, and includes, but is not limited to, the federal government or any federal department or agency, this state, another state or any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission of this state or another state, a federally recognized Indian tribe, or any joint powers authority formed pursuant to this article by any of these agencies.

**Shares Series** Reference to the Participant Shares Series and the Investor Shares Series of the Cash Reserve Portfolio, or series of the CAMP Term Portfolio when applicable and, collectively, the "Shares Series," where applicable.

**Shares** Units representing an equal proportionate share of beneficial interest in the Portfolios of the Trust.

**Shareholders** Public agencies that invest in the Trust's Portfolios.

**Standard & Poor's** Standard & Poor's Rating Agency.

**Term** The Trust's CAMP Term Portfolio or individual series thereof.

**Trust** California Asset Management Trust.

**Trustees** Members of the Board of Trustees of the Trust.

**USBAM** U.S. Bancorp Asset Management, Inc.

**U.S. Bank** U.S. Bank National Association

# Portfolio Summary

## Cash Reserve Portfolio *Participant Shares and Investor Shares*

### Investment Objective

The objective of the Cash Reserve Portfolio is to earn a high rate of return while preserving principal, providing liquidity, and seeking a stable NAV of \$1.00.

For proceeds of debt issuances invested in the Pool, the objective of the Trust is to invest and account for such proceeds in compliance with the arbitrage rebate and yield restriction requirements as set forth in the Internal Revenue Code and the related U.S. Treasury regulations.

### Principal Investment Strategies

The Cash Reserve Portfolio invests exclusively in the following types of investments, all of which are authorized investments for Public Agencies pursuant to California Government Code Section 53601:

- U.S. Government and agency obligations
- Repurchase agreements collateralized by U.S. Government and agency obligations
- Bankers' acceptances
- Negotiable certificates of deposit
- Commercial paper
- Corporate notes
- Supranationals
- Asset-Backed Securities
- Money Market Funds

The Investment Adviser may adjust exposure to interest rate risk, typically seeking to protect against possible rises in interest rates and to preserve yield when interest rates appear likely to fall.

The Pool is managed to maintain a dollar-weighted average maturity of no more than 60 days and a dollar-weighted average life (final maturity, adjusted for demand features but not interest rate adjustments) of no more than 120 days. In addition, it only buys investments that have a remaining maturity of three hundred ninety-seven (397) days or less at the time of purchase (except for variable-rate notes issued by the U.S. Government or its agencies or instrumentalities, which must have remaining maturities of 762 days or less).

The Pool has received a rating of AAAM from Standard & Poor's.

*For a more complete description of authorized investments and investment restrictions for the Portfolio, see the "Authorized Investments" section in Section 2 of this document.*

### Main Risks

As with any similar pooled investment, there are several factors that could hurt the Pool's performance, cause Shareholders to lose money, or cause the Pool's performance to be less than that of other investments.

- **Interest rate risk** When short-term interest rates fall, the Pool's yield is likely to fall. When interest rates rise, especially if the rise is sharp or unexpected, the Pool's share price could fall.
- **Credit risk** The issuer of a security could fail to pay interest or principal in a timely manner. The credit quality of the Pool's holdings could change rapidly in certain markets, and the default or decline in credit quality of even a single investment could cause the Pool's share price to fall.
- **Liquidity risk** The Pool's share price could fall during times when there are abnormal levels of redemption requests or markets are illiquid.
- **Management risk** Performance could be hurt by decisions made by the Investment Adviser, such as choice of investments or timing of buy/sell decisions.

*An investment in the Pool is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Pool seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Pool.*

## Management

**Investment Adviser** PFM Asset Management LLC.

*The features of the Pool are summarized below.*

## Fees and Expenses

These are the fees and expenses Shareholders will pay when they buy and hold Shares in this Pool. The figures shown here do not reflect the effects of any voluntary expense reductions. Going forward, actual expenses may be higher or lower. The Investment Adviser is obligated to reimburse the Pool for the amount by which annual operating expenses, including investment management, custodian, legal, and audit fees, exceed 0.22% of average daily net assets. There were no reimbursements to the Pool for the year ended December 31, 2021.

### Annual Pool Operating Expenses

**(Fees and expenses shown are based on the prior year's audited financial statements and may be subject to certain fee waivers or recoupment thereof.)**

Management and administrative fees	0.10%
Other operating expenses	0.01%
<b>Total annual operating expenses</b>	<b>0.11%</b>

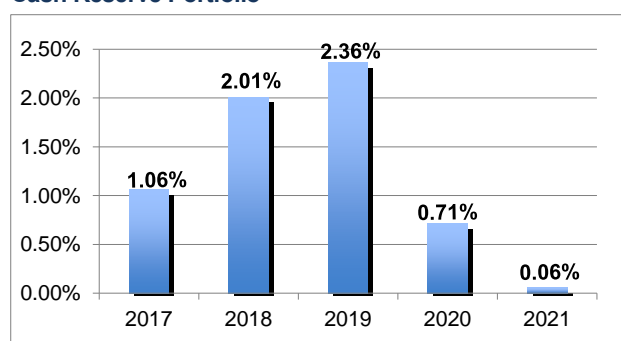
*For a more complete description of the fees and expenses for this Portfolio, see the Expenses of the Trust section in Part 2 of this document.*

## Past Performance

All performance figures shown here assume that dividends were reinvested. Figures shown are for the five most recent audited calendar years. For current yield information, call (800) 729-7665. Past performance may not indicate future results.

### Calendar Year Total Returns (%)

#### Cash Reserve Portfolio



## Purchase and Sale of Pool Shares

**Minimum Initial Investment** No minimum.

**Minimum Account Balance** No minimum.

**Minimum Holding Period** 1 day.

You can place orders to buy or sell Shares by wire, ACH transfer, check or via the Internet using Connect.

## Placing Orders

To place orders, contact us at:

**Online** [www.camponline.com](http://www.camponline.com)

**Phone** (800) 729-7665

Wire transfer orders can be processed the same Business Day if they are received and accepted by the Investment Adviser by 11:00 a.m. Pacific Time and if the Pool's Custodian receives federal funds by wire prior to the close of business. Wire orders received after 11:00 a.m. Pacific Time are processed on the next Business Day. ACH transfer orders are processed on the next Business Day if requested by 1:00 p.m. Pacific Time. ACH orders received after 1:00 p.m. Pacific Time are processed on the second Business Day after the Business Day on which they are received.

*For more complete information on buying and selling Shares, see "Buying Shares" and "Redeeming Shares." For information on the potential tax consequences of investing in the Pool, see "Tax Information."*

# CAMP Term Portfolio

## Investment Objective

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To provide an investment subject to pre-set redemptions occurring from 60 days to one year from the date of investment, and that will produce the highest earnings consistent with maintaining safety of principal at maturity and meeting the redemption schedule. The CAMP Term Portfolio seeks to assure the return of principal on the planned maturity date, although principal value may fluctuate prior to that date, and therefore may be greater or less than \$1.00 a share. There may be a penalty for early withdrawal, and the NAV prior to a pre-set redemption may be more or less than \$1.00 a share.

The securities will be valued using market values to determine fair value of the Portfolio. The CAMP Term Portfolio does not offer daily liquidity and therefore does not qualify under GASB Statement No. 79 to utilize amortized cost for external GAAP financial reporting. Rather, it utilizes market prices to determine fair value for external GAAP financial reporting in accordance with GASB Statement No. 31. Annual financial statements issued for the Portfolio will include a statement of net position and statement of changes in net position.

The Portfolio may also maintain a rating from a NRSRO and implement corresponding policies and procedures designed to comply with additional rating guidelines to achieve the Portfolio's investment objective.

## Principal Investment Strategies

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The Term Portfolio invests exclusively in the following types of investments, all of which are authorized investments for Public Agencies pursuant to California Government Code Section 53601:

- U.S. Government and agency obligations
- Repurchase agreements collateralized by U.S. Government and agency obligations
- Bankers' acceptances
- Negotiable certificates of deposit
- Commercial paper
- Corporate notes
- Supranationals
- Asset-Backed Securities
- Money Market Funds

*For a more complete description of authorized investments and investment restrictions for the Portfolio, see the "Authorized Investments" section in Section 2 of this document.*

## Main Risks

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As with any similar pooled investment, there are several factors that could hurt the Portfolio's performance, cause you to lose money, or cause the Portfolio's performance to trail that of other investments.

- **Credit risk** The issuer of a security could fail to pay interest or principal in a timely manner. The credit quality of the Portfolio's holdings could change rapidly in certain markets, and the default or decline in credit quality of even a single holding could cause the Portfolio's share price to fall.
- **Early redemption risk** Early redemption penalties charged to a Shareholder by the Portfolio could reduce or eliminate investment gains and could mean that the amount that Investor receives back is less than the initial investment.
- **Management risk** Performance could be hurt by decisions made by the Investment Adviser, such as choice of investments or investment maturities or timing of buy/sell decisions.

*An investment in the Portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Portfolio seeks to preserve the value of your investment on the planned redemption date at \$1.00 per share, it is possible to lose money by investing in the Portfolio.*

## Past Performance

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The performance of each individual series of the Portfolio and of each Shareholder's individual investment therein may vary. Past performance may not indicate future results.

## Management

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**Investment Adviser** PFM Asset Management LLC

## Fees and Expenses

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These are the fees and expenses you will pay when you buy and hold shares in this Portfolio. The figures shown on the following page do not reflect the effects of any voluntary expense reductions which would lower expenses.

## Annual Portfolio Operating Expenses

(Fees and expenses shown may be subject to certain fee waivers)

Management and administrative fees	0.15%
Other operating expenses	0.07%
<b>Maximum total annual operating expenses</b>	<b>0.22%</b>

The Portfolio may charge significant fees/penalties for any redemptions prior to the agreed upon redemption date. As these charges are based on protecting the interests of other Portfolio Shareholders, the actual amount of the fees cannot be stated in advance.

*For a more complete description of the fees and expenses for this Portfolio, see the Expenses of the Trust section in Part 2 of this document.*

## Purchase and Sale of CAMP Term Portfolio Shares

**Minimum Investment** \$1,000,000.

**Minimum Term** 60 days. Premature withdrawal may result in a fee/penalty.

**Maximum Term** 1 year.

## Placing Orders

Prior to placing any order, call CAMP's toll-free number to discuss the amount and term of your investment and to get information on the projected yield. Once your investment has been approved, you can place orders to buy Term shares by redeeming available Pool shares. Any additional funds needed to cover the purchase of shares may be sent to the Shareholder's Pool account via separate wire, or automated clearing house (ACH) transfer.

All transactions for purchases in a CAMP Term series are dependent upon funds being available in the Shareholder's Pool account from which the transaction originated.

To arrange or place orders, contact us at:

**Phone** 800-729-7665

Orders can be processed the same day if funds are available in the Shareholder's Pool account by 10:00 am Pacific Time. Otherwise, they are processed on the next business day so long as funds are made available in the Shareholder's Pool account.

*For more complete information on buying and redeeming shares, see "Buying Shares—CAMP Term Portfolio" and "Redeeming Shares—CAMP Term Portfolio." For information on the potential tax consequences of investing in the Portfolio, see "Tax Information."*

# Investing

## Opening an Account

### Eligible Shareholders

The Trust is a JPA and a California common law trust. The Trust will not accept funds for investment from sources other than California Public Agencies.

### Account Opening Process

- Complete the appropriate Account Application. To obtain additional forms, call (800) 729-7665 or visit [www.camponline.com](http://www.camponline.com) to download them.
- *If Participant Shares are being purchased* for the initial account, provide a copy of an ordinance or resolution authorizing participation in the Trust, and execute a conformed copy of the Declaration of Trust.
- *If Investor Shares are being purchased*, execute a copy of the Investor Agreement. To obtain a copy of the Investor Agreement, call (800) 729-7665 or visit [www.camponline.com](http://www.camponline.com). Complete a separate Account Application, signed by an authorized person, for each account.
- Provide a completed IRS W-9 form.

Send the above documents via U.S. mail to:

CAMP Client Services Group  
P. O. Box 11760  
Harrisburg, PA 17108-1760

*Please note: UPS and Federal Express will not deliver packages to a P.O. Box. If using one of these shipping methods, please contact CAMP at (800) 729-7665 for an alternative delivery address.*

Or send by fax to:

(888) 535-0120

## Buying Shares—CAMP Cash Reserve Portfolio

Once a Shareholder's application has been accepted, an investment in the Pool can be made using one of the methods in the table on the following page. Funds used to purchase investments must be in U.S. dollars and must be drawn on a U.S. Bank or a U.S. branch of a foreign bank. **All investments must meet the terms described in the Portfolio Summary.**

**Special Requirements for the Proceeds of Debt Issues.** Shareholders are advised to invest proceeds of tax-exempt borrowings by same-day wire transfer as any other method could result in delays in investing funds and, for rebate calculation purposes, may limit the Investment Adviser's ability to track the investment of all the proceeds of a debt issue through a single account from the time of actual settlement on the debt issue.

