

**Borrego Water District Board of Directors
Special Meeting
December 16, 2025 @ 9:00 A.M.
806 Palm Canyon Drive
Borrego Springs, CA 92004**

The Borrego Water District Board of Directors meeting as scheduled will be conducted in person and in an electronic format. Please note BWD is providing remote attendance options solely as a matter of convenience to the public. BWD will not stop or suspend its in-person public meeting should a technological interruption occur with respect to the GoTo meeting or call-in line listed on the agenda. We encourage members of the public to attend BWD meetings in-person at the address printed above. Anyone who wants to listen to or participate in the meeting remotely is encouraged to observe the GO TO MEETING at:

Please join my meeting from your computer, tablet or smartphone.

<https://meet.goto.com/147554173>

You can also dial in using your phone.

United States: +1 (312) 757-3121

Access Code: 147-554-173

Get the app now and be ready when your first meeting starts:

<https://meet.goto.com/install>

I. OPENING PROCEDURES -

- A. Call to Order
- B. Pledge of Allegiance
- C. Directors' Roll Call: President Dice, Vice President Baker, Directors Duncan, **Johnson*, & Moran

***** Teleconference Available at:238 St. Marks Rd, York, Ontario Canada M6S 2J2 *****

- D. Approval of Agenda
- E. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min)
- F. Comments from Directors
- G. Correspondence Received from the Public - None

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION -

- A. Consent Calendar
 - 1. October 14, 2025, Special Meeting Minutes – G Poole
 - 2. November 18, 2025 Special Meeting Minutes – G Poole
- B. Fiscal Year 2024-25 Audited Financial Statements – J Clabaugh
- C. Borrego Springs Subbasin Watermaster
 - 1. Update on Board Activities – G Moran/K Dice
 - 2. Discuss Agenda Items from Upcoming Meeting – G Moran/K Dice
 - 3. Update on Technical Advisory Committee Activities – T Driscoll
 - 4. Status Report on GDE BAS Review Process & T Huxman Interaction.

III. BOARD COMMITTEE REPORTS, IF NEEDED

STANDING:

- A. Operations and Infrastructure: Duncan/Baker
- B. Audit and Budget: Dice/Moran
- C. ACWA/JPIA Insurance: Dice/Johnson

AGENDA: December 16, 2025: The Borrego Springs Water District complies with the Americans with Disabilities Act. Persons with special needs should call Geoff Poole, General Manager – at (760) 767 – 5806 at least 48 hours in advance of the start of this meeting, in order to enable the District to make reasonable arrangements to ensure accessibility. If you challenge any action of the Board of Directors in court, you may be limited to raising only those issues you or someone else raised at the public hearing, or in written correspondence delivered to the Board of Directors (c/o the Board Secretary) at, or prior to, the public hearing.

All Documents for public review on file with the District's secretary located at 806 Palm Canyon Drive, Borrego Springs CA 92004. Any public record provided to a majority of the Board of Directors less than 72 hours prior to the meeting, regarding any item on the open session portion of this agenda, is available for public inspection during normal business hours at the Office of the Board Secretary, located at 806 Palm Canyon Drive, Borrego Springs CA 92004.

AD HOC:

- A. Prop 68 Implementation: Baker/Johnson
- B. Public Outreach: Dice/Johnson:
- C. Grants: Dice/Johnson
- D. Cyber Security/Risk Management: Baker
- E. T2 Developers Agreement: Baker/Duncan
- F. Finance/Prop 218: Baker/Moran
- G. Borrego Springs Basin Water Quality: Moran/Johnson
- H. Automated Metering Implementation: Baker/Moran
- I. Organizational Assessment – Duncan/Baker
 - 1. Status Report

IV. STAFF REPORTS

- A. Waste Water: November 2025 Monthly Report – R Martinez
- B. Water Production: November 2025 Monthly Report – M Marin
- C. Finance: October 2025 Monthly Report – J Clabaugh
 - 1. Connection Fee, Town Center Sewer Expansion Fee, Flood Control Fee Analyses
- D. Administration – D Del Bono, Verbal
- E. Legal Counsel – S Anderson, Verbal
- F. General Manager – G Poole, Verbal
 - 1. EPA Waiver #2 Request Status
 - 2. ACWA/JPIA: Presidents Special Recognition Award received by BWD
 - 3. DB 20 Well Test

V. CLOSED SESSION:

- A. CONFERENCE WITH LEGAL COUNSEL - Paragraph (1) of Government Code, section 54956.9 – Existing Litigation (Borrego Water District v. All Persons (Groundwater), Orange County Superior Court Case No. 37-2020-0000577)
- B. CONFERENCE WITH LEGAL COUNSEL – Existing Litigation (John Thomas Doljanin v. State of California, et al., S.D. Cal. Case No. CA 25cv0469JLSDDL.)

VI. CLOSING PROCEDURE:

- A. The next Board Meeting is scheduled for 9:00 AM on January 20, 2025, to be available online and in person at 806 Palm Canyon Drive. See Board Agenda at BorregoWD.org for details, Agenda information available at least 72 hours before the meeting.

AGENDA: December 16, 2025: The Borrego Springs Water District complies with the Americans with Disabilities Act. Persons with special needs should call Geoff Poole, General Manager – at (760) 767 – 5806 at least 48 hours in advance of the start of this meeting, in order to enable the District to make reasonable arrangements to ensure accessibility. If you challenge any action of the Board of Directors in court, you may be limited to raising only those issues you or someone else raised at the public hearing, or in written correspondence delivered to the Board of Directors (c/o the Board Secretary) at, or prior to, the public hearing.

All Documents for public review on file with the District’s secretary located at 806 Palm Canyon Drive, Borrego Springs CA 92004. Any public record provided to a majority of the Board of Directors less than 72 hours prior to the meeting, regarding any item on the open session portion of this agenda, is available for public inspection during normal business hours at the Office of the Board Secretary, located at 806 Palm Canyon Drive, Borrego Springs CA 92004.

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
DECEMBER 16, 2025
AGENDA ITEM II.A

December 5, 2025

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Consent Calendar

A. October 14, 2025 Special Meeting Minutes

B. November 18, 2025 Special Board of Director Meeting Minutes

RECOMMENDED ACTION:

Discuss, Amend if Needed and Approve

ITEM EXPLANATION:

The attached Minutes have been prepared and available for Board review and approval.

NEXT STEPS

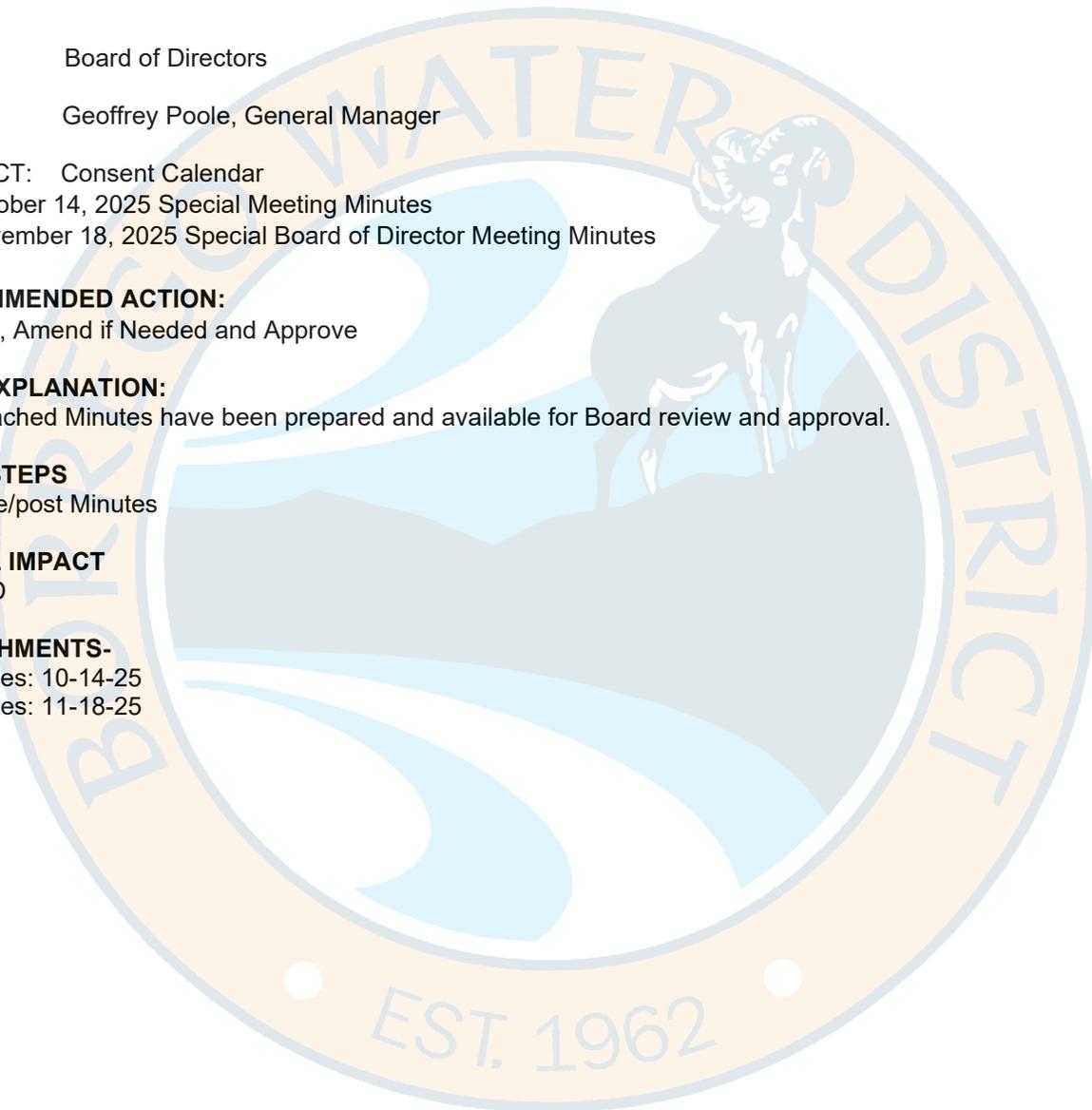
1. File/post Minutes

FISCAL IMPACT

1. TBD

ATTACHMENTS-

1. Minutes: 10-14-25
2. Minutes: 11-18-25



**Borrego Water District Board of Directors
October 14, 2025, Special Meeting
806 Palm Canyon Drive
Borrego Springs, CA 92004**

I. OPENING PROCEDURES –

A. Call to Order: Vice President Baker called the meeting to order at 9:02 AM

B. Pledge of Allegiance

C. Directors' Roll Call: Directors Duncan, Johnson, Vice President Baker and President Dice were present. President Dice's remote location in Borrego Springs as posted in packet

D. Approval of Agenda: In a motion by Director Johnson; seconded by Director Duncan, the Agenda was approved unchanged, via a 4-0 roll call vote.

E. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min): None

F. Comments from Directors: None

G. Correspondence Received from the Public: None

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION –

A. Consent Calendar

1. July 15, 2025, Special Meeting Minutes – G Poole
2. Phase One Environmental Assessment on BWD/Bauer Parcels – S Anderson

1. Information Presented:

- a. GM Poole presented the Proposed Minutes for July 15, 2025.
- b. Dudek Proposal for ESA Phase I as distributed in the Agenda Packet

2. Comments/Questions/Discussion/Deliberations.

- a. None

3. Board Action Direction/Motion/Second/Vote

- a. In a motion by Director Johnson; seconded by Duncan, the 2 items on the Consent Calendar were approved unanimously 4-0, via a roll call vote.