Unless all proceeds from a particular debt issue are invested through the Trust immediately upon receipt by the

Shareholder, and unless the recommended withdrawal procedures are followed, the Investment Adviser may decline to provide arbitrage compliance assistance or may require additional information from the Shareholder, otherwise, the Investment Adviser may not be able to complete a rebate calculation report or may have to qualify the rebate calculation report. The Trust may accept the proceeds of debt issues which previously have been deposited or invested outside of the Trust, subject to the preparation of a rebate calculation report for the period prior to deposit with the Trust. The Investment Adviser will provide instructions and assistance in arranging for preparation of this report (see Part 2 - Rebate Calculation Services for the Proceeds of Debt Issues).

Method	Instructions	Additional information
<b>Wire (same-day settlement)</b>	<ul style="list-style-type: none"> <li>● Initiate the transaction on the Internet at <a href="http://www.camponline.com">www.camponline.com</a> or by calling the Investment Adviser at (800) 729-7665 before 11:00 a.m. Pacific Time.</li> <li>● Provide the following information: <ul style="list-style-type: none"> <li>— Shareholder's account name and account number</li> <li>— Amount being wired</li> <li>— Whether the transfer is by Federal funds wire (preferred) or bank wire</li> <li>— Name of bank sending wire</li> </ul> </li> <li>● Instruct your bank to initiate the wire on the same day to U.S. Bank National Association. Detailed instructions can be obtained on the Internet at <a href="http://www.camponline.com">www.camponline.com</a> or by calling the Investment Adviser at (800) 729-7665.</li> </ul>	<ul style="list-style-type: none"> <li>● The Pool does not charge fees for receiving wires. However, the sending bank may charge for wiring funds. To reduce potential charges, use ACH transfers as described below.</li> <li>● Important—A Shareholder must initiate an Internet transaction or notify the Investment Adviser by telephone of a deposit before 11:00 a.m., Pacific Time, and a Federal Reserve wire or bank wire convertible to Federal Funds on a same-day basis must be received that day by the Custodian if the investment is to begin earning income that day.</li> </ul>
<b>ACH transfer (settles next Business Day)</b>	<ul style="list-style-type: none"> <li>● Before making your first transfer, call the Investment Adviser at (800) 729-7665 and register for ACH transfers.</li> <li>● A Shareholder may initiate an Internet transaction at <a href="http://www.camponline.com">www.camponline.com</a> or call the Investment Adviser at (800) 729-7665 prior to 1:00 p.m., Pacific Time, and give instructions for the movement of funds from its financial institution to its Pool account.</li> </ul>	<ul style="list-style-type: none"> <li>● Funds will transfer overnight and begin earning income the next Business Day.</li> <li>● Funds may be transferred to the Trust by ACH according to the written banking instructions provided by an authorized person.</li> <li>● A Shareholder must notify the Trust in writing of any changes to the specified banking instructions.</li> </ul>
<b>Check (settles two or more Business Days after the order arrives)</b>	<ul style="list-style-type: none"> <li>● Instructions for depositing checks by mail are available by contacting the Investment Adviser at (800) 729-7665.</li> <li>● Checks will be deposited when received by the Custodian, and proceeds will be invested when they are converted to Federal Funds. This procedure may take two or more Business Days.</li> </ul>	<ul style="list-style-type: none"> <li>● It is not advisable to use checks for investment of proceeds of tax-exempt borrowings.</li> </ul>
<b>Online</b>	<ul style="list-style-type: none"> <li>● Before making your first online transaction, submit a Contact Record Form, which may be obtained either by calling the Investment Adviser at (800) 729-7665 or by visiting <a href="http://www.camponline.com">www.camponline.com</a>.</li> <li>● Use Connect to place wire or ACH orders with the Investment Adviser.</li> <li>● Instruct your bank to initiate the wire on the same day to U.S. Bank National Association. Detailed instructions can be obtained on the Internet at <a href="http://www.camponline.com">www.camponline.com</a> or by calling the Investment Adviser at (800) 729-7665.</li> </ul>	

## Redeeming Shares—CAMP Cash Reserve Portfolio

A Shareholder may withdraw all or any portion of the funds in its Pool account at any time by redeeming Shares. Shares will be redeemed at the NAV per share next determined after receipt of a request for withdrawal in

proper form. The NAV determination is made at the conclusion of each Business Day. Funds may be withdrawn in any of the ways shown below.

Method	Instructions	Additional information
<b>Wire (same-day settlement)</b>	<ul style="list-style-type: none"> <li>Initiate the transaction on the Internet at <a href="http://www.camponline.com">www.camponline.com</a> or call the Investment Adviser at (800) 729-7665 on any Business Day to request a withdrawal and the transfer of proceeds. Funds will be transferred to the Trust according to the written banking instructions provided by an authorized person.</li> <li>If your request is received before 11:00 a.m. Pacific Time, funds will be wired on that same day.</li> <li>Requests received after 11:00 a.m. Pacific Time will be processed on the following Business Day.</li> </ul>	<ul style="list-style-type: none"> <li>Funds may be transferred to the Trust by wire according to the written banking instructions provided by an authorized person.</li> <li>A Shareholder must notify the Trust in writing of any changes to the specified banking instructions.</li> </ul>
<b>ACH transfer (settles next Business Day)</b>	<ul style="list-style-type: none"> <li>Before making your first transfer, call the Investment Adviser at (800) 729-7665 and register for ACH transfers.</li> <li>Initiate the transaction on the Internet at <a href="http://www.camponline.com">www.camponline.com</a> or by calling the Investment Adviser at (800) 729-7665 <b>before 1:00 p.m. Pacific Time.</b></li> </ul>	<ul style="list-style-type: none"> <li>Funds will transfer overnight and be available the next Business Day.</li> <li>Funds will remain invested in the Shareholder's Pool account until the day they are transferred.</li> <li>Funds may be transferred from the Trust by ACH according to the written banking instructions provided by an authorized person.</li> <li>A Shareholder must notify the Trust in writing of any changes to the specified banking instructions.</li> </ul>
<b>Check</b>	<ul style="list-style-type: none"> <li>Upon request, the Investment Adviser will provide a Shareholder with a supply of checks imprinted with the Shareholder's name and account number for each Pool account.</li> <li>Checks may be made payable to anyone and deposited by the payee as with any other check.</li> <li>When these checks are presented to the Custodian for payment, the Trust will redeem the appropriate number of full or fractional Shares from the Shareholder's Pool account to cover the amount of the check.</li> </ul>	<ul style="list-style-type: none"> <li>There is currently no charge for checkwriting.</li> <li>Funds will continue to earn income until the check clears.</li> <li>If you use checks, you will receive images of checks paid with monthly statements.</li> <li>Do not use a check to withdraw all available funds or to close your account. Please contact the Investment Adviser for instructions on how to fully redeem your shares.</li> <li>You may be charged a fee for writing a check that is returned for insufficient funds.</li> </ul>



## Buying Shares—CAMP Term Portfolio

Once your application to open a CAMP Term Portfolio account has been accepted, you may invest in the CAMP Term Portfolio by authorizing the Investment Adviser to invest funds in a CAMP Term Portfolio account.

Prior to placing any order, call us to discuss the amount and term of your investment and to get information on the

projected yield. Each investment will be given its own projected yield. Yields may vary according to the term of the investment and the interest rates available at the time of investment.

The Investment Adviser may refuse any investment or limit the size of an investment.

## Redeeming Shares—CAMP Term Portfolio

Funds may be withdrawn only as described in the table below. Be sure that one or more bank accounts have been pre-authorized to receive redemption proceeds. If there is

more than one pre-authorized bank account, call 800 729-7665 in advance to let the Trust know which account is to receive redemption proceeds.

Type of Redemption	Instructions	Additional information
<b>Maturity</b>	<ul style="list-style-type: none"> <li>No action required. Proceeds will be automatically transferred to the Pool account from which funds for the original purchase were withdrawn.</li> </ul>	<ul style="list-style-type: none"> <li>Redemption value per share will equal the purchase price plus dividends (at the projected yield) minus any losses incurred by the series (not counting those resulting from premature redemptions).</li> </ul>
<b>Premature Redemption</b> <i>Redemption prior to maturity date</i>	<ul style="list-style-type: none"> <li>Send a letter to the Investment Adviser requesting redemption prior to the maturity date. Alternatively, you can notify the Investment Adviser by calling (800) 729-7665 and following up with written confirmation of your instructions.</li> <li>7 days after we receive your request, redemption proceeds will be transferred to your Pool account from which funds for the original purchase were withdrawn.</li> </ul>	<ul style="list-style-type: none"> <li>Premature redemption amounts must be for the entire investment or, for partial redemptions, must be in increments of \$100,000.</li> <li>Redemption value per share will equal the purchase price plus dividends earned to date minus any losses incurred by the Term series and any premature redemption penalty.</li> </ul>
<b>Planned Early Redemption</b> <i>Redemption prior to maturity date</i>	<ul style="list-style-type: none"> <li>At the time an order for shares is placed, Shareholders may submit a request for redemption on a Planned Early Redemption Date prior to the termination date for the Term series without the imposition of a penalty.</li> <li>No action necessarily required. Proceeds will be automatically transferred to the Pool account from which funds for the original purchase were withdrawn.</li> </ul>	<ul style="list-style-type: none"> <li>The redemption value per share for shares being redeemed on a Planned Early Redemption Date is equal to the original purchase price for such shares plus dividends thereon, less such shares' allocation of any losses incurred by the Term series (other than losses resulting from Premature Redemption of shares of the series).</li> </ul>

## Special Withdrawal Procedures for Proceeds of Tax-Exempt Obligations

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It is recommended that checks payable to the Shareholder and wire transfers to the Shareholder's account be used only to reimburse the Shareholder for project costs already incurred and that appropriate documentation of such reimbursement be retained by the Shareholder to maintain a clear audit trail of the expenditure of funds for rebate calculation purposes. Failure to follow this procedure could result in additional rebate calculation costs and/or issuance of a qualified rebate calculation report or a rebate exceptions compliance report.

If, at the time the debt instruments are issued, a Shareholder expects to make rebate payments and designates this on Schedule A - Bond Issue Information of the Account Application, the Investment Adviser will track withdrawals and will notify the Shareholder when cumulative withdrawals from an account total the amount of the original proceeds of a debt issue deposited in that account. Within five days of such notice, the Investment Adviser will provide an estimate of the Shareholder's rebate obligation, if any, with respect to the account. To the extent the Shareholder has rebate liability, it is recommended that the Shareholder open a separate account and fund it in an amount at least equal to the estimated rebate liability or reserve an amount equal to the estimated rebate liability in its project funds.

Upon receiving the above-described notification, the Shareholder should promptly request preparation of a rebate calculation report by calling the Investment Adviser at (800) 729-7665 (see Part 3 - Rebate Calculation Services for the Proceeds of Debt Issues).

Upon completion of the rebate calculation report, the Investment Adviser will provide the Shareholder with copies of the rebate calculation report. The Investment Adviser recommends that the Shareholder open a separate account to deposit the rebate amount identified in the rebate calculation report. It is further recommended that the Shareholder withdraw the balance in the separate account and make the required rebate payment within sixty (60) days of the installment computation date (as defined in the applicable U.S. Treasury regulations).

A Shareholder could be liable for rebate payments in addition to the amount identified in the rebate calculation report if, among other things, the date of the rebate calculation report does not correspond with an installment computation date, if payment of the amount is not made within sixty (60) days of the installment computation date, or if some future action by the Shareholder changes the yield of the related tax-exempt obligations.

It is advisable that a Shareholder not withdraw all of its funds prior to completion of rebate estimates and a rebate calculation report in order to track all earnings accurately

and to fulfill its rebate obligation. Failure by the Shareholder to follow these guidelines may result in the Shareholder having to fulfill its rebate obligation from other sources of funds and may make it impossible for the Investment Adviser to prepare an unqualified rebate calculation report.

If a Shareholder withdraws funds from the Program prior to the end of a rebate calculation period and reinvests them elsewhere, the Investment Adviser will be unable to issue an unqualified rebate calculation report.

## Emergencies: Right to Suspend Withdrawals

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The Declaration of Trust permits the Trustees to suspend the right of withdrawal from the Trust or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the Trustees, an emergency exists such that disposal of the Trust's securities or determination of its net asset value is not reasonably practicable.

If the right of withdrawal is suspended, a Shareholder may either withdraw its request for that withdrawal or receive payment based on the net asset value of the Trust next determined after termination of the suspension of the right of withdrawal.

## Other Redemption Policies

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The Trust may redeem Shares owned by a Shareholder to reimburse the Trust for any failure by that Shareholder to make full payment for Shares purchased by the Shareholder.