B. Legislative Advocate Updates

1. Lowry Crook/Michael Brain, BBK – Washington DC
2. Syrus Deevers, SDA - Sacramento

1. Information Presented:

- a. Poole introduced Lowry Crook, Michael Brain and Syrus Deevers, BWD Legislative Advocates
- b. Lowry introduced Mike Brain who most recently has worked with Department of Interior Office for Water and Science.
- c. The current focus on Fed Legislative efforts is the current request for a waiver of the 20% local agency match on EPA #2.
- d. Syrus informed the Board the new CA E Vehicles requirements has a deferral option for small agencies. CA has developed a website for this purpose and BWD would need to log on an notify CA it will be deferring its purchases until 2027.
- e. Syrus informed the Board approximately 1/3 of the \$10 B Prop 4 funding will be made available in the foreseeable future. \$32 M has been appropriated into the Multi Benefit Land Program with \$6.8 flagged for farmland purchase.

2. **Comments/Questions/Discussion/Deliberations.**
 - a. Director Johnson asked if the entire Prop 4 Program would have a duration of the 3 year and Syrus commented, no, this will take longer.
 - b. Director Baker asked if the E Vehicle requirement would require a new rate study. Poole responded that the complete economic impact of this requirement has not been calculated yet and he does not feel the issue would have rate impacts specifically.
3. **Board Action/Direction/Motion/Second/Vote**
 - a. No Board action needed.

C. Waste Water Treatment Plant Nitrogen and TDS Studies Overview – G Guillen, N2W

1.Information Presented:

- a. Poole introduced Greg Guillen to provide an overview of the Nitrogen and TDS studies
- b. Guillen reviewed the final Draft of Nitrogen and TDS studies to be submitted to the State Water Board, as shown in the Agenda attachments to this item.

2.Comments/Questions/Discussion/Deliberations.

- a. Director Baker asked about the TDS impact of restaurants on our WW system and why the State is focused on this use. Guillen responded that restaurants are one of the common uses that can impact WW quality and a common question. Grease traps protect our WW system from Fats Oils and Grease but not from TDS/salts. However, it is not practical for WW to be sampled from an individual user and BWDs system wide TDS increases do not indicate there is a problem.
- b. Director Johnson asked about the status of the bottled water company. Poole stated that he had heard the bottled water production has stopped. Martinez confirmed the bottled water plant is NOT connected to sewer.
- c. Director Baker asked if Guillen is making a recommendation for TKN removal and Guillen more clarification is needed in his report and stated the technique chosen will be impacted if a TKN discharge standard would be applied to BWD WWTP.

3. Board Action/Direction/Motion/Second/Vote

- a. In a motion by Director Duncan, seconded by Director Johnson, - Resolution No 2025.07.03 was approved unanimously via a 4-0 roll call vote

D. Contract with Superior for Country Club Tank Repairs – A Asche

1.Information Presented:

- a. Poole presented the Draft Contract with Superior for repairs to the Country Club Tank
- b. Anderson indicated the dollar figure in the packet needs to be corrected and yellow highlights completed.

2.Comments/Questions/Discussion/Deliberations.

- a. None

3. Board Action/Direction/Motion/Second/Vote

- a. In a motion by Director Duncan, seconded by Director Johnson, - the Contract with Superior Tank for repairs to the Country Club Tank was approved unanimously via a 5-0 voice

E. Report on Rams Hill Water Related Planning Activities and Proposed Next Steps – G Poole

1.Information Presented:

- a. Poole reviewed the status of RH planning as outlined in the Agenda packet.

2.Comments/Questions/Discussion/Deliberations.

- a. Director Duncan asked about the evaluation of BWD existing water system and its ability to transport large quantities of water from North to South. Poole responded that if the WM pumping model 1C is “sustainable” a hydraulic analysis of BWDs system would be the logical next step.
- b. Director Johnson asked if impacts at one well would be considered as a significant and undesirable result. Driscoll indicated that each Basin has its own definition but one well typically does not qualify.

3. Board Action/Direction/Motion/Second/Vote

- a. None, no Board action requested

F. Request to Purchase 8 af of BWD Carry Over by Susan Carpenter – G Poole

1.Information Presented:

- a. Poole requested a deferral on a decision on this specific item due to the pending WM discussion on this topic, however, it would be useful to discuss the logic behind the proposed rate for future use with the BWD Board, as described in the Agenda packet.

2. Comments/Questions/Discussion/Deliberations.

- a. Director Johnson asked about the possibility of including a fee to cover BWD administrative work to process a CO purchase request. Poole responded this was good point and a \$200 application fee would be appropriate.

3. Board Action/Direction/Motion/Second/Vote

- a. No Board action needed

G. Borrego Springs Subbasin Watermaster Board

1. Update on Board Activities – G Moran/K Dice: Director Moran mentioned the key items of the Agenda include selection of the GDE BAS Consultant and Carry Over/Basin Water Transfers discussion.

2. Discuss Agenda Items from Upcoming Meeting – G Moran/K Dice

3. Update on Technical Advisory Committee Activities – T Driscoll

- i. Technical Comments on UC GDE Study and Consultant Selection – T Driscoll
- ii. Water Quality Sustainability Management Criteria – T Driscoll/S Anderson

1. Information Presented

- a. Driscoll stated several lines of evidence were provided in the US Study showing GDEs rely upon surface and groundwater, depending upon availability.
- b. Driscoll ranked the GDE Consultants: UCR, Rhode, USGS and NAU
- c. Driscoll stated the TAC has been focused on elevations to date with no water quality discussions, which are set for the coming months. Driscoll is also working on specific Minimum Thresholds for each BWD production well to protect WQ and reduce potential for cavitation of impellers.

2. Comments/Questions/Discussion/Deliberations.

- a. None

3. Board Action/Direction/Motion/Second/Vote

- a. No Board action requested

BOARD COMMITTEE REPORTS, IF NEEDED STANDING:

A. Operations and Infrastructure: Duncan/Baker

B. Audit and Budget: Dice/Moran

C. ACWA/JPIA Insurance: Dice/Johnson

AD HOC:

A. Prop 68 Implementation: Baker/Johnson

B. Public Outreach: Dice/Johnson: Borrego Days is a few days away and BWD will be a participant again.

C. Grants: Dice/Johnson

D. Cyber Security/Risk Management: Baker: Baker updated the Board that BASIC in Borrego was recently targeted for spear phishing. Just a reminder to be aware

E. T2 Developers Agreement: Baker/Duncan

F. Finance/Prop 218: Baker/Moran

G. Borrego Springs Basin Water Quality: Moran/Johnson

H. Automated Metering Implementation: Baker/Moran

IV. STAFF REPORTS

A. Wastewater: JUNE 2025 Monthly Report – R Martinez

B. Water: JUNE 2025 Monthly Report – A Asche

C. Finance: MAY 2025 Monthly Report – J Clabaugh

D. General Manager – G Poole

The meeting was adjourned for 5 minutes to reconvene in Closed Session at 1:02 PM.

At 2:30 PM Vice President Baker re convened the Open Session and adjourned the meeting with no reportable Closed Session action.

**Borrego Water District Board of Directors
November 18, 2025, Special Meeting
806 Palm Canyon Drive
Borrego Springs, CA 92004**

I. OPENING PROCEDURES –

A. Call to Order: Vice President Baker called the meeting to order at 9:02 AM

B. Pledge of Allegiance

C. Directors' Roll Call: Directors Duncan, Johnson, Moran, Vice President Baker and President Dice were present.

D. Approval of Agenda: In a motion by Director Johnson; seconded by Director Moran, the Agenda was approved unchanged, via a 5-0 roll call vote.

E. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min):

1. David Garmon shared a summary of his history/involvement as part of the Groundwater Sustainability Plan appendix D4 and stated Consultant Driscoll has a conflict of interest going forward the current Watermaster Best Available Science (BAS) analysis. Legal Counsel suggested the Board move agenda item II.D.4.i up and discuss earlier than planned in a motion by Johnson and seconded by Moran, the item was approved 5-0 via voice vote.

Driscoll informed the Board he recently revisited Appendix D4 and feels the UC GDE study does not necessarily supersede Appendix D4 but there are new findings in the UC GDE Study that shows inaccuracies in D4. In terms of new data, the two main issues consist of site specific mesquite mapping and root depth data.

Director Johnson asked if previous written and verbal statements made by Driscoll concluded the UC GDE study was BAS. Driscoll responded that based on multiple lines of evidence there are mesquite that rely upon multiple sources of water, including ground, perched and flood, which he feels was confirmed by the UC Study.

Garmon appreciated the recognition by Driscoll that the mapping used in Appendix D4 ignored 95% of the mesquite bosque. Tevor Jones from Intera reviewed a series of slides encapsulating their comments that will be submitted to the WM TAC that pertain to hydrogeology (depth to groundwater), Airborne Electro Magnetic (UC Study did not recognize clay lenses), mesquite tissue isotope (66% from groundwater), and Evapotranspiration data. Driscoll stated that there does not seem to be actions that could be taken by the WM to impact future of the Bosque.

Following the presentation, Garmon thanked Intera for their report and could not agree more and called it a wonderful discussion of the BAS for the mesquite bosque and a hope that the WM Board will quickly come to a conclusion.

Director Baker asked Driscoll to clarify his previous statements re: BAS = YES OR NO? Driscoll stated that Intera has provided comments which should be the official position for now but in terms of a YES/NO additional investigation is needed for a definitive answer. It is safe to say Phreatophyte exist and the UC

Study advances the science significantly but issues need to be addressed before declaring the work BAS. The Board requested Staff and Intera to submit the comment letter and supporting info to the Watermaster.

Legal Counsel asked for clarifications on the definition of BAS in the scientific community, specifically is it normally “one singular study” or a compendium of work done over time, ever evolving. Driscoll responded its not a single report but the body of scientific data at hand to assist in making informed decisions.

Poole stated that as evidenced by Interas presentation, Garmons accusation that Driscoll is conflicted and cannot be relied upon going forward are unfounded and BWD staff feels they are getting good advice. Director Baker agreed. Poole also stated that the sooner the Huxman and the TAC can get together to discuss the comment letters submitted, the better.

F. Comments from Directors: None

G. Correspondence Received from the Public: None

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION –

A. Consent Calendar

1. October 14, 2025, Special Meeting Minutes – G Poole

1. Information Presented:

- a. GM Poole presented the Proposed Minutes for October 14, 2025

2. Comments/Questions/Discussion/Deliberations.

- a. Additional work is needed on the minutes, so they were pulled and will be brought back at the November Board meeting.

3. Board Action Direction/Motion/Second/Vote

- a. No Board action needed

B. Proposal for BWD Waterline Hydraulic Analysis to Accommodate NMA Pumping – Intera

- a. NMA Pumping Model Run 1 C: Initial Findings – T Driscoll

1. Information Presented:

- a. Poole and Driscoll reviewed the status of WM modeling for run 1C, which concluded there are no longer any projected Undesirable Results in Basin groundwater elevations thru 2070
- b. Driscoll and Kipp Vilker, Intera reviewed the proposed Scope of Work for the BWD hydraulic analysis using the Proposal published in the Board packet to evaluate the transmission of water volumes used in 1C thru BWDs existing water system.
- c. Poole informed the Board that one BWD benefit to this analysis will include an update of the current BWD model and updated map books for Ops staff.

2. Comments/Questions/Discussion/Deliberations.

- a. None

3. Board Action/Direction/Motion/Second/Vote

- a. In a motion by Duncan, seconded by Baker, the motion to approve the Scope was approved via a 5-0 voice vote.

C. Policy/Procedure Review, Organizational Assessment/Salary Survey & NEW AD HOC COMM REQUEST – G Poole

1. Information Presented:

- a. Poole outlined the need to review all of BWDs Policies and Procedures as well as update the Organizational Chart. Job Descriptions and salaries.
- b. Poole also requested Board Committee support during this process, which is expected to take 4 months to complete

2. Comments/Questions/Discussion/Deliberations.

- a. Director Baker stated that an Ad Hoc would provide the most flexibility during the process

3. Board Action/Direction/Motion/Second/Vote

- a. President Dice created a new AD HOC Organizational Assessment Committee comprised of Duncan and Baker.

- D. Borrego Springs Subbasin Watermaster
 - a. Consideration of New BWD Alternate WM Board Representative: T Baker – K Dice
 - b. Update on Board Activities – G Moran/K Dice
 - c. Discuss Agenda Items from Upcoming Meeting – G Moran/K Dice
 - d. Update on Technical Advisory Committee Activities – T Driscoll
 - i. Clarification of Previous Past Statement on BAS in UC GDE Study - T Driscoll

1. Information Presented:

- a. President Dice informed the Board that due to her health condition, she feels its best for her to step down as our Board Alternate and Director Baker has volunteered to take over
- b. Director Moran reviewed the items on the upcoming WM Agenda including GDE and Model Run 1D

2. Comments/Questions/Discussion/Deliberations.

- a. Director Baker asked why each model run costs \$10,000 each.

3. Board Action/Direction/Motion/Second/Vote

- a. President Dice appointed the OA Comm-Duncan/Baker

COMMITTEE REPORTS, IF NEEDED STANDING:

- A. Operations and Infrastructure: Duncan/Baker
- B. Audit and Budget: Dice/Morana: Director Moran informed the Board that the Audit is done and under review by the Committee and staff. The intent would be to bring this item to the Board in Dec.
- C. ACWA/JPIA Insurance: Dice/Johnson

AD HOC:

- A. Prop 68 Implementation: Baker/Johnson
- B. Public Outreach: Dice/Johnson: Borrego Days is a few days away and BWD will be a participant again.
- C. Grants: Dice/Johnson
- D. Cyber Security/Risk Management: Baker: Baker updated the Board that BASIC in Borrego was recently targeted for spear phishing. Just a reminder to be aware
- E. T2 Developers Agreement: Baker/Duncan
- F. Finance/Prop 218: Baker/Moran
- G. Borrego Springs Basin Water Quality: Moran/Johnson
- H. Automated Metering Implementation: Baker/Moran

IV. STAFF REPORTS

- A. Wastewater: OCTOBER 2025 Monthly Report – R Martinez
- B. Water: OCTOBER 2025 Monthly Report – M Marin Poole introduced BWD new Interim Ops Manager, Manny Marin.
- C. Finance: SEPTEMBER 2025 Monthly Report – J Clabaugh
- D. Administration – D Del Bono, Verbal
- E. Legal Counsel – S Anderson, Verbal
- F. General Manager – G Poole
 - 1. Borrego Days De Brief

The meeting was adjourned for 5 minutes to reconvene in Closed Session at 11:50 AM.

At 12:35 PM President Dice re convened the Open Session and adjourned the meeting with no reportable Closed Session action.

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
DECEMBER 16, 2025
AGENDA ITEM II.B

December 5, 2025

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Fiscal Year 2024-25 Audited Financial Statements – J Clabaugh

RECOMMENDED ACTION:

Review and accept Audit for FY 24-25

ITEM EXPLANATION:

BWDs Auditors, Davis-Farr, has completed the annual audit and its attached for Board review and acceptance.

NEXT STEPS

1. Distribute to interested parties

FISCAL IMPACT

1. See Attached

ATTACHMENTS

1. Audited Financial Statements



BORREGO WATER DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

BORREGO WATER DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025
TABLE OF CONTENTS

	<u>Page</u>
Introductory Section:	
Letter of Transmittal	i
Financial Section:	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Net Position	11
Statement of Cash Flows	12
Statement of Fiduciary Net Position	14
Statement of Changes in Fiduciary Net Position	15
Notes to Financial Statements	16
Required Supplementary Information:	
Schedule of Plan's Proportionate Share of Net Pension Liability and Related Ratios	36
Schedule of Contributions to the Pension Plan	37



December 5, 2025

TO: Honorable President and Members of the Board of Directors and Customers of the Borrego Water District:
FROM: Geoffrey Poole, General Manager
SUBJECT: Fiscal Year 2024-25 Audit

State law requires that all general-purpose local governments and special districts publish each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Annual Financial Report of the Borrego Water District (BWD; District) for fiscal year ended June 30, 2025 is hereby submitted, as required, by David Farr, LLP., a firm of licensed certified public accountants, who has audited the District's financial statements.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately after the Independent Auditors' Report.

Management assumes full responsibility for the completeness and reliability of the information contained in this Transmittal Letter, the MD&A, the accompanying financial statements, and the Supplemental Schedules, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The stated objective of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2025 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2025 are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this year's audit report.

PROFILE OF THE DISTRICT AND BORREGO SPRINGS COMMUNITY

The District was established in 1962 as a State of California special district (Water Code § 35565) to provide water and sewer services, flood risk management, and gnat abatement for areas in the Borrego Springs community. The District acquired neighboring Borrego Springs Water Company in 1997 and in 2009 acquired Borrego Springs Park Community Services District.

The present size of the District's service area is approximately 50 square miles. Borrego Springs is an unincorporated destination community of approximately 3,500 full-time and approximately 8,000 winter residents, located in a remote northeast corner of San Diego County, approximately 90 miles drive from San Diego and 87 miles drive from Palm Springs.

Borrego Springs is surrounded on all sides by the Anza-Borrego Desert State Park (the Park). The Park, which encompasses 615,000 acres in and around the Borrego Valley, was established in 1933 to protect this unique desert environment. The Park is the largest state park in California. It was designated as a National Natural Landmark in 1974 and a Biosphere Reserve in the 1980's by the United Nations.

The Park contains approximately 85% of State designated wilderness area within California and is approximately the size of Rhode Island. The Park attracts more than 500,000 visitors to the region on an average year. Borrego Springs can welcome more than a million visitors to its community on a super bloom year, as in the springs of 2017 and 2019. An economic study developed for the Anza-Borrego Foundation (ABF) estimates the revenue to the region generated by visitation to the Park during an average year is approximately \$40 million annually (BBC Consulting, 2012).

The military presence of both the Army and Navy during World War II brought the first paved roads and electricity to Borrego Springs. After the war, developers subdivided the area, attempting to create a resort community by capitalizing on the tourism generated by the Park.

Infrastructure

The District has 9 production wells with a replacement cost of approximately \$2,500,000 each. These production wells are located primarily in the Central Management Area of the groundwater basin and are connected to approximately 100 miles of distribution lines. The District's water system serves approximately 2,059 residential, commercial, institutional, and irrigation customers. The District currently extracts approximately 1,500 acre-feet (489 million gallons) annually to its customers. The District also provides sewer and wastewater treatment services to approximately 830 customers located primarily in the Town Center, Club Circle and Rams Hill developments. The District's flood control authority is presently exercised only at Rams Hill. The estimated present replacement cost value of the District's water, sewer and wastewater treatment facilities infrastructure is approximately \$100,000,000 in 2025 dollars.

Governance

A five-member Board of Directors govern the affairs of the District. The board is elected at large to four-year staggered terms by the registered voters residing within the District's boundaries. Vacant positions that occur between elections are appointed by the existing Board typically following an advertising and interview process.

The Board Members are responsible for establishing the direction of the District through adopting budgets, rates setting processes, policies and ordinances; ensuring that sound fiscal policy exists; policies and organizational structure; hiring the District's General Manager; and hiring other advisors to the board, such as the District's legal counsel, financial and other advisors, as may be required.

The General Manager is responsible for carrying out the policies and ordinances approved by the District's board, for overseeing the day-to-day operations of the District, and for meeting the customer service and financial objectives set forth in the annual operating and capital improvements projects (CIP) budget approved by the board.

Groundwater Supply, Usage & Availability

The Borrego Springs Subbasin (Subbasin) of the Borrego Valley Groundwater Basin is located at the westernmost extent of the Sonoran Desert. The Borrego Springs community overlying the Subbasin relies on local groundwater resources from the Subbasin as the sole source of municipal drinking water, domestic supply, and agricultural irrigation.

The California Department of Water Resources (DWR) has designated the 98-square-mile Subbasin as critically overdrafted. Chronic lowering of groundwater levels in the Subbasin's three aquifers has historically occurred and is ongoing. Historically, the critical overdraft annually exceeded the long-term sustainable yield of the Subbasin and there are no economically viable alternative sources of imported water supply.

The primary source of water to the Subbasin is surface water (storm water and ephemeral stream flow) that flows into the valley from adjacent mountain watersheds and infiltrates within the valley. The contributory watersheds are approximately 400 square miles (sq. mi) and much larger in area than the approximately 98 sq. mi (62,776 acres) Subbasin. Direct recharge by rainfall within the valley is very low compared to surface water inflows as the annual rainfall averages 5.8 inches per year (in/yr). Stream and flood flows from the adjacent watersheds provide the bulk of the water that enters the Subbasin.

The current hydrologic conceptual model for the aquifer system is that it consists of three unconfined aquifers: the upper, middle, and lower aquifers. The upper and middle aquifers are the primary sources of groundwater currently and are typically comprised of unconsolidated sediments. However, with time, the upper aquifer has already become or is expected to become dewatered, and the lower aquifer will become a more important source of water as overdraft continues. These three aquifers, Pleistocene (2.5 million years ago) to Holocene (11,700 years ago) era fossil water deposits, are the community's sole source of water. In modern times, the upper and middle aquifers have been the principle sources for groundwater pumping in Borrego Valley.

Since 1945, when large scale pumping began in the Borrego Springs area following World War II, the cumulative volume loss within the Subbasin (which accounts for both annual inflows and outflows) has been approximately 520,000 acre-feet (AF), equivalent to about one-third of the groundwater volume originally present.

At this time there are no plans to import water from outside the Borrego Valley due to the economic cost of a pipeline and the uncertainty of available and affordable imported supply from the Colorado River. Readers may consult the *Southeast California Regional Basin Study Evaluates Water Supply and Demand in Borrego, Coachella, and Imperial Valleys* by the U.S. Bureau of Reclamation for more information. Importation of new supply from nearby groundwater basins has also been ruled out due to availability of potential adequate supply and cost. Readers may consult the *Borrego Spring Pipeline Feasibility Study: Final Report* by the U.S. Environmental Protection Agency- Region 9 (2012).

The net replenishment (natural recharge less outflows) of the basin of approximately 7,900 acre-feet per year (AFY) annually is based on historical data (1945-2015). During this period, the actual annual natural net recharge was highly variable, fluctuating from less than 1,000 AFY during long dry periods to more than 25,000 AFY in exceptionally wet years. Based on the historical data from 66 years, groundwater levels have declined as much as 126 feet (average of nearly 2 feet per year) in the northern part of the Subbasin and about 87 feet (average of 1.3 feet per year) in the west-central part.

Presently, the Subbasin is usefully divided into three Basin Management Areas (South, Central, North) based on differences in transmissivity (how fast groundwater flows from one area to the next) and water quality. Depending on the Management Area location, wells are often screened primarily in the three different aquifers of the basin and exhibit different water quality characteristics. Readers should review the USGS, *Hydrogeology, Hydrologic Effects of Development, and Simulation of Groundwater Flow in the Borrego Valley, San Diego County* (2015) and Borrego Spring Subbasin Groundwater Management Plan (2020) for more complete information.