Redemption payments may be made in whole or in part in securities or other property of the Trust. Shareholders receiving any such securities or other property on redemption will bear any costs of sale.

## Additional Account Features

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**The Trust offers certain additional account features at no extra charge, including:**

- **Statements** Confirmations of each investment in and withdrawal from a Trust account will be made available online at [www.camponline.com](http://www.camponline.com) within two days of the transaction. A statement of each account will be mailed (or obtained online at [www.camponline.com](http://www.camponline.com)) each month to each Shareholder. This statement will show the dividend paid and the account balance as of the statement date. The statement will also show total income earned during the year. Any checks the Shareholder has written against a Trust account which have been paid

by the Trust and canceled during the month will be returned to the writer by U.S. Bank National Association.

- **Information Services** Toll-free telephone service ((800) 729-7665) is available to provide Shareholders with information including current yield, up-to-date account information and transaction history, and to receive instructions for the investment or withdrawal of funds.
- **Technical Assistance** Technical and operational assistance ((800) 729-7665) is available to Shareholders and Public Agency officials who are considering the Trust for investment purposes.
- **Estimated Earnings on the Proceeds of Debt Issue and Projected Draws** Upon request, the Investment Adviser will provide estimates of future earnings on the proceeds of a debt issue for Shareholders. This estimate will be based on the projected drawdown schedule provided by the Shareholder. The Investment Adviser may request estimates of project drawdown schedules from Shareholders from time to time to facilitate efficient investment of funds.
- **Website** Account information and information regarding the Trust can be found at [www.camponline.com](http://www.camponline.com). A password and user identification is required to initiate a transaction or access account information. The system can be accessed through the Trust's website by selecting "Access Your Account." Instructions on how to obtain a password and user identification can be received by contacting investor services at (800) 729-7665.
- **Information on Portfolio Holdings** The Trust discloses a summary of each Portfolio's holdings online monthly and a full description of holdings in the annual audited financial reports.

*For our policy on the disclosure of Portfolio holdings, see Part 2.*

#### **Rights the Trust reserves**

The Trust reserves the right to do any of the following:

- Add, change, or remove account minimums at any time without advance notice.
- Reject any investment or limit the size of any Shareholder's account.
- Limit the frequency of purchases for any reason.
- Establish a minimum check amount, or terminate, suspend, or alter check writing privileges.

## **Policies Specific to the CAMP Term Portfolio**

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### **Dividends and Distributions**

A projected dividend rate is determined when shares are purchased, and the dividend is declared and paid on the maturity or on the planned redemption date.

Dividends on shares in the series constituting the CAMP Term Portfolio shall be paid on the termination date of the series, except for dividends on shares redeemed pursuant to a planned early redemption or a premature redemption before the termination date, which will be paid when such dividends on shares in the series are redeemed.

The yield for any CAMP Term Portfolio investment is determined by dividing the expected net income per share for the period from the settlement date to the termination date by the purchase price per share, dividing this result by the actual number of days between the settlement date and termination date, and then multiplying the result by 365/366.

*For more detail about Dividends and Distributions, see Part 2.*

### **Premature Redemption Penalty**

Shareholders may be charged a premature redemption penalty equal to (i) all penalty charges, losses, banking fees and other costs (including, without limitation, interest paid on funds borrowed to pay the redemption) associated with amending, terminating, selling or otherwise affecting any of the investments in the series and (ii) an amount sufficient to maintain the projected yield on the remaining shares to the stated termination date for the series or to the planned early redemption dates, as the case may be, less any losses affecting projected yield attributable to such shares.

### **Allocation of Losses**

Any losses incurred by a CAMP Term Portfolio series (other than losses resulting from Premature Redemptions of shares of the series or in the normal course of portfolio management) will be allocated among all shares of the series outstanding at the time such loss is incurred. Such a loss may result from a default on an investment or from a sale of an investment. If such a loss occurs, the redemption value per share could be lower than that on which the projected yield was quoted at the time of issuance of the share.

### **Calculating Share Price**

Any losses incurred by a CAMP Term Portfolio series (other than the redemption value per share for any series of the Portfolio) will be determined on any day when redemption is made and on termination of the series. It is the intent of the Trust to manage each series in the Portfolio

in a manner that produces a share price of at least \$1.00 on the termination date.

The Investment Adviser, on behalf of CAMP, determines the net asset value of the shares of the Portfolio at the close of each Business Day for the purpose of computing expenses and fees. The net asset value per share for each series of the Portfolio is calculated by dividing the total value of investments and other assets less any liabilities by the total outstanding shares of the series as of the day the calculation is made.

### **Tax Information**

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We suggest that you check with your tax advisor before investing in the Trust or an Individual Portfolio. Relevant considerations include:

- Section 115(1) of the Internal Revenue Code, which provides that the gross income of a state or political subdivision does not include income derived from the exercise of any essential government function.
- Section 148 of the Internal Revenue Code (and related regulations) covering rebate requirements, which may apply to anyone investing tax-exempt or tax-credit bond proceeds.
- Section 148 of the Internal Revenue Code (and related regulations) covering arbitrage limitations or rebate requirements under which states and municipalities may be required to pay the U.S. Treasury a portion of earnings they derive from the investment of certain funds.

### **Use of Amortized Cost**

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The Board of Trustees has determined, in consultation with the Investment Adviser, that it will manage the Trust's Cash Reserve Portfolio in accordance with GASB 79 requirements, as applicable, for continued use of amortized cost.

### **Financial Highlights**

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The Trust's financial statements are audited by Ernst & Young LLP and are included in the CAMP Annual Report for the Trust's most recent fiscal year end. The Annual Report is available upon request or on the Trust's website ([www.camponline.com](http://www.camponline.com)).

## Part 2 – Information Statement

### General Information

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#### The Trust

##### History

The California Asset Management Trust was established in 1989 as a California JPA and as a California common law trust to meet local government investments needs. The Trust is responsible for the management of the Cash Reserve and Term Portfolios. The Trust's activities are directed by the Board. Because the Trust is accountable only to its Public Agency Shareholders, it has adapted over time to meet their changing needs. Initially, the Trust was formed to assist California public agencies with investing proceeds of tax-exempt debt issues and complying with the arbitrage regulations. Responding to needs of its Shareholders, the Trust was later expanded to include investment of operating funds and capital reserves.

In 2005, in response to changes in the law and the needs of California Public Agencies for a more flexible investment option, the Trust was amended to create two new Shares Series: Investor Shares and Participant Shares. Participant Shares are available to California Public Agencies that have joined the JPA as members. Shares of the Investor Shares are available to California Public Agencies that have not joined the JPA as a member. Shares of both Series are invested in the same portfolios. As such, the Participant and Investor Shares will realize the same investment results. **Please review Parts 1 and 2 of the Program Guide carefully for a more detailed description of the respective rights, privileges, preferences, and restrictions of investment in any Portfolios of the Trust.**

Additionally, in 2005, in response to a change in the law, the Trust was amended to expand the definition of Public Agency to include certain California nonprofit corporations, membership of which is limited to California Public Agencies or public officials, and again in 2021 to include federally recognized Indian tribes. These changes allow California nonprofit corporations and federally recognized Indian Tribes that meet the expanded definition of Public Agency to either join or invest in the JPA.

##### Organization and Purpose

The Trust is a JPA and Public Agency created by the Declaration of Trust and established under the provisions of the Act for the purpose of exercising the common power of its Participants to invest funds. The Trust cannot accept funds for investment from other sources.

The Trust provides Shareholders a Cash Reserve and a Term portfolio for comprehensive investment management and accounting services. For proceeds of tax-exempt debt issues, the Trust also offers Arbitrage Rebate calculations. Public Agencies invest in the Pool by contributing assets to the Trust, which are used to purchase Shares in the Pool.

Shares of the Pool and Term are currently divided into two Shares Series: "Participant Shares" and "Investor Shares." Public Agencies may invest in the Pool and Term by formally joining the Trust or by not joining the Trust and only purchasing shares of the Investor Shares Series which have no voting rights. Participants must become parties to the Declaration of Trust, dated as of December 15, 1989, as amended and restated as of October 25, 2022.

Public Agencies that own Participant Shares have voting rights on matters affecting the operation of the Trust. Public Agencies may also invest in the Pool and Term without joining the Trust. Public Agencies that own Investor Shares have rights similar to the Participant Shares except that voting rights are reserved for owners of the Participant Shares.

The Trust seeks to provide Shareholders with the following features through the Portfolios:

**Preservation of Principal** Investments in the Portfolios are made only in high-quality investments in which Public Agencies are permitted by California statute to invest their funds and in accordance with other investment policies of the Trust designed to preserve capital. While the Pool seeks to maintain a stable NAV of \$1.00 per Share and Term seeks to maintain \$1.00 upon planned maturity date, it is possible to lose money investing in either the Pool or Term. An investment in the Portfolios is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

**Liquidity** Investments in the Pool may be made at any time, and Shareholders may withdraw funds from the Pool on any Business Day. Term Portfolio investments are structured to provide liquidity on the predetermined maturity date.

**Income** The Pool seeks to earn a high rate of income consistent with preserving principal and maintaining liquidity. Term seeks to produce the highest earnings consistent with maintaining safety of principal at maturity and meeting the redemption schedule of Shareholders.

**Arbitrage Rebate Compliance** For the proceeds of tax-exempt debt issues, the Trust is designed to assist Shareholders in complying with certain arbitrage rebate requirements of the Internal Revenue Code. Investments are purchased and investment documentation is maintained in accordance with requirements of the Internal Revenue Code, and rebate calculation reports are prepared by the Investment Adviser upon request in a manner and at such times as to enable Shareholders to comply with these requirements. The Trust is also designed to assist Shareholders in determining whether they have satisfied the expenditure test for any available exceptions to the arbitrage rebate requirements and to provide calculations of penalties due in lieu of rebate payments.

**Convenience** The Trust offers the option of investing by electronic funds transfer or check. Shareholders that invest the proceeds of debt issues in the Pool do not have to schedule investment maturities to meet project draw schedules. Shareholders can use the Internet to check account balances and activity and to initiate transactions.

**Professional Management** Investments in the Portfolios are managed by investment professionals who are experienced in managing local government investment pools like the Trust and who follow both general economic and current market conditions affecting interest rates.

**Diversification** The Shares of the Pool and Term represent beneficial interests in diversified portfolios of certain high-quality instruments authorized for investment by Public Agencies by the California Government Code Section 53601 (a) through (q).

**Accounting, Safekeeping and Separate Accounts** The Trust does all of the bookkeeping and safekeeping associated with the ownership of securities accounts for each Shareholder's funds to facilitate Shareholder's compliance with governmental accounting and auditing requirements.

A Public Agency can also enter into a separate agreement with the Investment Adviser to manage a separate portfolio that is not part of the Trust. These Individual Portfolios allow a Public Agency to invest its funds in a segregated account (not within the Trust) for a term that is longer than the average maturity of the Pool or Term.

The Trust also provides record keeping and custodial and arbitrage rebate calculation services for the proceeds of debt issues.

For further information or assistance, call toll free (800) 729-7665.

## The Declaration of Trust

The Trust is a JPA and a separate Public Agency established as a common law trust under the laws of the State of California by execution of a Declaration of Trust by two California Public Agencies as the initial Participants in the Trust. Additional Public Agencies have become Participants in the Trust by enacting an ordinance or passing a resolution to adopt the Declaration of Trust and by signing a conformed copy of the Declaration of Trust. As of the date of these materials, January 12, 2023, 120 Public Agencies were Participants in the Trust. Additional Public Agencies may become Participants by following the same procedure as outlined above in this paragraph.

Copies of the Declaration of Trust and the By-Laws of the Trust may be obtained from the Investment Adviser or online at [www.camponline.com](http://www.camponline.com) and should be read carefully before joining the Trust. All descriptions contained in this Information Statement are subject to and limited by provisions set forth in the Declaration of Trust and the By-Laws.

The Declaration of Trust permits the Trustees to issue an unlimited number of Shares. The Trustees, in their discretion, may authorize the division of Shares into one or more Shares Series. The Trust consists of one class known as the Cash Reserve Portfolio and one class known as Term. Each Portfolio consists of two Shares Series known as Participant Shares and Investor Shares. Participant Shares are issued to Public Agencies that have joined the Trust, and, as Participants in the Trust, they have certain voting rights provided by the Declaration of Trust. Investor Shares are issued to Public Agencies that invest in the Trust but have not become a party to the Declaration of Trust. Investor Shares are similar to Participant Shares but lack voting rights. Both the Participant Shares and the Investor Shares represent an equal proportionate interest in the respective Portfolio.