Sustaining groundwater use requires considering both water quantity and quality. As water levels continue to drop in the basin, water quality may also decline, which may require additional advanced treatment for municipal uses.

Sustainable Groundwater Management Act of 2014 (SGMA)

The overarching aim of SGMA is to establish and achieve a *sustainability goal* for the Subbasin through the development and implementation of a Groundwater Sustainability Plan (GSP) by the Groundwater Sustainability Agency (GSA) for the Subbasin or alternatively by a Watermaster implementing a *Physical Solution* under a court Stipulated Judgment. Both are valid options under SGMA. In enacting SGMA, the Legislature also set forth more specific purposes underlying the legislation, which include providing for sustainable management of groundwater, avoiding six designated *undesirable results* to groundwater resources that could occur without proper management, enhancing the ability of local agencies to take action to protect groundwater resources, and preserving the security of water rights to the greatest extent possible consistent with sustainable management of groundwater.

As defined by SGMA: "A basin is subject to critical overdraft when continuation of present water management practices would probably result in significant adverse overdraft-related environmental, social, or economic impacts." Thus, the intent of the GSP is to achieve long-term groundwater sustainability by restoring balance to (i.e., reaching *sustainability*) in the Subbasin no later than January 2040, as mandated by SGMA.

In 2016, the County of San Diego and BWD entered into a Memorandum of Understanding (MOU) for forming a multi-agency Borrego Valley Groundwater Sustainability Agency (GSA) to develop a GSP for the Subbasin. The intent of this GSP was to meet the requirements of SGMA. To this end, the GSP includes the scientific and other background information about the subbasin required by SGMA and it is implementing regulations. The GSP was also intended to provide a roadmap for how sustainability is to be reached in the Subbasin by January 2040. Information regarding the SGMA related planning documents including the GSP can be found at borregospringswatermaster.com

In October 2019, the County informed DWR of its decision to decline further participation as a GSA for the implementation phase of SGMA effective December 31, 2019. On January 30, 2020, pursuant to California Water Code (CWC) Sections 10733.6 and 10737.4, BWD submitted to DWR the SGMA mandated GSP. Shortly thereafter, over 90% of Basin pumpers began negotiations on a proposed Stipulated Judgment including a groundwater management plan (GMP), constituting a *Physical Solution* for DWR's review and approval to serve as an alternative to a GSP for the Subbasin in compliance with SGMA. The pumper group agreed to a Settlement of water rights also applied to the California Superior Court (Court) for a Stipulated Judgement (Judgement). This Stipulated Judgement was approved by the Court on April 8, 2021 under which the Subbasin pumpers have agreed to implement the *Physical Solution* (GMP) under management of the Borrego Springs Watermaster. The Watermaster has been fully functional since 2021 and under its guidance, all non de minimis pumpers have been metered, groundwater elevation and quality monitoring program expanded, reevaluation of the Basin sustainable yield (increased from 5,700 to 7,952 AFY), Basin-wide pumping reduced by 50% from the volumes identified in the GMP and annual DWR reports submitted, including 5 year evaluation of original GMP.

Under the Stipulated Judgement, Annual Reports for the Borrego Springs Groundwater Subbasin have been prepared for submittal to the California State Department of Water Resources (DWR) as of April 1, 2020 per Article 7, Section 356.2-Annual Reports, of the California Code of Regulations.¹ These reports has been prepared on behalf of the stipulating parties to the groundwater rights adjudication for the Borrego Springs Groundwater Subbasin (Subbasin) (DWR Basin No. 7.024.01) of the Borrego Valley Groundwater Basin. GSA reports are available on the Watermaster website at www.borregospringswatermaster.com.

Under the Stipulated Judgement, a court order effective April 8, 2021, the Borrego Springs Watermaster was formed and is required to collect fees from all major pumpers of the basin according to their BPA(Baseline Pumping Allocation). For Water Year 2024 this amount was \$26.59/Acre Foot and \$24.06/Acre Foot for Water Year 2025.

In Fiscal Year 2023 the District closed on the purchase of a portion of 420 acres of citrus groves at the north end of DiGiorgio Road and committed to purchase another 300 acres over the following 8 years. \$5.5 M is budgeted for water right purchase and land fallowing activities. Once the citrus is fallowed, BWD will add 670 AF to its existing 2040 water rights of approximately 900 AFY. The District has revised its revenue requirements and is planning to build reserves for BPA acquisition and payback of cash reserves used for the purchase.

California's Ongoing Drought

Because the Borrego Valley relies solely on the Subbasin for its municipal, recreational, and farming irrigation uses, the California drought has produced no physical impairment of water supply for BWD and is not expected to do so in the near future. Borrego water users continue to make investments to use water more efficiently and to engage in water conservation programs. The desert environment provides an ongoing impetus to use water wisely.

Capital Improvements Program (CIP)

BWD updates its 10-year CIP project costs annually in consultation with its Operations Manager, WWTP Operator and Consulting District Engineer. Details of the projects and costs incurred are included in BWD's annual budget.

Cyber Security Risk Management

BWD has a robust cybersecurity policy and engages in ongoing and periodic intrusion detection services performed by the US Department of Homeland Security's Cyber Security and Infrastructure Agency(CISA). In addition, the District consults with its own IT expert, who is available every day, BWD Management conducts regular staff training on various hacking schemes and has secured a robust Cyber Security Insurance Policy thru ACWA-JPIA.

Flood Risk Management

BWD has a flood risk reduction assessment policy and utilizes BWD staff with professional engineers as needed to periodically assess that BWD's flood risk reduction facilities at Rams Hill are maintained to meet the specific flood risk objectives for such facilities.

Groundwater Water Levels and Water Quality Changes Risk Management

The Watermaster monitors a network of local wells including 27 dedicated monitoring wells and 24 extraction wells. Of the 52 wells in the network, 51 are monitored for groundwater levels, 31 are monitored for water quality, and 19 are monitored for production. Manual groundwater level measurements are collected in the spring and fall of each year to track seasonal groundwater trends. Groundwater quality monitoring includes sampling, on average, 31 wells on a semi-annual basis to determine and track groundwater quality trends. Wells are monitored for potential Contaminants of Concern (COCs). The COCs include arsenic, fluoride, nitrate, sulfate, and total dissolved solids (TDS).

1 Title 23, Division 2, Chapter 1.5, Subchapter 2 of the California Code of Regulations, which is commonly referred to as the Groundwater Sustainability Plan Regulations (GSP Regulations).

Previous Fiscal Years Spending by the District

The District has largely addressed the financial situation that was inherited from the 2007-2010 Board and general manager's decisions that between FY 2008 - FY 2011 spent more than \$6.3 million of the District's \$6.5 million cash reserves and potentially obligated the District to spend another \$7.0 million for unfunded projects. These spending and future obligations resulted in the District no longer having the financial stability to obtain new debt to pay for necessary long-term capital improvement projects (CIP). With the cancellation of many of the future obligations incurred by the 2007 board, reduction of annual operating and maintenance (O&M) expenses by more than \$1.2 million, careful cash flow management, and Proposition 218 approved rate increases during the period FY 2012-2021, the District then had sufficient annual cash flow and cash reserves by FY 2018 for necessary borrowing to issue \$5.5 million in bonds to fund needed CIP for FY 2019-2021.

Due to historically low interest rates, in October of 2022, BWD was able to refinance the remaining principal of the \$5.5 million Pacific Western Bond and issued an additional \$3 million with Capitol One Public Financing. About \$1.5 million was allocated to complete construction of new production well ID5-15 and to perform necessary rehab and repairs on various existing production wells. The remaining \$1.5 million was utilized to purchase additional BPA in FY23.

The District's Board believes timely investments in CIP are necessary to produce the lowest economic cost provision of municipal water, sewer, and wastewater treatment services over the long term for the District's customers.

Grant and Other Funding Opportunities: BWD has aggressively pursued Grant and other funding sources to fund deferred infrastructure replacement. CA Proposition One and 68 plus Direct Federal Congressional Appropriations received in the past few years is approaching \$13 M, which provides significant relief compared to generating this quantity of funds thru water rates and charges.

Environmental and Climate Changes

With the emergence of Anthropogenic Climate Disruption (climate change), the current scientifically accepted prognosis is for potentially greater future climate variability. Such variability may result in higher frequency of floods and longer periods of lower precipitation in the Park's watersheds that provide recharge to the Subbasin. Thus, climate changes may introduce additional costs for the District to provide potable municipal water to its customers. These factors will be considered in future Basin sustainability modeling.

Long-Term Financial Planning

Through a coordinated strategic process, the Board has established a series of policies and plans to effectively meet the District's anticipated future revenue needs. The principles the District has adopted for maintaining revenue sufficiency and good credit include: (a) the active management and projection of monthly cash flow during the year; (b) holding Operating and maintenance (O&M) expenditures to the annual budget; (c) fairly compensating employees to promote retention; (d) refinancing of existing debt obligations where such refinancing would produce reductions in future long term cash obligations; (e) minimizing its reliance of operating cash flow to fund CIP; (f) the active development of state and federal grant opportunities for funding CIP and SGMA-related costs; (g) implementing annual water and sewer rate increases to increase cash flow and to accumulate cash reserves; (h) the maintenance of sufficient cash reserves to address emergency and environmental and climate change risk factors; and (i) completing the Proposition 218 rate process (2024).

The primary driver for the long-term financial viability of the District, as well as the economy of the Valley is the critical overdraft's potential impact on water quality (see section on Groundwater Supply, Usage & Availability above) and the need to relocate existing wells and add new wells as well production is impacted by water table declines due to the overdraft. Thus, to minimize its financial risk, the District plans to maintain financial stability and a good credit standing with the debt markets in order to accommodate raising future new debt for its municipal operations.

RELEVANT FINANCIAL POLICIES

Reserve Policy

The District has established a Reserve Funds Policy to anticipate and to prepare for future funding requirements as well as for unforeseen events. The Reserve Funds Policy establishes restricted and unrestricted reserves and describes the flow of funds to and from the various reserves. A copy of the District's updated and approved Reserve Funds Policy, along with the projected reserve funds targets, is available on the District's website as a component of the most recent fiscal year budget document. Due to the purchase of water rights and related expenses, BWD's cash reserves dipped to a projected low of \$3.7M in 2025. Increases in water fixed and commodity rates, one-time cash contributions from a Developer and expenditure deferral are all techniques planned to be used to rectify the situation.

Risk Management

The District is a member of the California Joint Powers Insurance Authority (JPIA). The JPIA pools for the first \$500,000 of general, auto & public officials liability coverage and has purchased excess coverage up to \$60 million. The JPIA provides coverage on repair or replacement against loss of District property caused by earthquake or flood of \$20 million. The District also has a risk management policy that describes the policies, practices, and procedures for some of the District's more salient financial risks identified by staff and the Board.

Pension and Other Post-Employment Benefits

The District contributes to the California Public Employees Retirement System (CalPERS), an agent multiple employer public employee defined benefit pension plan for its personnel. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Additional information about the District's pension arrangements and post-employment benefits can be found in the notes to the financial statements.

Investment Policy

The Investment Policy establishes guidelines for the investment of available funds. The Investment Policy incorporates the Prudent Investor Standards. The primary objectives, in priority order, of the District's investment activities are the following: 1) safety, 2) liquidity, and 3) yield. The District's funds are invested in a variety of investments, in accordance with California government code, as described in the notes to the financial statements. The District minimizes interest rate risk by investing a greater portion of its funds in short-term investments and minimizes credit risk by investing a majority of its funds diversified investment pools.

Internal Controls

The District is responsible for establishing and maintaining an internal controls structure designed to ensure that the District's assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled for the preparation of financial statements in conformity with GAAP. The internal structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that; 1) the cost of control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Geoffrey Poole". The signature is written in a cursive, flowing style.

Geoffrey Poole, General Manager

Independent Auditor's Report

Board of Directors
Borrego Water District
Borrego Spring, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, and the aggregate remaining fund information of Borrego Water District (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described further in Notes 1 and 9 to the financial statements, during the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. As a result, the beginning net position has been restated. Our opinion is not modified with respect to this matter.

Basis for Opinions

We conducted our audit 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. 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 Borrego Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the 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 one year after the date that the financial statements are issued.

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 there is not a guarantee that an audit conducted in accordance with GAAS 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of Plan's Proportionate Share of Net Pension Liability and Related Ratios, and Schedule of Contributions to the Pension Plan* 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.

Report on Summarized Comparative Information

We have previously audited the District's 2024 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated December 10, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Management is responsible for the other information included in the Financial Statements. The other information comprises the *introductory section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025 on our consideration of the District internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

DavisFarrLLP

Irvine, California
December 5, 2025

BORREGO WATER DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

Our discussion and analysis of the financial performance of Borrego Water District (District) provides an overview of the District’s financial activities for the year ended June 30, 2025. Please read it in conjunction with the District’s financial statements which begin on page 10.

Financial Statements

This discussion and analysis provides an introduction and a brief description of the District’s financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The District operates as a public utility and maintains its accounting records in accordance with generally accepted accounting principles for a proprietary fund as prescribed by the Government Accounting Standards Board (GASB). The financial statements of the District report information about the District using accounting methods similar to those used by companies in the private sector. These statements offer short and long-term financial information about its activities. The District’s required financial statements are as follows:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements
- Required Supplementary Information

The Statement of Net Position includes information on District assets, deferred outflows of resources, liabilities, and deferred inflows of resources, which provide information about the nature and amounts of investments in resources (assets), the obligation to District creditors (liabilities), and is one way to measure financial health or financial position. Over time, increases or decreases in District net position may serve as a useful indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation must also be considered—see the Introductory and Statistical Sections of this report for further information:

The Statement of Revenues, Expenses, and Changes in Net Position identifies District revenues and expenses for the fiscal year ended June 30, 2025. This statement provides information on the District’s operations over the past fiscal year and can be used to determine whether the District has recovered all its actual and projected costs through user fees and other charges.

The Statement of Cash Flows provides information on District cash receipts, cash payments, and changes in cash resulting from operations, investments, and financing activities. From the Statement of Cash Flows, the reader can obtain comparative information on the source and use of cash, and the change in the cash balance from the last fiscal year.

The Notes to the Financial Statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements

In addition, the District reports Required Supplementary Information on the District’s Pension Plan (Pension) and Fiduciary Fund types. This consists of two additional statements: Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The Fiduciary Funds Statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

BORREGO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

Financial Highlights

During the fiscal year ended June 30, 2025, the following events impacted, or have the potential to impact, the finances of the District.

- Capital assets increased \$1,077,495 primarily from the system wide installation of AMI (Automated Metering Infrastructure).
- The District earned grant revenue of \$1,837,568. \$209,392 was received through funding provided in full or in part under the Safe and Affordable Drinking Water Fund through an agreement with the State Water Resource Control Board to replace three water reservoir tanks and the diesel motor. In addition, the District earned \$1,506,723 funded thru a Sustainable Groundwater Management Act Implementation Grant for installation of AMI infrastructure and Monitoring Well installation at the WWTP as well as reimbursement of administrative costs to administer the grant which includes five other projects in cooperation with the Borrego Springs Unified School District, the Borrego Valley Stewardship Council, the Borrego Springs Watermaster and UC Irvine. The District also received \$209,392 under a congressionally appropriated pipeline replacement grant administered by the EPA.
- Total operating revenues increased \$566,809 primarily due to an increase in water volumes sold.
- Total operating expenses increased \$176,970 as a result of funding a rate study and inflationary increases.
- Total nonoperating activities resulted in income of \$248,647 due to the sale of the Viking Ranch property to US Gypsum.
- Capital contributions decreased \$1,345,735 as a result of the conclusion of the previously mentioned grant revenue from the State Water Resource Control Board.
- Cash and cash equivalents decreased to \$4,333,712 at June 30, 2025 from \$4,630,562 at June 30, 2024 primarily due to outstanding grant reimbursements.

More information about the overall analysis of the District's financial position and results of operations is provided in the following sections.

BORREGO WATER DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

Net Position

The following is a summary of the District’s statements of net position at June 30:

	<u>2025</u>	<u>2024</u>	<u>Dollar Change</u>
Assets:			
Current assets	\$ 7,719,865	\$ 7,174,897	\$ 544,968
Capital assets	27,798,814	26,721,319	1,077,495
Noncurrent assets	<u>105,000</u>	<u>106,200</u>	<u>(1,200)</u>
Total Assets	<u>35,623,679</u>	<u>34,002,416</u>	<u>1,621,263</u>
Deferred Outflows of Resources	<u>522,258</u>	<u>596,471</u>	<u>(74,213)</u>
Liabilities:			
Current liabilities	1,168,020	1,282,719	(114,699)
Noncurrent liabilities	<u>7,868,626</u>	<u>8,539,251</u>	<u>(670,625)</u>
Total Liabilities	<u>9,036,646</u>	<u>9,821,970</u>	<u>(785,324)</u>
Deferred Inflows of Resources	<u>48,115</u>	<u>70,052</u>	<u>(21,937)</u>
Net Position:			
Net investment in capital assets	20,792,014	18,923,788	1,868,226
Unrestricted	<u>6,269,162</u>	<u>5,783,077</u>	<u>486,085</u>
Total Net Position	<u>\$ 27,061,176</u>	<u>\$ 24,706,865</u>	<u>\$ 2,354,311</u>

EXPLAIN MAJOR CHANGES

Capital assets increased by \$1,077,495 as a number of ongoing Construction projects were capitalized including the completion of Well ID5-15, the La Casa Del Zorro (LCDZ) Sewer Line and installation of Automated Metering Infrastructure.

Current liabilities decreased due to debt service payments made.

BORREGO WATER DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

Changes in Net Position

The following is a summary of the District’s change in net position for the years ended June 30:

	<u>2025</u>	<u>2024</u>	<u>Dollar Change</u>
Operating revenues	\$ 5,490,559	\$ 4,923,750	\$ 566,809
Operating expenses	<u>(5,146,216)</u>	<u>(4,969,246)</u>	<u>(176,970)</u>
Net nonoperating revenues(expenses)	<u>182,390</u>	<u>(66,257)</u>	<u>248,647</u>
Change in net position before capital contributions	10,819,165	9,826,739	992,426
Capital contributions	<u>1,837,568</u>	<u>3,183,303</u>	<u>(1,345,735)</u>
Change in net position	12,656,733	13,010,042	(353,309)
Net position, beginning, as previously reported	24,706,865	21,635,315	3,071,550
Restatement-new accounting standard	<u>(9,990)</u>	<u>-</u>	<u>(9,990)</u>
Net position, beginning, as previously reported	<u>24,696,875</u>	<u>21,635,315</u>	<u>3,061,560</u>
Net position, ending	<u>\$ 37,353,608</u>	<u>\$ 34,645,357</u>	<u>\$ 2,708,251</u>

EXPLAIN MAJOR CHANGES

- Net-nonoperating revenues (expenses) increased due to gain on sale of land.
- Capital contributions decreased \$1,345,735 as a result of the completion of the previously mentioned grant project from the State Water Resources Control Board.

BORREGO WATER DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

Capital Assets, Net

Capital assets, net consist of the following at June 30:

	<u>2025</u>	<u>2024</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Land	\$ 2,139,170	\$ 1,519,292	\$ 619,878	40.80%
Construction in progress	147,901	2,885,832	(2,737,931)	-94.87%
Fallowed water credits	932,050	932,050	-	0.00%
Water rights- ID No. 4	185,000	185,000	-	0.00%
Water rights -William Bauer	1,395,279	1,395,279	-	0.00%
Flood control facilities	2,708,286	2,751,153	(42,867)	-1.56%
Sewer facilities	3,301,954	2,980,578	321,376	10.78%
Water facilities	15,929,894	12,858,299	3,071,595	23.89%
General facilities	469,807	498,817	(29,010)	-5.82%
Equipment and furniture	406,646	488,278	(81,632)	-16.72%
Vehicles	182,827	226,741	(43,914)	-19.37%
Total	<u>\$ 27,798,814</u>	<u>\$ 26,721,319</u>	<u>\$ 1,077,495</u>	4.03%

The increase in capital assets, net is due to installation of Automated Metering Infrastructure and the completion of Well ID5-15.

Long-Term Debt

	<u>2025</u>	<u>2024</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Notes payable	\$ 7,111,800	\$ 7,908,760	\$ (796,960)	-10.08%
Compensated absences	290,215	246,926	43,289	17.53%
Total	<u>\$ 7,402,015</u>	<u>\$ 8,155,686</u>	<u>\$ (753,671)</u>	-9.24%

The decrease in overall debt is due to principal payments, offset by an increase in compensated absences. See note 5 for additional details.

Economic Factors and Future Year’s Budget and Rates

The District’s Board of Directors and management considered many factors when setting the fiscal year 2024-2025 budget, user fees, and charges. The District attempts to balance revenues with operating expenses that have increased due to inflationary factors, such as cost of living, cost to provide water, and insurance coverage.

These indicators were taken into consideration when adopting the District’s budget for the fiscal year 2024-2025. The budget has been structured to contain costs, but at the same time, continue the District’s philosophy of providing the highest levels of service and continue efforts towards securing a sustainable water supply for the community. Although water commodity rates increased by 5% in Fiscal Year 2024, there was an approximately 7% decrease in the number of units sold. This was offset in 2025 due to a 5% rate increase as well as an increase in number of units sold.

BORREGO WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2025

To remain conservative, the Fiscal Year 2024-2025 budget maintained the lower number of units sold estimate.

In Fiscal Year 2025, the District hired an outside consultant to conduct an independent rate study. This resulted in a recalculation of Cost of Service for Fiscal Year 2025-2026, followed by water rate increases of 9.5%, 9.5%, 7% and 7% for Fiscal Years 27 through 2030, and sewer increases of 9.75% for each of those years.

The structure of rates is unchanged from prior years. The majority of the increase is to replenish water reserve funds used to purchase additional BPA (water rights), and to raise ample funds for necessary capital improvements to sewer infrastructure.

On April 8, 2021, the Superior Court approved the Stipulated Judgment, which defines Basin water rights for each pumper producing two-acre feet or more in the Basin and imposes a "physical solution" regarding Basin management, including the use of Basin storage space, overseen by the Superior Court. Under the Sustainable Groundwater Management Act (SGMA), a Stipulated Judgment can serve as an "alternative" to a Groundwater Sustainability Plan (GSP) mandated by SGMA. The judgment allowed the District to recover approximately \$300,000 in GSP development costs during fiscal years 2020 thru 2022, and includes an obligation to pay along with other pumpers roughly \$30/acre-foot annually for extractions from the Basin, and the District will likely be required to obtain some amount of supplemental water supply to meet municipal needs beginning in five years or sooner, if available.