The Shares of each Shares Series are only payable from that portion of the Trust's assets held by the Trust. Each Share represents an equal proportionate interest in the Trust with each other outstanding Share. Upon redeeming Shares, a

Shareholder receives the current net asset value per Share. If liquidation should occur, Shareholders will be entitled to receive their proportionate share of the assets of the applicable Portfolio less any liabilities of the that Portfolio including, but not limited to, all expenses, costs, charges, and reserves attributable to that Portfolio, as well as their proportionate share of any general assets and liabilities of the Trust. The Shares of each Shares Series are fully paid and non-assessable, except as set forth in Part 2 under “Participant and Trustee Liability,” and have no preemptive or conversion rights.

Shareholders can sell shares or purchase additional Shares in accordance with the procedures outlined in Part 1 of this Program Guide. The Trust also permits transfers of Shares directly between eligible California Public Agencies; however, the Trust reserves the right to require Shareholders to provide proof of authorization, evidence of the genuineness of such authorization, and such other matters as may reasonably be required in order to effect such purchases and sales. Upon such delivery, the transaction will be recorded on the register of the Trust. Until such record is made, the Shareholder of record will be deemed to be the holder of such Shares for all purposes, and neither the Trustees nor any transfer agent officer, employee, or agent of the Trust will be affected by any notice of the proposed transfer. No Shares may be transferred to a transferee other than a Public Agency, or to the Trust itself.

For all matters requiring action by the Shareholders, such action will be taken by a vote of the Participant Shares Series Shareholders, who will be entitled to that number of votes equal to the number of full and fractional Participant Shares held by each Participant Shares Series Shareholder.

The Trust may be terminated by the vote of a majority of its Trustees with the approval of the holders of two-thirds of the Shares of the Participant Shares Series. Upon the termination of the Trust, and after paying or adequately providing for the payment of all liabilities and upon receipt of such releases, indemnities, and refunding agreements as they may deem necessary for their protection, the Trustees may distribute the remaining Trust assets, in cash or in kind or partly in cash and partly in kind, among the Shareholders according to their respective beneficial interests.

The Declaration of Trust may be amended by the vote of the Trustees, with the approval of the holders of a majority of the Shares of the Participant Shares Series. The Trustees may also amend the Declaration of Trust without the approval of Participants for the following reasons: to change the name of the Trust or any Series; to establish additional Series or classes of Shares; to supply omissions or correct or supplement ambiguous, defective, or inconsistent provisions; or, if they deem it necessary, to conform the Declaration of Trust to the requirements of applicable laws and regulations or to eliminate or reduce any taxes which may be payable by the Trust or the Participants, but the Trustees will not be liable for failing to do so. No amendment may be made which would change any rights of any Shares by reducing the amount payable thereon upon liquidation of the Trust or by diminishing or eliminating any approval rights pertaining thereto except with the vote of a majority of the Trustees and the approval of the holders of two-thirds of the Shares of the Participant Shares Series.

## The Trustees

The Trust is currently governed by a Board of seven Trustees, all of whom are officials or employees of Public Agencies that are Participants in the Trust. The Trustees are appointed pursuant to, and are provided authority under, the Declaration of Trust. The Trustees are responsible for setting overall policies and procedures for the Trust and for hiring and supervising the activities of the Investment Adviser, the Custodian, and other agents of the Trust and monitoring the investment performance of the Portfolios and the method of valuing Shares. The names and business addresses of the current Trustees and Officers of the Trust and their principal occupations and other affiliations during the past five years are as follows:

**Karen D. Adams, CPA**—Ms. Adams has served as a Trustee since February 2010 and is the Treasurer of the Trust. Since October 2002, Ms. Adams has served as the Treasurer-Tax Collector, Merced County, 2222 M Street, Merced, California 95340. Ms. Adams was Assistant Treasurer-Tax Collector, Merced County, October 1996 – October 2002.

Past President, California Association of County Treasurers and Tax Collectors (CACTTC); Member of the Government Finance Officers Association (GFOA), Government Investment Officers Association (GIOA), California Municipal Treasurers Association (CMTA), California Revenue Officers Association (CROA); Finance Committee Member, Merced County Community Foundation; Past President of Kiwanis Club of Greater Merced; and Past Treasurer of Business & Professional Women (BPW).

**Steve Dial**—Mr. Dial has served as a Trustee since August 2002 and is the President of the Trust. Since February 2006, Mr. Dial has served as the Deputy Executive Director and Chief Financial Officer, San Joaquin Council of Governments (SJCOG), 555 East Weber Avenue, Stockton, California 95202, and SJCOG's subsidiaries: SJCOG, Inc., Commute Connection, Inc., and the San Joaquin County Transportation Authority. In 2009, Mr. Dial was designated Treasurer and Controller for SJCOG. From 1985 to February 2006, he was Director of Administration and Chief Financial Officer for SJCOG.

Former Chair, Financial Affairs Committee, National Association of Regional Councils; Board Member of the Child Abuse Prevention Council of San Joaquin County; Past Treasurer of the Leadership Stockton Alumni Association; Past President of the Board of Directors for United Cerebral Palsy of San Joaquin County; Past Vice President of the United Way of San Joaquin County; and Member of the Government Finance Officers Association (GFOA) and California Society of Municipal Finance Officers (CSMFO).

**André Douzjian**—Mr. Douzjian has served as a Trustee since May 2014. Since October 2019, Mr. Douzjian has served as the Chief Financial Officer, San Diego Association of Governments (SANDAG), 401 B Street, Suite 800, San Diego, California 92101. Mr. Douzjian served as the Director of Finance for SANDAG from June 2012 – October 2019. Prior to June 2012, he worked in the private sector, and from 1991 – 2000 was the Financial Services Manager for SANDAG.

Member of the Government Finance Officers Association (GFOA), American Institute of Certified Public Accountants (AICPA); CFO, Roundtable of San Diego; and Former Treasurer of the Entrepreneurs Organization, San Diego Chapter.

**Jordan Kaufman**—Mr. Kaufman has served as a Trustee since January 2022. Since January 2015, Mr. Kaufman has served as the elected Treasurer-Tax Collector, Kern County, 1115 Truxum Avenue, Bakersfield, California 93301. Mr. Kaufman was the Assistant Treasurer-Tax Collector 2006 – 2015 and the Deputy County Administrative Officer 1995 – 2006.

President, California Association of County Treasurers and Tax Collectors (CACTTC); Treasurer and past President, Kern County Management Council; Treasurer and past President United Way of Kern County; Treasurer Boy Scouts of America Southern Sierra Council; Commissioner, California Statewide Communities Development Authority (CSCDA); Statutory Trustee, past elected Trustee, past Chairman, Kern County Employees Retirement Association (KCERA); Member, Rotary Club of Bakersfield, Downtown; and Adjunct Professor, California State University Bakersfield.

**David Persselin**—Mr. Persselin has served as a Trustee since January 2022. Since January 2014, Mr. Persselin has served as the Finance Director/Treasurer, City of Fremont, 3300 Capitol Avenue, Fremont, California 94537. January 2012 – May 2016, Mr. Persselin was an Adjunct Faculty/Lecturer at San Jose State University. He was the Assistant Finance Director, City of Pleasanton, 2011 – 2013, and from 2001 – 2011 worked for the City of San Jose.

Member of the Government Finance Officers Association (GFOA), California Society of Municipal Finance Officers (CSMFO), and International City/County Management Association (ICMA).

**Lauren Warrem**—Ms. Warrem has served as a Trustee since January 2022. Prior to January 2022, Ms. Warrem served as a Trustee from 2017 – 2019. Since March 2019, Ms. Warrem has served as the Chief Deputy Treasurer, San Diego County, 1600 Pacific Highway, Room 152, San Diego, California 92101. Ms. Warrem worked as the Finance Director/City Treasurer, City of Vista, from April 2015 – February 2019. Prior to April 2015, Ms. Warrem worked in the private sector, and from 2001 – 2012 she worked at the San Diego Association of Governments (SANDAG), Finance Manager 2001 – 2009 and Director of Finance 2009 – 2012.

Member of the Government Finance Officers Association (GFOA), California Society of Municipal Finance Officers (CSMFO), and California Municipal Treasurers Association (CMTA).

**Duane Wolterstorff, CPA**—Mr. Wolterstorff has served as a Trustee since May 2014. Since November 2000, Mr. Wolterstorff has served as the Senior Director, Planning and Facilities, Modesto City Schools, 426 Locust Street, Modesto, California, 95351.

Secretary and Administrative Executive of Salida Area Public Facilities Financing Agency (SAPFFA) and Schools Infrastructure Financing Agency (SIFA); Treasurer of the Youth Committee and member of the Finance Committee, Pacific Association, USA Track and Field; Member of California Society of Certified Public Accountants (CalCPA) and American Institute of Certified Public Accountants (AICPA).



The Trustees are appointed by the Board of Trustees and each must be a member of the governing body, officer, or full-time employee of a Public Agency that is a Participant in the Trust, and the appointment must be approved annually by the Participants. Except in the case of resignation or removal, each Trustee holds office until such person's successor is appointed. In order to assure representation on the Board of the several classes of Public Agencies participating in the Trust, at least one of the Trustees must be either a member of the governing body, an officer, or a full-time employee of each of the following: a California county, a city, and a public district (including a JPA), as long as there is at least one Public Agency from that class that is a Participant of the Trust. The Officers of the Trust serve at the discretion of the Board. No Trustee or Officer has an immediate family member serving as a Trustee or Officer of the Trust.

The present Trustees and Officers, or other persons on CAMP official business upon approval of the Trustees, serve without compensation but all are reimbursed by the Trust for reasonable travel and other out-of-pocket expenses incurred in connection with their duties as Trustees and Officers.

### Participant and Trustee Liability

Under California law, members of a common law trust may be held personally liable for the obligations of the trust if they are deemed to control the management of the trust. Because the Board has ultimate control over all matters relating to the Trust, the Trust does not believe that Participants would be deemed to have such control. The Declaration of Trust contains an express disclaimer of Participant liability for acts or obligations of the Trust. The Declaration of Trust also provides that the Trust will indemnify each Participant against all claims and liabilities out of the assets of the Series of the Trust in respect of which such claim or liability arose.

The Declaration of Trust provides that no Trustee, officer, employee, or agent of the Trust will be liable for any action or failure to act that does not involve bad faith, willful misfeasance, gross negligence, or reckless disregard of duty. Each Trustee, officer, employee, and agent of the Trust will be indemnified by the Trust against claims and liabilities as provided in the By-Laws and to the fullest extent provided by California law. The Trustees may also purchase, and pay out of Trust assets, insurance policies insuring the Trustees, Officers, Agents, Participants, employees, investment advisers, distributors, or independent contractors of the Trust against all claims arising by reason of holding any such position or by reason of any action taken or omitted by any such person in such capacity.

The Act provides that all immunities from liability which apply to the activity of officers, agents or employees of Participants when performing their functions within the territorial limits of their respective Public Agencies will apply to them to the same extent while engaged in the performance of any of their functions associated with the Trust.

Under the Declaration of Trust, the Trustees may obtain insurance or establish self-insurance funds to cover certain liabilities. This may be done on a joint basis with other similar entities, and the Trust may contribute more than its pro rata share of such insurance premiums or self-insurance funds.

### Services Providers

**Investment Adviser and Administrator** PFMAM, an investment advisory firm with offices at One California Street, Suite 1000, San Francisco, California 94111 and 213 Market Street, Harrisburg, Pennsylvania 17101, is the Trust's investment adviser and administrator. The daily management of the investment affairs and research relating to the Portfolios is conducted by or under the supervision of the Investment Adviser. PFMAM is an investment adviser registered with the U.S. Securities and Exchange Commission, under the Investment Advisers Act of 1940, as amended, and a subsidiary of USBAM. USBAM is a subsidiary of U.S. Bank. U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. Shares of the Portfolios are distributed by the Investment Adviser's affiliate, PFM Fund Distributors, Inc., a member of FINRA and subject to the rules of the MSRB. The Investment Adviser is also the investment manager and/or program administrator for 17 other local government investment pool programs, which provide services similar to those provided by the Trust.

*Advisory Services.* The Investment Adviser manages the investment of the assets of the Trust's Portfolios, including the placement of orders for the purchase and sale of investments, pursuant to an Advisory Agreement. The Investment Adviser obtains and evaluates such information and advice relating to the economy and the securities markets as it considers necessary or useful to manage continuously the assets of the Trust in a manner consistent with the Trust's investment objectives and policies. The Investment Adviser also administers and maintains the Trust's website which provides access to Connect. The Investment Adviser also serves as the rebate calculation agent for the Program, which requires, among other duties, collecting relevant information from, and sending notices to, Shareholders, and making calculations and

preparing rebate reports. Rebate calculation services are subject to a separate agreement, and separate fee schedule, between each Shareholder and the Investment Adviser. The Advisory Agreement will remain in effect until the specified termination date, unless terminated sooner, and may not be assigned by the Investment Adviser without the consent of the Trustees. The Advisory Agreement may be terminated by either party, at any time and without penalty, upon at least one hundred eighty (180) days prior written notice to the other party.

*Investment Transactions.* The Investment Adviser is responsible for decisions to buy and sell securities for the Trust and arranges for the execution of security transactions on behalf of the Trust. Purchases of securities are made from broker/dealers, underwriters, and issuers. Sales prior to maturity are made to dealers and other persons. Money market securities bought from dealers are generally traded on a “net” basis, with dealers acting as principal for their own accounts without a stated commission, although the price of the instrument usually includes a profit to the dealer. Thus, the Trust does not normally incur any brokerage commission expense on such transactions. Securities purchased in underwritten offerings include a fixed amount of compensation to the underwriter, generally referred to as the underwriter’s commission or discount. When securities are purchased or sold directly from or to an issuer, no commissions or discounts are paid.

The policy of the Trust regarding purchases and sales of securities is that primary consideration will be given to obtaining the most favorable price and efficient execution of transactions. In seeking to implement this policy, the Investment Adviser will effect transactions with those dealers whom the Investment Adviser believes provide the most favorable price and efficient execution. If the Investment Adviser believes such price and execution can be obtained from more than one dealer, it may give consideration to placing portfolio transactions with those dealers who also furnish research and other services to the Trust. Such services may include, but are not limited to, any one or more of the following: information as to the availability of securities for purchase or sale; statistical or factual information or opinions pertaining to investments; wire services; and appraisals or evaluations of portfolio securities. The services received by the Investment Adviser from dealers may be of benefit in the management of accounts of some or all of its other clients and may not in all cases benefit the Trust directly. While such services are useful and important in supplementing its own research and facilities, the Investment Adviser believes the value of such services is not determinable and does not significantly reduce its expenses. The Trust does not reduce the management fee paid to the Investment Adviser by any amount that may be attributable to the value of such services.

*Administrative Services.* The Investment Adviser also provides the following administrative services to the Trust in accordance with the Advisory Agreement:

- *Customer Service.* Operation of an Internet website and a toll-free telephone facility to be used exclusively by Shareholders or by Public Agencies interested in investing in the Trust.
- *Administration and Marketing.* Maintenance of the books and records of the Portfolios, including Shareholder account records; supervision, under the general direction of the Trustees, of all administrative aspects of operations; periodic updating and preparation of the Information Statement; preparation of tax returns, financial statements, and reports for all Portfolios; supervision and coordination of the activities of the Custodian; determination of dividends and net asset value of each Portfolio in accordance with the policies of the Trust; provision of office space, equipment, and personnel to administer the Trust; distribution to Public Agencies of the Program Guide; preparation and distribution of other explanatory and promotional materials; and provision of technical assistance and guidance to Public Agencies considering use of the Trust as an investment vehicle.
- *Shareholder Account Reports.* Preparation and provision to Shareholders of confirmation of each Shareholder investment and redemption transaction and of monthly statements summarizing transactions, earnings, and assets of each Shareholder account.
- *Rebate Calculation Services.* Preparation and provision to Shareholders, upon request, of interim rebate calculation estimates and of rebate calculation reports and rebate exceptions compliance reports to Shareholders in the Trust. If applicable, provision of notice to Shareholders prior to any expenditure test date related to any exception from rebate requirements and preparation of an exception compliance report.

**Custodian** U.S. Bank National Association, Minneapolis, Minnesota, is the custodian for the Trust. The Custodian holds cash and securities of the Portfolios and also acts as the check clearing and disbursing agent for the Pool and Term. In addition to internal governance, numerous federal agencies, including the Office of the Comptroller of the Currency (OCC), the Federal Reserve System and the Consumer Financial Protection Bureau (CFPB), supervise and inspect U.S. Bank and its parent company, U.S. Bancorp, to ensure sound banking practices and to protect clients. Appropriate information barriers relating to activities and data exist to facilitate fully independent and segregated oversight of client assets as custodian. The Custodian does not participate in determining the investment policies of the Trust or in investment decisions. The

Investment Adviser may not invest funds of the Portfolios with, nor buy or sell any securities through, any affiliated service provider. Securities purchased under certain repurchase agreements may be held by other custodians agreed to by the Trust and the other parties to the repurchase agreements.

**Trust Counsel** Nossaman LLP, with an office at 50 California Street, 34th Floor, San Francisco, California 94111, is legal counsel to the Trust for certain matters.

**Auditor** The financial statements of the Trust are audited annually by Ernst & Young LLP with an office at 560 Mission Street, Suite 1600, San Francisco, California 94105. The fiscal year for the Trust ends December 31.

## Expenses of the Trust

The Trust has entered into arrangements for the Pool and Term for investment management, custodial, legal, accounting, audit, and rebate calculation services. The Trust also pays for organizational expenses, insurance premiums, Trustees' expenses, and other expenses not expressly assumed by the Investment Adviser. All expenses related to operation of the Portfolios are paid from the income of the Portfolios (see "Dividends").

For the services provided to the Pool by the Investment Adviser, effective January 1, 2023, the Investment Adviser is paid a monthly fee based on the following percentages of the average daily net assets of the Pool:

### Average Cash Reserve Portfolio Daily Net Assets Annual Rate

First \$1 billion	0.145%
Next \$1 billion	0.110%
Next \$2 billion	0.100%
Next \$2 billion	0.095%
Next \$4 billion	0.085%
Next \$5 billion	0.80%
In excess of \$15 billion	0.075%

The Investment Adviser may, from time to time, waive some or all of its fees. Such waiver will have the effect of increasing the yield of the Pool during the period the fees are waived.

For the services provided to Term by the Investment Adviser, the Investment Adviser is paid a monthly fee based on the following percentages of the average daily net assets of Term:

### Average Term Portfolio Daily Net Assets Annual Rate

All Assets	0.150%
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Under the Advisory Agreement, the Investment Adviser has agreed to reimburse the Pool and Term for the amount by which the "annual operating expenses" of the Pool exceed 0.22% of its average daily net assets. "Annual operating expenses" generally include all expenses of the Pool (including investment management, administration, marketing, custodial, legal, accounting, and audit fees), other than any reserves established by the Trustees to pay for extraordinary costs.

As of December 31, 2022, the Pool had reserved \$156,855 to pay for extraordinary costs that it may incur from time to time, such as special legal, audit, and consulting fees. The Trustees may determine to reserve additional amounts, not expected to exceed, on an annual basis, 0.02% of the average daily net assets of the Pool, for those and other similar purposes in the future.

## Tax Matters

Pursuant to Section 115(1) of the Internal Revenue Code, federal gross income does not include income derived from the exercise of any essential governmental function that accrues to a state or any political subdivision of a state. In the opinion of Counsel to the Trust, the Trust is not subject to Federal or California income tax upon the income realized by it.

**Arbitrage Rebate: General** The Internal Revenue Code generally requires issuers of tax-exempt obligations to rebate to the federal government their arbitrage profits derived from investment of gross proceeds in non-purpose obligations. Various exceptions from the rebate requirements are available, and each Shareholder should consult with its bond counsel to determine whether and to what extent appropriate exceptions might be available. The investment by Shareholders of gross proceeds of debt issues in the Trust will be an investment in a non-purpose obligation and will be taken into account in determining any rebate liability.

**Treatment of Administrative Costs of the Portfolios** U.S. Treasury Regulations Title 26 Section 1.148-5 limits the ability for the expenses of an external commingled fund, like the Pool, to be treated as qualified administrative costs within the arbitrage rebate and yield restriction liability calculations. The limitations apply to an external commingled fund in which an individual Shareholder owns more than 10% of the beneficial interest of the fund. From time to time, the Pool may contain one or more Shareholders that individually own more than 10% of the beneficial interest of the fund. Therefore, Shareholders should consider the use of the gross yields of the Pool in all arbitrage rebate and yield restriction liability calculations.

The limitations regarding an external commingled fund in which an individual Shareholder owns more than 10% of the beneficial interest of the fund applies only to the Pool and not the Term Portfolio. The 10% rule in U.S. Treasury Regulations Title 26 Section 1.148-5 is not followed by Term.

**The foregoing summary of federal income tax matters affecting Shareholders in the Portfolios does not purport to be complete. Shareholders should consult their bond counsel for advice as to the application of federal income tax law to their particular investment in the Portfolios.**

## Arbitrage Rebate Compliance

To further the objective of providing Shareholders with simplified arbitrage rebate compliance for proceeds of tax-exempt borrowings, the Trust has adopted the following recommended set of practices. The Trust strongly recommends that they be followed to minimize the Shareholder's rebate compliance costs.

1. A Shareholder should deposit all the proceeds of a debt issue subject to arbitrage rebate in the Trust on the same day as they are received by the Shareholder. This will enable the Investment Adviser to track the investment and expenditure of these funds.
2. A Shareholder should identify all the proceeds of a debt issue subject to the same yield at the time of initial investment. A separate account should be established for each fund or group of funds having a different yield by completing an Account Application. The Investment Adviser will provide advice on the number and type of accounts that will be needed to provide a clear audit trail.
3. Federal tax law requires issuers of tax-exempt obligations either to make certain rebate payments to the Federal government or to meet certain expenditure guidelines. If the Shareholder expects to meet one of the expenditure exceptions, it should notify the Investment Adviser when making its initial investment so the Investment Adviser can provide information regarding the expenditure of the proceeds of an issue.
4. If the Shareholder expects to make rebate payments, it should note that Federal tax law requires issuers of tax-exempt obligations to meet certain rebate payment requirements at least every five years. However, a Shareholder may need to account for its rebate liability on an annual basis. The Investment Adviser will provide estimates of rebate amounts at any time for a Shareholder, and the Investment Adviser will provide a rebate calculation report more frequently than every five years if requested. There will be a separate charge for each rebate calculation report (see Part 2 - Rebate Calculation Services for the Proceeds of Debt Issues).
5. If the Shareholder is eligible and has elected to pay a penalty in lieu of making rebate payments, it should notify the Investment Adviser by designating this on Schedule A - Bond Issue Information when making its initial investment.
6. It is recommended that Shareholders not draw down the entire proceeds of a debt issue account before providing for any rebate requirement or penalty payment.

**If any Shareholder and any parties related to the Shareholder own more than ten percent (10%) of the Shares of the Pool, such ownership may adversely affect the rebate liability of all Shareholders (see "Tax Matters").**

**Documentation of Market Price** The Investment Adviser will follow certain procedures to document that investments are purchased at a "market price" in accordance with requirements of the Internal Revenue Code and related rulings and

regulations. These procedures include obtaining three bids or offers for all securities transactions on the secondary market, documenting transaction prices using independent pricing services, and following practices to avoid making “prohibited payments” or receiving “imputed receipts” (as these terms are used in the applicable U.S. Treasury regulations) that improperly reduce the yield on investments.

### **Rebate Exception Services for the Proceeds of Debt Issues**

Upon initial investment of the proceeds of a debt issue, a Shareholder should inform the Investment Adviser, by designating on Schedule A - Bond Issue Information, if it expects to qualify for an expenditure exception to the Federal rebate requirements or if it has elected to pay a penalty in lieu of rebate. If the Investment Adviser has been so informed thirty (30) days before any expenditure test date related to such an exception from the rebate requirements, the Investment Adviser will provide a notice to the Shareholder that tracks the cumulative percentage of proceeds of a debt issue drawn from funds invested in the Trust from any debt issue whose proceeds are then invested in the Trust and compares the cumulative percentage of funds drawn to the requirements of the exception to assist the Shareholder in determining its eligibility for such exception. Thirty (30) days after any expenditure test date, the Investment Adviser will provide a report (a “rebate exceptions compliance report”) to such Shareholder showing the cumulative percentage of the proceeds of a debt issue (including investment income) actually drawn and calculating the penalty, if any, due to the Internal Revenue Service if actual amounts drawn do not meet the expenditure test.

### **Rebate Calculation Services for the Proceeds of Debt Issues**

With respect to proceeds of tax-exempt borrowings invested in the Trust, including funds whose cash flows are tracked through Shareholder accounts in the Trust, the Investment Adviser will, upon request, provide interim rebate calculation estimates to enable Shareholders to estimate rebate liabilities for financial reporting purposes. There is no charge for these estimates.

The Investment Adviser will provide each Shareholder who so requests with a rebate calculation report for any given report period that summarizes calculations of

- the allowable investment yield,
- investment activities for the Report Period, and
- a calculation of the rebate liability at the end of the Report Period using the methodology prescribed by the applicable U.S. Treasury regulations.

When an account for the proceeds of a debt issue is opened, the Investment Adviser will request certain information from a Shareholder, including information necessary to permit scheduling of the rebate calculation report or Rebate Exceptions Compliance Report. The Investment Adviser will require additional information from a Shareholder, including copies of the official statement, non-arbitrage or tax certificate, debt issue resolution, and similar documents, before the first such rebate calculation report or Rebate Exceptions Compliance Report can be prepared.