On June 17, 2025, the District's Board of Directors approved the FY 2026 budget that anticipates Capital Improvement Program (CIP) projects' spending of approximately \$23,500,000 through FY 2034-35. The Borrego Water District does not budget for depreciation but prefers to budget for actual capital assets using the internally generated 10-year Capital Improvement Program.

Contacting the District's Financial Manager

This financial report is designed to give ratepayers, customers, investors, and creditors a general overview of the District's finances and to demonstrate the District's accountability for the money it receives and the stewardship of the facilities it maintains. If you have questions about this report or need additional information, contact Geoff Poole, General Manager, or Jessica Clabaugh, Fiscal Officer at the Borrego Water District, 806 Palm Canyon Drive, Borrego Springs, California, 92004 or by telephone at (760) 767-5806.

BORREGO WATER DISTRICT
STATEMENT OF NET POSITION

JUNE 30, 2025
(with comparative information for 2024)

	2025	2024
Assets:		
Current assets		
Cash and investments (Note 2)	\$ 4,333,712	\$ 4,630,562
Accounts receivable, net	867,845	703,934
Watermaster receivable	7,325	11,592
Grant receivable	1,951,008	1,021,739
Accrued interest receivable	13,555	13,227
Property tax receivable	7,665	2,896
Inventories	248,809	213,023
Prepaid items	289,946	577,924
Total current assets	7,719,865	7,174,897
Non-current assets		
Restricted assets:		
Cash and investments (Note 3)	105,000	106,200
Total non-current assets	105,000	106,200
Capital Assets (Note 4)		
Capital assets, not being depreciated	4,799,400	6,917,453
Capital assets being depreciated, net	22,999,414	19,803,866
Total capital assets	27,798,814	26,721,319
Total assets	35,623,679	34,002,416
Deferred outflows of resources		
Deferred outflows related to refunding	-	5,029
Deferred outflows related to pension (Note 6)	522,258	591,442
Total deferred outflows of resources	522,258	596,471
Liabilities:		
Current liabilities		
Accounts payable	228,294	248,932
Accrued interest payable	41,590	47,262
Customer deposit	105,000	106,200
Current portion of noncurrent liabilities (Note 5)	793,136	880,325
Total current liabilities	1,168,020	1,282,719
Non-current liabilities		
Note payable, net of current portion (Note 5)	6,434,750	7,111,800
Compensated absences (Note 5)	174,129	153,570
Net pension liability (Note 6)	1,259,747	1,273,881
Total non-current liabilities	7,868,626	8,539,251
Total liabilities	9,036,646	9,821,970
Deferred inflows of resources		
Deferred inflows related to pensions (Note 6)	48,115	70,052
Total deferred inflows of resources	48,115	70,052
Net position		
Net investment in capital assets	20,792,014	18,923,788
Unrestricted	6,269,162	5,783,077
Total net position	\$ 27,061,176	\$ 24,706,865

See accompanying notes to financial statements

BORREGO WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**YEAR ENDED JUNE 30, 2025
(with comparative information for 2024)**

	2025	2024
Operating revenues		
Water revenues	\$ 4,529,367	\$ 3,964,183
Sewer service charges	709,726	664,525
Water, sewer and other assessments	244,851	239,820
Other income	6,615	55,222
Total operating revenues	5,490,559	4,923,750
Operating expenses		
Water operations	2,190,540	2,194,411
Pumping	524,892	502,651
Water treatment	67,056	39,882
Sewer operations	560,820	640,978
General and administrative	566,404	540,790
Depreciation	1,236,504	1,050,534
Total operating expenses	5,146,216	4,969,246
Operating income (loss)	344,343	(45,496)
Non-operating revenues (expenses)		
Property taxes	82,622	79,490
Investment income	80,122	68,983
Gain on sale of assets	196,922	-
Interest expense	(177,276)	(214,730)
Total non-operating revenues (expenses)	182,390	(66,257)
Income (loss) before capital contributions	526,733	(111,753)
Capital contributions		
Grant revenue	1,837,568	3,183,303
Total capital contributions	1,837,568	3,183,303
Change in net position	2,364,301	3,071,550
Net position at beginning of year, as previously reported	24,706,865	21,635,315
Implementation of accounting standard - (Note 9)	(9,990)	-
Net position at beginning of year, restated	24,696,875	21,635,315
Net position at end of year	\$ 27,061,176	\$ 24,706,865

See accompanying notes to financial statements

BORREGO WATER DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025
(with comparative information for 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Cash receipts from customers	\$ 5,329,715	\$ 5,031,616
Cash payments to suppliers for good and services	(1,748,886)	(2,319,716)
Cash payments to employees for services and benefits	<u>(1,854,638)</u>	<u>(1,744,812)</u>
Net cash provided (used) by operating activities	<u>1,726,191</u>	<u>967,088</u>
Cash flow from non-capital financing activities		
Receipts from property taxes	<u>77,853</u>	<u>80,561</u>
Net cash provided (used) by non-capital financing activities	<u>77,853</u>	<u>80,561</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(2,335,014)	(4,112,619)
Proceeds from sale of capital assets	229,696	-
Principal paid on long term debt	(796,960)	(778,259)
Interest paid on long term debt	(187,909)	(200,143)
Capital grants	<u>908,299</u>	<u>2,488,276</u>
Net cash provided (used) by capital and related financing activities	<u>(2,181,888)</u>	<u>(2,602,745)</u>
Cash flows from investing activities		
Interest income	<u>79,794</u>	<u>72,283</u>
Net cash provided (used) by investing activities	<u>79,794</u>	<u>72,283</u>
Net change in cash and investments	(298,050)	(1,482,813)
Cash and equivalents - beginning	<u>4,736,762</u>	<u>6,219,575</u>
Cash and equivalents - ending	<u>\$ 4,438,712</u>	<u>\$ 4,736,762</u>

(continued)

See accompanying notes to financial statements

BORREGO WATER DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED JUNE 30, 2025
(with comparative information for 2024)

	2025	2024
Reconciliation from operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 344,343	\$ (45,496)
Depreciation	1,236,504	1,050,534
(Increase) Decrease in:		
Accounts receivable, net	(163,911)	7,241
Watermaster receivable	4,267	-
Inventories	(35,786)	(14,868)
Prepays	287,978	(461,406)
Deferred outflows of resources - pension	69,184	57,136
Increase (Decrease) in:		
Accounts payable	(32,397)	70,134
Customer deposits	(1,200)	100,625
Compensated absences	53,280	47,940
Net pension liability	(14,134)	160,291
Deferred inflows of resources - pension	(21,937)	(5,043)
Net cash provided (used) by operating activities	\$ 1,726,191	\$ 967,088
 Cash and Cash Equivalents:		
Financial Statement Classification		
Cash and cash equivalents	\$ 4,333,712	\$ 4,630,562
Restricted cash and cash equivalents	105,000	106,200
Total cash and cash equivalents	\$ 4,438,712	4,736,762
 Supplemental disclosure of cash flow information		
Amortization of deferred outflows related to refunding	\$ 5,029	\$ 20,118

See accompanying notes to financial statements

BORREGO WATER DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND

JUNE 30, 2025
(with comparative information for 2024)

	2025	2024
Assets		
Cash (Note 2)	\$ 810,328	\$ 803,608
Total assets	810,328	803,608
Net position		
Restricted for the benefit of residents of Community Facilities District 2017-01	810,328	803,608
Total net position	\$ 810,328	\$ 803,608

See accompanying notes to financial statements

BORREGO WATER DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
YEAR ENDED JUNE 30, 2025
(with comparative information for 2024)

	2025	2024
Additions		
Property taxes and assessments	\$ 808,657	\$ 858,623
Interest	21,202	19,992
Total additions	829,859	878,615
Deductions		
Outside professional services	14,949	14,292
Trust fees	4,875	4,875
Bond principal	410,000	390,000
Bond interest	393,315	409,113
Total deductions	823,139	818,280
Change in net position	6,720	60,335
Net position - beginning	803,608	743,273
Net position - ending	\$ 810,328	\$ 803,608

See accompanying notes to financial statements

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Borrego Water District (the "District") was established in 1962 pursuant to section 35565 of the California Water Code to provide water, sewer, flood control and gnat abatement services to properties in the District. The District is governed by a five-member board of directors that are elected at-large by the registered voters residing in the boundaries of the District. The District has nine active wells and approximately 90 miles of distribution lines. In addition, the District provides sewer and wastewater services primarily in the Town Center, Club Circle, and Rams Hill Development.

The financial statements present the District and its component units. The District is the primary government unit. Component units are those entities, which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the District.

The Borrego Water District Public Facilities Corporation (the Corporation) was organized in May 1996 under the nonprofit Public Benefit Corporation Law of the State of California to render assistance to the Borrego Water District and any Special Districts which are governed by the Board of Directors of the Borrego Water District with respect to providing various public facilities or services to or for the benefit of the District. The District has accounted for the Corporation as a blended component unit. Despite being legally separate, the Corporation is so intertwined with the District that the Corporation is in substance part of the District's operations. Accordingly, the Corporation is included within the financial statements of the District.

Basis of Presentation

The District's financial activities are accounted for as an enterprise fund. An enterprise fund is a Proprietary-type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District also reports the following fiduciary fund type: Custodial Fund used to account for amounts that it collects and distributes on behalf of Community Facility District 2017-01.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

“Measurement focus” is a term used to describe which transactions are recorded within the various financial statements. “Basis of accounting” refers to when transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the “economic resources measurement focus,” and the “accrual basis of accounting.” Under the economic measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the Statement of Net Position.

The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Capital assets may be constructed by private developers and then dedicated to the District, which is then responsible for their future maintenance. These facilities are recorded as capital contributions when they pass inspection by the District and the estimated costs are capitalized.

Cash and Cash Equivalents

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

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability; and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

- Level 3 inputs are unobservable inputs for the investment. Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the District’s own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the District’s own data.

The assets or liability’s level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes as observable requires judgment by the District’s management. District management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment or liability within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to District management’s perceived risk of that investment or liability. The District does not have any investments required to be reported under the hierarchy.

Accounts Receivable

The District extends credit to customers in the normal course of operations. Management has evaluated the accounts and has established an allowance for doubtful accounts for the accounts that they believe are not collectible.

Watermaster Receivable

Pursuant to the State of California adopting the Sustainable Groundwater Management Act (SGMA) in 2014, all parties who pump groundwater from the Borrego Springs Groundwater Subbasin, entered into an agreement (Settlement Agreement) that establishes a physical solution to bring sustainability to the Critically Over-drafted Subbasin. In accordance with the Settlement Agreement, the signing parties agreed to share costs associated with preparation of a Groundwater Sustainability Plan (GSP). The majority of the costs associated with the Settlement Agreement are reimbursed thru the signing parties. Accounts receivable - watermaster reimbursement totaled \$7,325 at June 30, 2025.

Inventory

Inventory consists primarily of materials used in the construction and maintenance of capital assets and is valued using the first in, first out (FIFO) costing method.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets purchased or acquired with a cost exceeding \$5,000 and an estimated useful life of more than one year are reported at historical cost. Donated capital assets, donated works of art, and similar items, and capital assets received in service concession agreements are reported at acquisition value on the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is calculated on the straight-line method over the following estimated useful lives:

Flood control facilities	100 years
Sewer facilities	5 - 75 years
Water facilities	10 - 50 years
General facilities	20 - 50 years
Telemetry system	6 years
Equipment and furniture	5 - 20 years
Vehicles	5 - 40 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability, differences between actual and expected experience, changes of assumptions, adjustment due to differences in proportions and the net difference between projected and actual earnings.
- Deferred losses on refunding which resulted from the difference in the carrying value of refunded debts and their reacquisition prices. These amounts are shown as deferred outflow of resources and amortized over the shorter of the life of the refunded or refunding debts.