Normally, the rebate calculation report will be completed and furnished to the Shareholder for each debt issue no later than thirty (30) days after the Installment Computation Date, provided that the Shareholder has authorized its preparation and provided the necessary information to the Investment Adviser, but a Shareholder may request that a rebate calculation report be completed at shorter intervals. Every effort will be made to honor such requests, although no assurance can be given that reports can be completed in a shorter time period.

If an account is opened for the proceeds of a debt issue that have been invested outside of the Trust, the Investment Adviser will require a rebate calculation report from the date of debt issuance to the date of investment in the Trust.

There will be a separate charge for each rebate calculation report. The fee for a rebate calculation report prepared by the Investment Adviser will be billed separately to the Shareholder at the following rates for debt issues, the proceeds of which are invested exclusively through the Trust from their date of issuance until the date of calculation of the rebate calculation report:

One-time set-up fee, per debt issue:..... \$ 250

Each rebate calculation report, per debt issue:..\$3,000

There will be additional charges for refundings requiring allocations of transferred proceeds and for other calculations involving more extensive services. For proceeds of tax-exempt debt issues invested outside the Trust, due to differences of elapsed time since the issuance of the debt, types of investments, volume and type of transactions, number of funds, and

condition and availability of records, the Investment Adviser cannot charge a standard fee. However, at the request of the Shareholder, the Investment Adviser will provide an estimated cost based on the Shareholder's specific circumstances.

In addition to the rebate calculation services offered by the Investment Adviser, Shareholders also have the option of contracting directly with another service provider for rebate calculation services. If another service provider is used, the scope of the services provided and the fees charged are entirely the responsibility of the Shareholder and its service provider.

## Information Common to All Portfolios

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### Authorized Investments

The Investment Adviser will invest available cash in the Cash Reserve Portfolio and Term Portfolio exclusively in the following investments, which are authorized investments under the California Government Code Section 53601. It is noted that certain other investment types, although authorized by the applicable sections of the California Government Code, may not be approved for inclusion in this investment policy. Except as otherwise provided in sub-paragraph (1) under "Investment Restrictions" below, a change in authorized investments requires approval of the Trustees and the Participants holding a majority of the outstanding Participant Shares of the Trust.

- (1) United States Treasury notes, bonds, bills, or certificates of indebtedness or other obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- (2) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- (3) Repurchase agreements with respect to securities described in paragraphs (1) and (2) above, provided that the term of any such repurchase agreement shall be one year or less at the time of purchase.
- (4) Bills of exchange or time drafts drawn on and accepted by a commercial bank (otherwise known as bankers' acceptances) which are eligible for purchase by the Federal Reserve System, provided that such bankers' acceptances may not exceed one hundred eighty (180) days maturity or forty percent (40%) of the assets of the Portfolio and no more than ten percent (10%) of the Portfolio's assets are invested in the bankers' acceptances of any one commercial bank and further provided that the accepting bank has the highest short-term letter and numerical rating as provided by at least one NRSRO.
- (5) Negotiable certificates of deposit issued by a nationally or state-chartered bank or by a savings association or a federal association (as defined in Section 5102 of the California Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that no more than thirty percent (30%) of the assets of the Portfolio may be invested in certificates of deposit and further provided that the deposits in any one institution shall not exceed the shareholders' equity of such institution.
- (6) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by at least one NRSRO, provided that its maturity may not exceed two hundred seventy (270) days. No more than forty percent (40%) of the assets of the Portfolio may be invested in eligible commercial paper; if assets of the Portfolio fall below \$100,000,000, no more than twenty-five percent (25%) of assets may be invested in eligible commercial paper; and no more than ten percent (10%) of the Portfolio's total investment assets may be invested in the commercial paper and the medium-term notes of any single corporate issuer. The entity that issues the commercial paper shall meet all of the following conditions either in (a) or (b) as follows: (a) the entity is organized and operating in the United States as a general corporation, has total assets in excess of five hundred million dollars (\$500,000,000), and has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by at least one NRSRO or (b) the entity is organized within the United States as a special purpose corporation, trust, or limited liability company, has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and has commercial paper that is rated "A-1" or higher, or the equivalent, by at least one NRSRO.
- (7) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of 397 days or less, and eligible for purchase and sale within

the United States. Investments shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO and shall not exceed 30 percent of the assets of the Portfolio.

(8) Medium-term notes, defined as all corporate and depository institution debt securities, with a maximum remaining maturity of 397 days or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Investments shall be rated in a rating category of “A” or its equivalent or better by an NRSRO and shall not exceed 30 percent of the assets of the Portfolio. No more than 10 percent (10%) of the Portfolio’s total investment assets may be invested in the commercial paper and the medium-term notes of any single issuer.

(9) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. Investments shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO, have a maximum remaining maturity of 397 days or less, and shall not exceed 20 percent of the assets of the Portfolio.

(10) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.). The company shall have met either of the following criteria: (a) attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs or (b) retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000). The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include commission that the companies may charge and shall not exceed 20 percent of the assets of the Portfolio.

*Obligations of Agencies or Instrumentalities of the United States Government* Certain short-term obligations of agencies or instrumentalities of the United States Government purchased for the Portfolios may be backed only by the issuing agency or instrumentality and may not be backed by the full faith and credit of the United States Government. For example, Fannie Mae and Freddie Mac have agreements with the U.S. Treasury to provide them with capital in exchange for senior preferred stock. Securities issued by the Federal Home Loan Banks are supported only by the credit of the agency and not by the United States Government, and securities issued by the Federal Farm Credit System are supported by the agency’s right to borrow money from the U.S. Treasury under certain circumstances.

*Repurchase Agreements* A repurchase agreement involves the sale of securities to the Portfolio and the concurrent agreement by the seller to repurchase the securities within a specified period of time at an agreed upon price, thereby establishing the yield during the buyer’s holding period. The yield established for the repurchase agreement is determined by current short-term rates and may be more or less than the interest rate on the underlying securities. The securities underlying a repurchase agreement are, in effect, collateral under the agreement. Securities purchased by the Portfolio and subject to repurchase agreements are limited to the obligations of the United States Government and agencies of the United States but may have maturities longer than one year. At the time a repurchase agreement is made, the underlying securities will have a market value at least equal to one hundred and two percent (102%) of the price plus the price differential. If an agreement is in effect for more than one day, the Investment Adviser is responsible for monitoring the value of the underlying securities, and, in the event their value drops below one hundred and two percent (102%) of the price plus price differential, the counterparty to the repurchase transaction is required to provide additional securities or money within one Business Day so that the value of the collateral is not less than one hundred and two percent (102%) of the price plus price differential. All securities underlying repurchase agreements are required to be delivered to the Custodian or to another custodian agreed to by the Trust and the counterparty. At the expiration of each agreement, the Custodian receives payment of the price plus price differential as a condition for the transfer of the underlying securities to the counterparty. If the counterparty fails to pay the agreed upon price plus price differential on the repurchase date, the risks to the Portfolio would include any difference between the liquidation value of the underlying securities and the price plus price differential, any costs of disposing of such securities, any costs related to foreclosure, and any loss resulting from a delay in foreclosing on such securities.

Funds placed by the Trust into the Portfolios will be invested in accordance with the prudent investor standard set forth in Section 53600.3 of the California Government Code. The Portfolios will not invest in any inverse floaters, range notes or mortgage derived, interest-only strips, or in any security that could result in a zero-interest accrual if held to maturity.

**The Trust is not registered as an investment company under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and, accordingly, is not subject to the provisions of the Investment Company Act of 1940 and the rules and regulations promulgated thereunder including rules relating to registered money market mutual funds.**

The authorizing statute, charter, or bylaws of a Public Agency or the trust indenture or ordinance or resolution under which the debt obligations of a Public Agency are issued or its funds are invested may contain investment restrictions which prohibit or otherwise limit investment in one or more of the above-described investments. Accordingly, Public Agencies should consult with their legal counsel or financial adviser regarding the legality of investing bond proceeds under the Trust prior to participating in the Trust or investing in the Shares issued by the Trust.

## Investment Restrictions

The Trustees have adopted the following investment restrictions and fundamental policies, which, except as otherwise provided in (1) below, may be changed only by approval of the Trustees and the Shareholders holding a majority of the outstanding Participant Shares of the Portfolios. The Trust will not:

- (1) Purchase any securities other than those described under “Investment Objectives and Policies” unless California law at some future date redefines the types of securities which are legal investments for some or all classes of Shareholders, in which case the permitted investments for the Portfolios may be changed by the Trustees to conform to California law, provided that prior written notification is given to Shareholders of the Trust.
- (2) Invest in securities of any issuer in which a Trustee, Officer, employee, agent, or adviser of the Trust is an officer, director, or ten percent (10%) shareholder unless such investment is periodically authorized by resolutions adopted by a majority of the Trustees who are not officers, directors, or ten percent (10%) shareholders of such issuer.
- (3) Make loans, except that the Portfolios may enter into repurchase agreements.
- (4) Borrow money or pledge, hypothecate, or mortgage its assets to an extent greater than twenty percent (20%) of the market value of the total assets of the Portfolios, and then only as a temporary measure for extraordinary or emergency purposes to facilitate withdrawal requests which might otherwise require untimely dispositions of portfolio securities. All such borrowings may be secured only by the assets of the Portfolios and must be repaid before the Portfolios make any additional investments. Interest paid on such borrowings will reduce net income of the Portfolios.
- (5) Purchase any security or enter into a repurchase agreement if, as a result, more than ten percent (10%) of the Portfolios’ total assets would be invested in securities subject to restrictions on resale, securities for which there is no readily available market, and repurchase agreements with maturities exceeding seven (7) days and not terminable at approximately the carrying value before that time.
- (6) Purchase the securities of any single issuer (other than obligations issued and guaranteed as to principal and interest by the government of the United States, its agencies, or instrumentalities) if, as a result, more than ten percent (10%) of the Portfolios’ total assets would be invested in the securities of any one issuer.
- (7) Invest more than 5% of net assets in illiquid investments. Illiquid investments are securities that cannot be sold or disposed of in the ordinary course of business at approximately the value ascribed to it by the Trust. Illiquid investments include:
  - Restricted investments (those that, for legal reasons, cannot be freely sold).
  - Fixed time deposits with a maturity of more than seven days that are subject to early withdrawal penalties.
  - Any repurchase agreement maturing in more than seven days and not terminable at approximately the carrying value in the Trust before that time.
  - Other investments that are not readily marketable at approximately the carrying value in the Trust.

If the 5% limitation on investing in illiquid securities is adhered to at the time of investment but later increases beyond 5%, resulting from a change in the values of the Trust’s portfolio securities or total assets, the Trust shall then bring the percentage of illiquid investments back into conformity as soon as practicably possible. The Trust believes that these liquidity requirements are reasonable and appropriate to assure that the securities in which the Trust invests are sufficiently liquid to meet reasonably foreseeable redemptions of Shares.

Any percentage limitation or rating requirement described under “Authorized Investments” will be applied at the time of purchase.



## Procedures for Investment in the Trust

Public Agencies have two options for investing in the Trust. One option is for a Public Agency to become a Participant in the Trust by adopting an ordinance/resolution thereby becoming a member of the JPA. A copy of a sample ordinance/resolution can be obtained by contacting the Investment Adviser and is available on the Trust's website ([www.camponline.com](http://www.camponline.com)). Participation in the Trust requires the formal approval of the governing body of the Public Agency by ordinance/resolution, as appropriate, and execution of the Declaration of Trust. In addition to the rights provided to all Shareholders, Participants are provided approval rights on certain matters as provided in the Declaration of Trust. Public Agencies should consult with their legal counsel regarding the required form of action (ordinance/resolution) and the procedures for enactment or adoption of the ordinance/resolution. No representation is made as to the legal sufficiency of the model form for any given Public Agency. Only members of the governing body, officers, or full-time employees of a Public Agency that is a Participant in the Trust may serve as a Trustee of the Trust.

Alternatively, a Public Agency may purchase Investor Shares of any of the Trust's Portfolios without joining the Trust. Such purchase requires authorization by the Public Agency and execution of the Investor Agreement. A copy of the Investor Agreement can be obtained by contacting the Investment Adviser and is available on the Trust's website ([www.camponline.com](http://www.camponline.com)). Public Agencies owning Investor Shares are provided certain rights with regard to their Shares; however, Investors do not have the approval rights provided to Participants under the Declaration of Trust.

For the proceeds of debt issues, to provide for the investment in the Trust, the Public Agency should either list the Trust in the permitted investments section of the trust indenture or state that bond proceeds can be invested in a permitted investment under Section 53601 of the California Government Code. Sample language is available online at [www.camponline.com](http://www.camponline.com).

Every prospective Shareholder in the Trust (or the applicable trustee of a debt issue) must complete an Account Application (available online at [www.camponline.com](http://www.camponline.com) or by calling the Investment Adviser at (800) 729-7665) and an appropriate Checkwriting Authorization if check writing is desired and forward them along with, if a Participant, (i) a certified copy of the ordinance/resolution as adopted and (ii) an executed copy of the Declaration of Trust, or if an Investor, a completed and executed Investor Agreement, to the Program Administrator via U.S. mail at the following address:

California Asset Management Program  
P. O. Box 11760  
Harrisburg, Pennsylvania 17101

*Please note: UPS and Federal Express will not deliver packages to a P.O. Box. If using one of these shipping methods, please contact CAMP at (800) 729-7665 for an alternative delivery address.*

There is no limit to the number of accounts that can be opened by a Shareholder. Additional Account Applications are provided for this purpose. The Investment Adviser will notify the Public Agency of its approval of the application(s) and the account number(s) assigned. The Trust and the Investment Adviser each reserve the right to reject any application in their sole discretion.

Instructions provided by the Shareholder in the Account Application will remain in effect until the Investment Adviser receives written notification from the Shareholder to change them. Any changes to addresses, account applications, names or signatures of authorized officials, or other critical information will require appropriate documentation. Instructions or forms may be obtained by calling the Investment Adviser at (800) 729-7665 or online at [www.camponline.com](http://www.camponline.com).

## Information Specific to the CAMP Cash Reserve Portfolio

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### Investment Restrictions

The Trust's investment policies and objectives require that all Pool investments have a remaining maturity of three hundred ninety-seven (397) days or less at the time of purchase (except for variable rate notes issued by the U.S. Government or its agencies or instrumentalities, which must have remaining maturities of 762 days or less), and that the dollar-weighted average maturity of Pool investments will not exceed sixty (60) days, and that the dollar-weighted average life (portfolio maturity computed to final maturity without regard to interest rate adjustments on investments) will not exceed one hundred

twenty (20) days. The repurchase date of a repurchase agreement is used to determine its maturity. Debt obligations purchased by the Pool may have interest rates that are periodically adjusted at specified intervals or whenever a reference rate or index changes. These adjustable-rate securities may have demand features which give the Pool the right to demand repayment of principal on specified dates or after giving a specified notice. Adjustable-rate securities and securities with demand features that meet the definition of “Adjustable Rate Government Securities” in Rule 2a-7 of the Investment Company Act of 1940 Rules and Regulations may be deemed to have maturities shorter than their stated maturity dates.

## Dividends

Net income of the Pool shall be determined on the accrual basis as of the conclusion of each Business Day and declared as dividends to each Shareholder at the time of such determination in proportion to the number of shares in the Pool then held by each Shareholder.

Net income of the Pool shall consist of interest earned, plus any discount ratably amortized to the date of maturity plus or minus all realized gains and losses on the sale of securities prior to maturity, less ratable amortization of any premium and all accrued expenses of the Pool including the fees payable to the Investment Advisor/ Administrator, and others who provide services to the Pool. Dividends declared by the Pool are paid to Shareholders as of the last Business Day of each calendar month in the form of additional shares which are credited to each Shareholder’s account. If the net income of the Pool at the time of such determination is a negative amount, the Trust shall have the power and authority (i) to allocate such negative amount among such Shareholders in proportion to the number of shares held at the time of such determination and to offset the allocable share of each Shareholder of such negative amount against any income accrued to such Shareholder, and/or (ii) reduce the number of outstanding shares of the Pool by reducing the number of shares of each Shareholder by that number of shares which represents the amount of its allocable share of such negative amount which is not offset against income accrued to such Shareholder.

## Valuation of Shares

The Investment Adviser, on behalf of the Pool, determines the NAV of Shares of the Pool as of 11:00 a.m. Pacific Time on each Business Day. The NAV per Share of the Pool is computed by dividing the total value of the securities and other assets of the Pool, less any liabilities, by the total number of outstanding Shares of the Pool. Liabilities include all accrued expenses and fees of the Pool, including fees of the Investment Adviser, Custodian, and others who provide services to the Pool, which are accrued daily (see “Expenses of the Trust”).

For the purposes of calculating the NAV per Share of the Pool, the By-Laws of the Trust provide that investments held by the Pool be valued at original cost, plus or minus any amortized discount or premium.

The result of this calculation will be a per Share value which is rounded to the nearest penny. Accordingly, the price at which Pool Shares are sold or redeemed will not reflect unrealized gains or losses on Pool securities which amount to less than \$.005 per Share. The Pool will endeavor to minimize the amount of such gains or losses. However, if unrealized gains or losses were to exceed \$.005 per Share, the amortized cost method of verification would not be used, and the NAV per Share of the Pool would change from \$1.00.

It is a fundamental policy of the Pool to maintain a NAV of \$1.00 per Share, but for the reasons discussed here, there can be no assurance that the NAV of the Pool’s Shares will not vary from \$1.00 per Share. The market value basis NAV per Share for a Pool may be affected by general changes in interest rates resulting in increases or decreases in the value of securities held by the Pool. The market value of such securities will tend to vary inversely to changes in prevailing interest rates. Thus, if interest rates rise after a security is purchased, such a security, if sold, might be sold at a price less than its amortized cost. Similarly, if interest rates decline, such a security, if sold, might be sold at a price greater than its amortized cost. If a security is held to maturity, no loss or gain is normally realized as a result of these price fluctuations; however, withdrawals by Investors could require the sale of Pool securities prior to maturity.

The Investment Adviser and the Trustees will periodically monitor, as they deem appropriate and at such intervals as are reasonable in light of current market conditions, the relationship between the amortized cost value per Share and a NAV per Share based upon available indications of market value. In the event that the difference between the amortized cost basis NAV per Share and market value basis NAV per Share exceeds 1/2 of 1 percent, the Investment Adviser and the Trustees will consider what, if any, corrective action should be taken to minimize any material dilution or other unfair results which might arise from differences between the two. This action may include the reduction of the number of outstanding Shares by having each Shareholder proportionately contribute Shares to the Pool’s capital, suspension or rescission of dividends, declaration of a special capital distribution, sales of Pool securities prior to maturity to reduce the average maturity or to

realize capital gains or losses, transfers of Pool securities to a separate account, or redemptions of Shares in kind in an effort to maintain the net asset value at \$1.00 per Share. If the number of outstanding Shares is reduced in order to maintain a constant NAV of \$1.00 per Share, Shareholders will contribute proportionately to the Pool's capital the number of Shares that represents the difference between the amortized cost valuation and market valuation of the Pool. Each Shareholder will be deemed to have agreed to such contribution by its investment in the Pool.

To minimize the possible adverse effects of changes in interest rates and to help maintain a stable NAV of \$1.00 per Share, the Pool will maintain a dollar-weighted average portfolio maturity of not more than sixty (60) days and a dollar-weighted average life of not more than one hundred twenty (120) days and will not purchase any security with a remaining maturity of more than three hundred ninety-seven (397) days and will only invest in securities determined by the Investment Adviser to be of high-quality with minimal credit risk.

## Yield

Current yield information for the Pool may, from time to time, be quoted in reports, literature, and advertisements published by the Trust. The current yield of the Pool, which is also known as the current annualized yield or the current seven-day yield, represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a value of one Share (normally \$1.00 per share) over a seven-day base period expressed as a percentage of the value of one Share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by  $365/7$ .

The Trust may also quote a current effective yield of the Pool from time to time. The current effective yield represents the current yield compounded to assume reinvestment of dividends. The current effective yield is computed by adding 1 to the net change in account value (exclusive of capital changes and income other than investment income) over a seven-day base period, raising the sum to a power of  $365/7$ , and subtracting 1 from the result. The current effective yield will normally be slightly higher than the current yield because of the compounding effect of the assumed reinvestment.

The Trust also may publish a "monthly distribution yield" on each Shareholder's month-end account statement or provide it to Shareholders upon request. The monthly distribution yield represents the net change in the value of a hypothetical account with a value of one Share (normally \$1.00 per Share) resulting from all dividends declared during a month by the Pool expressed as a percentage of the value of one Share at the beginning of the month. This resulting net change is then annualized by multiplying it by 365 and dividing it by the number of calendar days in the month.

At the request of the Trustees or Shareholders, the Trust may also quote the current yield of the Pool from time to time on bases other than seven days for the information of its Shareholders.

The yields quoted by the Trust or any of its representatives should not be considered a representation of the yield of the Pool in the future since the yield is not fixed. Actual yields will depend on the type, quality, yield, and maturities of securities held by the Pool, changes in interest rates, market conditions, and other factors.

Since the yield on the Pool may fluctuate daily, Shareholders should consult with their counsel or financial adviser as to the appropriateness of investing proceeds of tax-exempt bonds in the Pool in the event that covenants with bondholders or provisions of the Internal Revenue Code restrict the yield on investment of the bond proceeds.

## Information Specific to the CAMP Term Portfolio

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### Maturity

The CAMP Term Portfolio is a fixed-term investment portfolio of the California Asset Management Program with a maturity of up to one year, depending on the termination date of any particular series within the Portfolio.

### Dividends

Dividends on shares in the series constituting the CAMP Term Portfolio shall be paid on the termination date of the series, except for dividends on shares redeemed pursuant to a planned early redemption or a premature redemption before the termination date, which will be paid when such dividends on shares in the series are redeemed. For the purpose of calculating dividends for any series, net income shall consist of interest earned, plus any discount ratably amortized to the date of maturity, plus or minus all realized gains and losses on the sale of securities prior to maturity, less ratable amortization of any premium and all accrued expenses of that series.

Dividends on shares of the series of the CAMP Term Portfolio which are declared and paid are equal to the projected yield for such shares to the redemption date, less any losses affecting projected yield attributable to such shares (other than losses resulting from premature redemptions of shares of the series). Dividends on shares of the series of the CAMP Term Portfolio declared and paid on a premature redemption date are equal to the projected yield for such shares to the premature redemption date, less any losses affecting projected yield attributable to such shares and less a premature redemption penalty, if any. Investors may be charged a premature redemption penalty equal to (i) all penalty charges, losses, banking fees and other costs (including, without limitation, interest paid on funds borrowed to pay the redemption) associated with amending, terminating, selling or otherwise affecting any of the investments in the series and (ii) an amount sufficient to maintain the projected yield on the remaining shares to the stated termination date for the series or to the planned early redemption dates, as the case may be, less any losses affecting projected yield attributable to such shares.

Any excess net income of a series of a CAMP Term Portfolio on the termination date will be distributed as an additional dividend to the shares of the series that were issued over the life of the series and the excess net income will be allocated on a pro rata basis based on the average shares outstanding during that time period. Investments may be distributed to Shareholders in any series in lieu of cash whenever the Trust determines that such distribution would be in the best interest of Shareholders of the CAMP Term Portfolio.

### Valuation of Shares

For the purpose of calculating the net asset value per share of the series constituting the CAMP Term Portfolio each Business Day, investments held therein shall be valued using the amortized cost method. The amortized cost method of valuation shall mean the acquisition cost of the investment as adjusted for the amortization of premiums or accretion of discounts, regardless of the impact of fluctuating interest rates on the market value of the investment. Amortized cost valuation provides certainty in valuation but may result in periods during which the value of an investment, as determined by amortized cost, is higher or lower than the price that would be received if the investment were sold. For external period-end reporting, all assets will be valued at fair value determined in good faith by the Trust or adviser acting under contract with the Program as required under statutory and applicable accounting standards. Such fair value-based determinations will only be used to satisfy applicable external reporting standards unless the Trust or adviser has determined that use of the fair value method instead of the amortized cost method would be in the best interest of the holders of outstanding shares of a series of the CAMP Term Portfolio.

The redemption value per share will be determined on any day when redemption is made and on the termination date of a series of the CAMP Term Portfolio. Except as otherwise provided below, the redemption value per share is equal to the original purchase price for such share, plus dividends thereon, less such share's allocation of any losses incurred by the series (other than losses resulting from premature redemptions of shares of the series). The redemption value per share for shares redeemed on a premature redemption date is equal to the original purchase price for such share, plus dividends thereon, less such share's allocation of any losses incurred by the series, less a premature redemption penalty, if any, determined as described in the "Dividends" section above.

Each CAMP Term Series provides for a fixed-rate, fixed-term investment by Shareholders, but the market value of the underlying assets will, prior to their maturity, tend to fluctuate inversely with the direction of interest rates. It is the intent of the CAMP Term Portfolio to manage each of its series in a manner that produces a share price of at least \$1.00 on the termination date for the Shareholder that redeems on said date.

### Yield

The projected yield quoted for any investment in the CAMP Term Portfolio is determined by dividing the expected net income per share for the period from the settlement date to the termination date by the purchase price per share, dividing this result by the actual number of days between the settlement date and the termination date, and multiplying the result by 365.