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following that qualify for reporting in this category:

- Deferred inflows related to pensions resulting from the net difference between expected and actual experience and differences in employer contributions and proportionate share of contributions.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Compensated Absences

Accumulated and unpaid vacation and sick leave is accrued when incurred and included in current and noncurrent liabilities at June 30, 2025. The liability is calculated using current pay rates and includes employer-paid fringe benefits. During the year ended June 30, 2025, the District adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, which seeks to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the Plan's 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. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS website under Forms and Publications.

Generally Accepted Accounting Principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	June 30, 2023 to June 30, 2024

Operating Revenues and Expenses

The District recognizes operating revenues from water sales, sewer service charges, availability charges, and other income when they are earned. Operating activities generally result from providing services and producing and delivering goods. As such, the District considers fees received from water sales, sewer services and availability charges to be operating revenues.

Nonoperating revenues, such as property taxes and assessments, result from nonexchange transactions or ancillary activities in which the District received value without directly giving equal value in exchange and are recognized as revenues based upon amounts reported to the District by the County of San Diego.

Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Property Taxes and Assessments

Property taxes and assessments are billed by the County of San Diego to property owners. The District's property tax calendar for the fiscal year ended June 30, 2025 was as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment - November 1 Second Installment - February 1
Delinquent Date:	First Installment - December 10 Second Installment - April 10

The County collects the taxes from the property owners and remits the funds to the District periodically during the year. The District has an arrangement with the County whereby the County remits taxes which are delinquent as of each June 30 to the District in exchange for the right to retain the delinquent taxes, penalties, and interest when these amounts are subsequently collected.

Net Position Flow Assumption

Sometimes the District will fund outlays for a purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted - net position and unrestricted - net position, a flow assumption must be made about the order in which the resources are applied. It is the District's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied, however at the Board's discretion.

Economic Dependency

The District pumps 100% of its water from the Borrego Springs Sub-Basin of the Borrego Valley groundwater basin. Interruption of this source would impact the District negatively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District’s prior year financial statements, from which this selected financial data was derived. In addition, certain minor reclassifications of the prior year data have been made to enhance their comparability to the current year.

Note 2 - Cash and Investments

Cash and investments held by the District were comprised of the following at June 30, 2025:

Financial Statement Classification:	
Current	
Cash and investments	\$ 4,333,712
Restricted	
Cash and investments	<u>105,000</u>
Total	<u>4,438,712</u>
Fiduciary fund:	
Cash and investments	<u>810,328</u>
Total cash and investments	<u>\$ 5,249,040</u>

Cash and investments held by the District consisted of the following at June 30, 2025:

Cash on hand	\$ 217
Deposits with financial institutions	3,201,237
Investments	<u>2,047,586</u>
Total cash and investments	<u>\$ 5,249,040</u>

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

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, and the concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District rather than the general provision of the California Government Code or the District’s investment policy:

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 - Cash and Investments (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Quality Requirements</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
California Local Agency Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	None
Commercial Paper	270 days	25%	A1
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	A Rating
Mutual Funds	N/A	20%	Multiple
Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA Rating
Time Deposits	5 years	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None

The District's investment policy is more restrictive than the California Government Code. The District limits the percentage of its portfolio that can be invested in LAIF, certificates of deposit and savings accounts and U.S. Government bills, notes, bonds and overnight money market funds.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by purchasing shorter term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing over time as necessary to provide the cash flow and liquidity needed for operations. The District's investments in LAIF and Money Market Funds have a duration of 1-day to maturity.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 - Cash and Investments (Continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations are provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2025.

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months Or Less	13 to 36 Months	More than 36 Months
Local Agency Investment Fund (LAIF)	\$ 1,237,258	\$ 1,237,258	\$ -	\$ -
Money Market Funds	<u>810,328</u>	<u>810,328</u>	-	-
Total	<u>\$ 2,047,586</u>	<u>\$ 2,047,586</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

Generally, 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. LAIF is not rated and the Money Market Fund the District is invested in has a AAA rating. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's Investment Policy, or debt agreements, and the Moody's ratings as of June 30, 2025.

Investment Type	Total	Legal Minimum Rating	Rating as of Year End	
			AAA	Not Rated
Local Agency Investment Fund (LAIF)	\$ 1,237,258	N/A	\$ -	\$ 1,237,258
Money Market Funds	<u>810,328</u>	AAA	<u>810,328</u>	-
Total	<u>\$ 2,047,586</u>		<u>\$810,328</u>	<u>\$ 1,237,258</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issue.

The investment policy of the District contains limits on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code as described below. The District holds no investments in any one issuer (other than U.S. Treasury obligations, mutual funds, and external investment pools) that represent 5% or more of total District investments at June 30, 2025.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 - Cash and Investments (Continued)

Custodial Credit Risk

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

At June 30, 2025, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Investment in State Investment Pool

The District is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. 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.

Note 3 - Restricted Assets

Restricted assets of \$105,000 were provided by Developers and are to be used for capital projects. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as necessary.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 4 - Capital Assets

Capital assets consist of the following at June 30, 2025:

	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025
Capital Assets, Not Depreciated				
Land	\$ 1,519,292	\$ 667,111	\$ (47,233)	\$ 2,139,170
Construction in progress	2,885,832	1,621,935	(4,359,867)	147,901
Fallowed water credits	932,050	-	-	932,050
Water rights- ID No. 4	185,000	-	-	185,000
Water rights -William Bauer	1,395,279	-	-	1,395,279
Total capital assets, not depreciated	<u>6,917,453</u>	<u>2,289,046</u>	<u>(4,407,100)</u>	<u>4,799,400</u>
Capital Assets, Being Depreciated				
Flood control facilities	4,287,340	-	-	4,287,340
Sewer facilities	7,639,481	550,534	-	8,190,015
Water facilities	21,701,440	3,881,518	-	25,582,958
General facilities	1,038,449	-	-	1,038,449
Telemetry system	46,459	-	-	46,459
Equipment and furniture	1,105,331	-	-	1,105,331
Vehicles	840,126	-	(28,785)	811,341
Total capital assets being depreciated	<u>36,658,626</u>	<u>4,432,052</u>	<u>(28,785)</u>	<u>41,061,893</u>
Less: accumulated depreciation				
Flood control facilities	(1,536,187)	(42,867)	-	(1,579,054)
Sewer facilities	(4,658,903)	(229,158)	-	(4,888,061)
Water facilities	(8,843,141)	(809,923)	-	(9,653,064)
General facilities	(539,632)	(29,010)	-	(568,642)
Telemetry system	(46,459)	-	-	(46,459)
Equipment and furniture	(617,053)	(81,632)	-	(698,685)
Vehicles	(613,385)	(43,914)	28,785	(628,514)
Total accumulated depreciation	<u>(16,854,760)</u>	<u>(1,236,504)</u>	<u>28,785</u>	<u>(18,062,479)</u>
Capital Assets, Being Depreciated, Net	<u>19,803,866</u>	<u>3,195,548</u>	<u>-</u>	<u>22,999,414</u>
Capital Assets, Net	<u>\$ 26,721,319</u>	<u>\$ 5,484,594</u>	<u>\$ (4,407,100)</u>	<u>\$ 27,798,814</u>

Depreciation expense for the year ended June 30, 2025, was \$1,236,504.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 5 - Noncurrent Liabilities

Noncurrent liabilities consist of the following at June 30, 2025:

	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025	Due in One Year
<u>Notes Payable:</u>					
2021 Installment Purchase Agreement	\$ 6,643,900	\$ -	\$ (447,100)	\$ 6,196,800	\$ 457,050
Promissory Note 2018 A	1,127,000	-	(212,000)	915,000	220,000
Promissory Note 2018 B	<u>137,860</u>	-	<u>(137,860)</u>	-	-
Totals Note Payable	7,908,760	-	(796,960)	7,111,800	677,050
<u>Other Noncurrent Liabilities:</u>					
Compensated Absences *	<u>246,926</u>	<u>43,289</u>	-	<u>290,215</u>	<u>116,086</u>
Totals Other Noncurrent Liabilities	<u>\$ 8,155,686</u>	<u>\$ 43,289</u>	<u>\$ (796,960)</u>	<u>\$ 7,402,015</u>	<u>\$ 793,136</u>

* Compensated absences as of June 30, 2024 were restated as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101 Compensated Absences. Additionally, the change is presented as a net change.

Installment Purchase Agreement

In October 2021, the District entered into the 2021 Installment Purchase Agreement with the Borrego Water District Public Facilities Corporation ("Corporation"). The Corporation provided \$7,508,930 for the purpose of financing costs of the District for certain improvements in the water and sewer enterprises and to prepay the installment payments due under the 2018 Installment Purchase Agreement. The 2021 Installment Purchase Agreement is payable in semi-annual installments of principal plus interest of 2.190% on or before April 1 and October 1 each year commencing April 1, 2022, through and including October 1, 2036. Payments under the 2021 Installment Purchase Agreement are secured by a lien on and pledge of net revenues.

The District has covenanted to fix, prescribe, revise, and collect rates, fees, and charges for services and facilities sufficient to yield estimated net revenues equal to 125% of the aggregate amount of debt service on all parity obligations payable from net revenues coming due and payable during such fiscal year. The District had net revenues of 199% of debt service for the year ended June 30, 2025. The 2021 Installment Purchase Agreement had an outstanding principal balance of \$6,196,800 and accrued interest payable of \$33,927 at June 30, 2025.

Promissory Note 2018A

In July 2018, the District entered into a direct placement promissory note with Compass Bank in the amount of \$2,294,000 for the purpose of defeasing and prepaying the Borrego Water District Refunding Installment Purchase Agreement. The promissory note is payable in semi-annual payments of principal and interest at 3.35% commencing October 1, 2018, through and including October 1, 2028. Payments under the promissory note are secured by a lien on and pledge of net revenues. The District has covenanted to fix, prescribe, revise, and collect rates, fees, and charges for services and facilities sufficient to yield estimated net revenues equal to 125% of the aggregate amount of debt service on all parity obligations payable from net revenues coming due and payable during such fiscal year. The District had net revenues of 497% of debt service for the year ended June 30, 2025. The note had an outstanding principal balance of \$915,000 and accrued interest payable of \$7,663 at June 30, 2025.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 5 - Noncurrent Liabilities (Continued)

Promissory Note 2018A

The outstanding debt contains a provision that in the event of default, the Bank may declare the unpaid interest and principal and any other amounts owing under the Note or under any other Loan Document immediately due and payable.

Promissory Note 2018B

In July 2018, the District entered into a direct placement promissory note with Compass Bank in the amount of \$863,535 for the purpose of defeasing and prepaying the 2015 Compass Bank Note. The promissory note is payable in semi-annual payments of principal and interest at 4.20% commencing October 1, 2018, through and including October 1, 2024. Payments under the promissory note are secured by a lien on and pledge of net revenues. The District has covenanted to fix, prescribe, revise, and collect rates, fees, and charges for services and facilities sufficient to yield estimated net revenues equal to 125% of the aggregate amount of debt service on all parity obligations payable from net revenues coming due and payable during such fiscal year.

The District was in compliance and the note was paid off during the year.

Debt service requirements on notes payable are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 677,050	\$ 157,673	\$ 834,723
2027	689,900	140,135	830,035
2028	706,660	122,215	828,875
2029	729,330	103,754	833,084
2030	498,860	88,902	587,762
2031-2035	2,660,950	274,044	2,934,994
2036-2038	<u>1,149,050</u>	<u>25,301</u>	<u>1,174,351</u>
	<u>\$ 7,111,800</u>	<u>\$ 912,024</u>	<u>\$ 8,023,824</u>

BORREGO WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

Note 6 - Defined Benefit Pension Plan

General Information About the Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Plan of the Borrego Water District, (All Plans) a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are 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 the CalPERS website. The Plan consists of the miscellaneous plan and the PEPRAs Miscellaneous Plan.

Benefits Provided - The Plan 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. Miscellaneous plan members with five years of service are eligible to retire at age 50 with statutory reduced benefits. PEPRAs Miscellaneous members with five years of service are eligible to retire at age 52 with statutory reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees Retirement Law per contract. The Plan's provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Prior to January 1, 2013 Miscellaneous	<u>On or After January 1, 2013</u>	
		With Prior Service 2nd Tier	Without Prior Service PEPRAs
Benefit formula	3.0% @ 60	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50 - 63	52 - 67
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.81%	6.93%	7.75%
Required employer contribution rates	16.51%	10.15%	7.87%

In addition to the contribution rates above, the District was also required to make a payment of \$93,401 toward its unfunded actuarial liability during the year ended June 30, 2025.

The miscellaneous plan is closed to new members that are not already CalPERS eligible participants.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 6 - Defined Benefit Pension Plan (Continued)

Contribution Description – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. The Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increase	Varies by entry age and service
Mortality Rate Table ¹	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter.

¹ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability 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.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 6 - Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The expected real rates of return by asset class are as follows:

<u>Asset Class</u> ¹	<u>Assumed Asset Allocation</u>	<u>Real Return</u> ^{1, 2}
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%)

¹ An expected price inflation of 2.3% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

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

The following presents the District's proportionate share of the net pension liability of the risk pool as of the measurement date, calculated using the discount rate, as well as what the District's proportionate 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:

	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
	5.90%	6.90%	7.90%
Net Pension Liability/(Asset)	<u>\$ 2,201,655</u>	<u>\$ 1,259,747</u>	<u>\$ 484,418</u>

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 6 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The District reported the following net pension liability for its proportionate share of net position liability of the risk pool at June 30:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2024	\$ 6,295,125	\$ 5,021,244	\$ 1,273,881
Balance at: 6/30/2025	6,980,179	5,720,432	1,259,747
Net Changes during 2024-25	<u>\$ 685,054</u>	<u>\$ 699,188</u>	<u>\$ (14,134)</u>

The net pension liability of the plan is measured as of June 30, 2024, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share percentage of the net pension liability as of June 30, 2023 and June 30, 2024 was as follows:

Proportion at measurement date - June 30, 2023	0.02548%
Proportion at measurement date - June 30, 2024	<u>0.02605%</u>
Change - increase (decrease)	<u>0.00057%</u>

Actuarial gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future pension expenses.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with pensions (active, inactive, and retired) as of the beginning of the measurement period

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 6 - Defined Benefit Pension Plan (Continued)

The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over a five-year period on a straight-line basis. For the year ended June 30, 2025, the District recognized a pension expense of \$308,037 for the Plan.

As of June 30, 2025, the District reports deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 222,755	\$ -
Change of assumptions	32,378	-
Differences between expected and actual experience	108,917	4,250
Changes in employer's proportions	85,686	-
Differences between employer's contributions and proportionate share of contributions	-	43,865
Net differences between projected and actual earnings	72,522	-
	\$ 522,258	\$ 48,115

The \$222,755 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources in the previous chart will be recognized in future pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of Resources
2026	\$ 102,286
2027	170,112
2028	3,843
2029	(24,853)
2030	-
Thereafter	-
	\$ 251,388

Note 7 – Risk Management

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA). The JPIA is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 7 – Risk Management (Continued)

At June 30, 2025, the District participated in the self-insurance programs of the JPIA as follows:

Property Loss - Provides for full value replacement of real and personal property owned by the District in the event of a loss. Actual cash value on licensed vehicles, mobile equipment and watercraft. The JPIA pools for the first \$10,000,000 and has purchased excess coverage up to \$500 million.

General and Auto Liability - Insured up to \$55 million per occurrence; the District is self-insured up to \$5,000,000 and excess insurance coverage has been purchased up to \$55 million. The general and auto liability program has no deductible.

Public Officials' Liability - Insured up to \$55 million per occurrence; the District is self-insured up to \$5,000,000 and excess insurance coverage has been purchased up to \$55 million.

Fidelity Bond - Insured up to \$1,000,000 per occurrence with a \$100,000 deductible.

Cyber Liability - Provides coverage from financial losses resulting from data breaches and other cyber events. Insured up to \$3 million per member and \$5 million policy aggregate.

Workers' Compensation - Insured up to the statutory limits; the District is self-insured up to \$2 million and excess insurance coverage has been purchased. Employer's liability is insured up to \$4 million.

Difference in Conditions - Provides coverage on a repair or replacement basis against loss of District property caused by earthquake or flood, up to \$25 million with a \$25,000 deductible.

The District pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experienced. The nature and amounts of the adjustments cannot be estimated and are charged to expense as invoiced. The District's insurance expense totaled \$115,148 for the year ended June 30, 2025. There were no instances in the past three years where a settlement exceeded the District's coverage.

Note 8 - Commitments and Contingencies

Contracts

The District has entered into various contracts for the purchase of material and construction of capital assets. The amounts contracted are based on the contractor's estimated cost of construction. At June 30, 2025, the total unpaid amount on these contracts is approximately \$53,500.

In May of 2023, the District entered into a \$4,261,515 multi-year agreement with David and Juli Bauer of Borrego Farms to incrementally fallow and convey to the District approximately 400 acres of farmland and 1,820 AF of BPA by October of 2030. At June 30, 2025, approximately \$2,592,000 remains to be paid.

BORREGO WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

Note 8 - Commitments and Contingencies (Continued)

The District has agreed to take over for a sub-grantee under the Prop 68 grant that was unable to fulfill their contract. The District has agreed to cover project expenses under Component 5 until reimbursement is received by the Department of Water Resources. The District has incurred \$129,463 to date and the remaining project budget is \$0.

Litigation

Legal claims and lawsuits arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the District's financial position.

Community Facilities District No. 2017-01 2017 Special Tax Bonds

The Borrego Water District is the lead Agency of the Borrego Water District Community Facilities District No. 2007-1 (CFD 2007-1) and the Borrego Water District Community Facilities District CFD No. 2017-1 (CDF 2017-1). In April 2017, CFD 2017-1 was formed and an election held to authorize bonded indebtedness up to \$11,600,000 to refinance the outstanding balances of CFD 2007-1 special tax bonds. In May 2017, CFD 2017-1 issued Borrego Spring Water District Special Tax Refunding Bonds, Series 2017A (Series 2017A Bonds) and Borrego Water District Special Tax Refunding Bonds, Series 2017B (Series 2017B Bonds). The CFD 2007-1 special tax bonds are considered defeased.

These financings were accomplished through the authorization of special tax bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982 adopted by the Board of Directors of the Borrego Water District acting as the legislative body of the Community Facilities Districts. The bonds are only payable from certain proceeds of an annual special tax to be levied and collected from property located within the Community Facilities Districts and from certain bond proceeds pledged in the issuances. If the special taxes are not paid when due, the only source of funds to repay the bonds are cash deposits or letters of credit provided by property owners, amounts held in the bond reserve funds, or proceeds, if any, from foreclosure sales of land within the Community Facilities Districts following a delinquency in a special tax payment. Neither the faith nor credit nor the taxing power of the Borrego Water District, the State of California, or any other political subdivision thereof is pledged to the payment of these bonds. Therefore, the Community Facilities Districts are considered separate reporting entities. The District reports as a fiduciary fund the cash it holds on behalf of Community Facilities District No. 2017-01. The outstanding balance of the 2017A and 2017B bonds as of June 30, 2025 is \$660,000 and \$9,020,000, respectively.

Note 9 - Restatement

During the year ended June 30, 2025, the District adopted new accounting guidance by implementing the provisions of GASB 101. As a result of this implementation, additional compensated absences resulted from the addition of payroll-related taxes and benefits associated with the accrued leave. The following summarizes the net effects on the beginning net position:

Net position at beginning of year, as previously reported	\$ 24,706,865
Implementation of accounting principle - GASB 101	<u>(9,990)</u>
Net position at beginning of year, restated	<u>\$ 24,696,875</u>

BORREGO WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025

**SCHEDULE OF PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS
LAST TEN YEARS**

Measurement date	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Proportion of the Net Pension Liability	0.02605%	0.02548%	0.02380%	0.01599%	0.02271%
Proportionate Share of the Net Pension Liability	\$ 1,259,747	\$ 1,273,881	\$ 1,113,590	\$ 303,531	\$ 935,284
Covered Payroll - Measurement Period	\$ 1,177,539	\$ 1,079,991	\$ 955,752	\$ 858,482	\$ 850,749
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	106.98%	117.95%	116.51%	35.36%	109.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.95%	80.50%	80.50%	94.08%	79.54%
Measurement date	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Proportion of the Net Pension Liability	0.02225%	0.02256%	0.02313%	0.00947%	0.01010%
Proportionate Share of the Net Pension Liability	\$ 891,132	\$ 850,153	\$ 911,898	\$ 819,059	\$ 693,352
Covered Payroll - Measurement Period	\$ 740,131	\$ 698,023	\$ 675,819	\$ 658,514	\$ 671,180
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	120.40%	121.79%	134.93%	124.38%	103.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.92%	77.34%	74.72%	73.72%	77.21%

Notes to Schedule

Change in Benefit Terms - There were no changes to the benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees such as Golden Handshakes, service purchases, and other prior service costs. Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such an amount to be separately financed employer-specific liabilities. These employers should consult with their auditors. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2023 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions - There were no assumption changes in 2023 and 2024. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, and 7.65% for measurement dates June 30, 2015 through June 30, 2016.

BORREGO WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN
LAST TEN YEARS**

Fiscal year	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Actuarially determined contribution	\$ 222,755	\$ 191,635	\$ 189,898	\$ 157,894	\$ 142,096
Contributions in relation to the actuarially determined contributions	<u>(222,755)</u>	<u>(191,635)</u>	<u>(189,898)</u>	<u>(157,894)</u>	<u>(142,096)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 1,223,231	\$ 1,177,539	\$ 1,079,991	\$ 955,752	\$ 858,442
Contributions as a percentage of covered payroll	18.21%	16.27%	17.58%	16.52%	16.55%
Fiscal year	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Actuarially determined contribution	\$ 189,335	\$ 162,515	\$ 142,789	\$ 137,737	\$ 138,613
Contributions in relation to the actuarially determined contributions	<u>(189,335)</u>	<u>(162,515)</u>	<u>(142,789)</u>	<u>(137,737)</u>	<u>(138,613)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 850,749	\$ 740,131	\$ 698,023	\$ 723,125	\$ 671,180
Contributions as a percentage of covered payroll	22.26%	21.96%	20.46%	19.05%	20.65%

Notes to Schedule:

Fiscal Year End: June 30, 2025

Valuation Date: June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age actuarial cost method
Amortization Method	Varies by date established and source. May be level dollar or level Percent of pay and may include direct rate smoothing.
Asset Valuation Method	Market value of assets
Inflation	2.30%
Salary Increases	Varies by category, entry age, and duration of service.
Payroll Growth	2.80%
Investment Rate