## Part 3 – Individual Portfolios

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### Purpose

Individual Portfolios are designed to offer California Public Agencies a comprehensive program to meet their investment needs. Shareholders may invest in longer-term investments in a manner that the Investment Adviser will coordinate with the Public Agency. Created pursuant to separate agreements between the Shareholder, the Investment Adviser, and the Custodian, these Individual Portfolios will be managed solely by the Investment Adviser in accordance with specific instructions from the Shareholder. Individual Portfolios are designed to complement investment in the Pool by providing specific investments for surplus funds or for a portion of the proceeds of a debt issue where liquidity is not needed or where specific expenditures are to be funded. For proceeds of debt issues, an Individual Portfolio may be appropriate for Shareholders with relatively lengthy project drawdown schedules, or for Shareholders that wish to match expected construction draws more closely with investment maturities to fix earnings on some or all of their funds. Individual Portfolios may also be appropriate for the investment of debt service reserve funds and certain funds subject to investment yield restrictions. The Investment Adviser will assist each Shareholder in evaluating the possible use of an Individual Portfolio. For further information, call the Investment Adviser at (800) 729-7665. In order to establish an Individual Portfolio, the Shareholder must first establish an account with the Trust either as a Participant or an Investor. The Custodian will hold assets in an Individual Portfolio in a separate account in the Shareholder's name. ***However, Individual Portfolios are not assets of the Trust and are not under the management or supervision of the Board of Trustees.***

### Investment Policies

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Assets in an Individual Portfolio may be invested in those investments that are legal investments for the Shareholder under the California Government Code and the Shareholder's investment policy or are permitted under the terms of related debt issue documents, if any. Individual Portfolios are not governed by the investment policy of the Trust. The Investment Adviser will invest assets in the Individual Portfolios in accordance with the prudent investor standard of the California Government Code. A Shareholder should discuss the characteristics of specific investments in an Individual Portfolio with the Investment Adviser.

### Opening an Individual Portfolio

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The Investment Adviser offers advice on Individual Portfolio investments to Shareholders in order to provide Shareholders with the benefits of coordinating the investments in an Individual Portfolio with investing in the Pool and the economies achieved by using the Trust's Custodian. Accordingly, before Public Agency funds are invested in an Individual Portfolio, the Public Agency must first join the Trust or become an Investor (See Part 1 - Investing). A Shareholder may then open an Individual Portfolio by signing a separate agreement with PFM Asset Management LLC and U.S. Bank National Association, Minneapolis, Minnesota. Shareholders should contact the Investment Adviser directly at (800) 729-7665 regarding investments in an Individual Portfolio.

### Individual Portfolio Transactions

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The Investment Adviser will arrange for the execution of all security transactions in an Individual Portfolio on behalf of the Shareholder. Individual Portfolio transactions are normally conducted through the Shareholder's pre-designated Pool account using the Pool's convenient and economic cash management tools. In arranging for security transactions, the Investment Adviser will give primary consideration to obtaining the most favorable price and efficient execution of transactions. Investment transactions can only be executed on Business Days during normal operating hours.

**Individual Portfolio Investments** The Investment Adviser will purchase investments for an Individual Portfolio based upon specific instructions received from the Shareholder. When investing the proceeds of debt issues, the Investment Adviser will request a schedule of expected withdrawals, which will be used in managing investments to help assure adequate liquidity. Investment purchases for an Individual Portfolio are settled by the Custodian using funds made available from the Shareholder's pre-designated Pool account (see Part 1 - Investing).

**Individual Portfolio Withdrawals** Shareholders may arrange for the sale of investments in an Individual Portfolio by contacting the Investment Adviser directly at (800) 729-7665. Sales made prior to maturity will be made at the current market price which may be lower or higher than the investment's book value. Proceeds and earnings from the maturity, sale, or coupon payment of any investment in a Shareholder's Individual Portfolio will be deposited automatically into the Shareholder's pre-designated Pool account where they may be withdrawn by the Shareholder in accordance with Pool withdrawal procedures (see Part 1 - Investing).

## Arbitrage Rebate Compliance

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The Investment Adviser has agreed to provide arbitrage rebate compliance services for proceeds of tax-exempt debt issues invested in the Trust and will provide similar services for funds invested in an Individual Portfolio.

The Investment Adviser has agreed to manage Individual Portfolios that the Shareholder designates for the proceeds of a debt issue in accordance with arbitrage rebate regulations. At the Shareholder's request, the Investment Adviser will provide arbitrage rebate compliance services for the proceeds of tax-exempt debt issues to include funds in both the Shareholder's Pool, Term, and Individual Portfolio accounts (see Part 2 - Rebate Calculation Services for the Proceeds of Debt Issues).

Since the yield on an Individual Portfolio may not be fixed, Shareholders should consult with their counsel or financial adviser as to the appropriateness of investing proceeds of tax-exempt bonds in an Individual Portfolio in the event that covenants with bondholders or provisions of the Internal Revenue Code restrict the yield on investment of the bond proceeds.

## Individual Portfolio Costs

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All costs associated with an Individual Portfolio will be charged separately to the Shareholder that has set up the Individual Portfolio. Unless an alternative fee schedule has been negotiated, for services provided to Individual Portfolios by the Investment Adviser, the Shareholder will be billed a fee, in monthly installments, based on the following percentages of the average daily net assets of each Individual Portfolio:

Average Daily Net Assets	Annual Rate
First \$25 million	0.10%
Over \$25 million	0.08%

Individual Portfolios will also be charged an annual custody administration fee of \$200, plus a portfolio market value-based fee of 1/3 basis point (0.00333%), plus applicable custody transaction fees. A detailed schedule of custody fees is available upon request.

All Individual Portfolios of a single Shareholder will be aggregated to determine the fee for that Shareholder.

## Custodian

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The Trust has arranged for its Custodian, U.S. Bank National Association, Minneapolis, Minnesota, to provide custody for assets of each Individual Portfolio.

The Custodian holds cash and securities of each Individual Portfolio in a separate account in the name of the appropriate Shareholder. The Custodian does not participate in determining investment decisions for the Individual Portfolios. The Investment Adviser may invest in the Custodian's obligations and may buy or sell securities through the Custodian.

*For further information or assistance regarding Individual Portfolios, please call the Investment Adviser at (800) 729-7665.*



CALIFORNIA ASSET  
MANAGEMENT PROGRAM  

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JOINT POWERS AUTHORITY

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<b>AGENDA ITEM NO:</b>	7C
<b>MEETING DATE:</b>	11.20.24

## Staff Report

<b>PRESENTED BY:</b>	Anne Roman, Director of Finance
<b>TOPIC:</b>	<b>2023/24 RESERVE USAGE AND FUNDING TRANSFERS</b>
<b>RECOMMENDATION:</b>	Approve 2023/24 reserve transfers.

**SUMMARY:** Proposed 2023/24 reserve usage and funding transfers are detailed herein.

**ANALYSIS:** Maintaining adequate cash reserves is a crucial component of sound financial management, ensuring the ability to meet both short- and long-term obligations. These reserves support reliable service for ratepayers, fund long-term capital projects, enable emergency responses, and safeguard financial stability against uncertainties in a dynamic environment.

According to the current Reserve Fund Policy, "[t]he Board shall approve any reallocation of funds, transfers among reserve funds...". While initial reserve allocations are set during the budgeting process, actual needs and uses often vary from the budget due to changing circumstances.

Typically, LAIF (Local Agency Investment Fund) reserve fund transfers occur annually, except for legally restricted reserves, which are adjusted as required. Since most project costs are reconciled through the audit process in late summer or early fall, the annual reserve transfer generally takes place in the following fiscal year. The transfers proposed here affect only Board-designated reserve funds and do not impact legally restricted reserve balances or the restricted versus unrestricted balances reflected in the audit.

The proposed reserve fund transfers for FY 2023/24 are as follows:

- **USAGE Transfer:** A total of **\$1,049,970** will be transferred FROM individual LAIF reserve funds TO the LAIF-Cash Flow Reserve, as shown in Column 3 ("**Less: 23/24 QUALIFYING USAGE**") in the attached Table 1.
- **Rate Study Designated Replenishment:** Based on the latest Rate Study, **\$2,760,000** will be transferred FROM the LAIF-Cash Flow Reserve TO the individual LAIF reserves, detailed in Column 4



(“Plus: 23/24 RATE STUDY FUNDING”) in the attached Table 1. This replenishment funding is generated from rates to fund Capital projects, CIRP & Other Equipment replacement, and many mandated Reports and Studies among other things. Funding is contingent upon meeting revenue and expense budget targets at fiscal year-end. Targets were met, allowing for full transfer of replenishment funds designated by the 2022/23 Rate Study.

- Additionally, \$156,420 will be transferred from the LAIF-Cash Flow Reserve to the LAIF-Operating Reserve to ensure three months of operating expenses (as dictated by the budget) are held in this account, as required by the Reserve Policy.

Upcoming Updates: The Reserve Fund Policy will be revised as part of the Administration Code update.

**RECOMMENDED ACTION:** Approve 2023/24 reserve transfers.

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**STRATEGIC PLAN:** 2018 Strategic Plan,  
4.4 Ensure Timely Financial Transactions and Reports

**FISCAL IMPACT:** Transfer \$1,049,970 FROM individual LAIF Reserve funds to reimburse the LAIF-Cash Flow Reserve for 23/24 project costs paid by the fund.

Transfer \$2,760,000 FROM LAIF-Cash Flow Reserve TO various LAIF Reserve funds as designated by 2023 Rate Study for this fiscal year.

Transfer \$156,420 in funding FROM LAIF-Cash Flow Reserve TO LAIF-OPERATING reserve as specified by the Reserve Policy.

This will result in a net decrease to the LAIF-Cash Flow Reserve of \$1,866,450, but the intra-LAIF fund transfers proposed herein do not change the total LAIF balance.

**TABLE 1: JBWD 2023/24 RESERVE USAGE TRANSFERS SCHEDULED FOR 10/01/24 TRANSFER (transfer back-dated)**

1			2	3	4	5
LAIF RESERVE ACCOUNT	QUALIFYING USAGE / OTHER DETAILS	RESERVE TYPE	BEGINNING BALANCE 07/01/24	Less: 23/24 QUALIFYING USAGE	Plus: 23/24 RATE STUDY FUNDING (as supported by net revenues)	ENDING BALANCE 10/01/24
EQUIPMENT & TECHNOLOGY REPLACEMENT	Vacuum/excavator, Concrete mixer, Four replacement trucks, Tire changer, Two-way radios, File server, A-1 Tank Scada upgrades	Board designated	\$270,559	\$345,850	\$375,000	\$299,709
METER REPLACEMENT	Capitalized meter installation costs vs previously transferred cost of materials; Need to sync at end of program.	Board designated	\$1,232,993	\$351,383	\$185,000	\$1,066,610
CAPITAL (ROUTINE)	E2-1 Reservoir upgrade, Tilford Ph 2 Design/survey, Paving at Shop, One new truck, Three cantilever gates, Flowmeter @ Well 16, E2-1 Booster Pump Repl.	Board designated	\$3,175,258	\$297,330	\$2,000,000	\$4,877,928
BUILDING REPLACEMENT	None in 2023/24; Recommend dissolving fund or establishing new funding with updated Reserve Policy.	Board designated	\$96,441	\$0	\$0	\$96,441
STUDIES & REPORTS REPLACEMENT	2023 Hazard Mitigation Plan, Annual Water Loss Report	Board designated	\$310,803	\$55,407	\$200,000	\$455,396
EMERGENCY CAPITAL REPLACEMENT	None in 2023/24	Board designated	\$2,395,166	\$0	\$0	\$2,395,166
WASTEWATER CAPACITY	None in 2023/24	Legally restricted	\$2,572,393	\$0	Replenishment depends on development and is restricted (transferred) in the quarter received.	\$2,572,393
WATER CAPACITY	\$275,905.52 of Tilford Phase 2 project costs were separately approved/ transferred on <u>07/18/24</u> .	Legally restricted	\$1,632,785	\$0	Replenishment depends on development and is restricted (transferred) in the quarter received.	\$1,632,785
OTHER LEGALLY RESTRICTED RESERVES	Legally restricted for CMM, customer and project deposits, etc	Legally restricted	\$1,008,276	Used as legally required.	N/A	\$1,008,276
<b>SUBTOTAL / TOTAL OF TRANSFERS</b>			<b>\$12,694,674</b>	<b>\$1,049,970</b>	<b>\$2,760,000</b>	<b>\$14,404,704</b>
OPERATING	Designated for 3 months of operating expenses in budget.	Board designated	\$2,139,714	\$0	\$156,420	\$2,296,134
CASH FLOW	Designated for 3 months of operating expenses and cash fluctuations	Board designated	\$5,020,756	\$2,916,420	\$1,049,970	\$3,154,306
<b>TOTAL LAIF BALANCE*</b>			<b>\$19,855,144</b>	<b>*Intra-LAIF transfers do not affect total balance</b>		<b>\$19,855,144</b>

Beginning/ending balances reflect 23/24 LAIF interest activity (except 6/30/24 accrual) and periodic restrictions for capacity and deposit account: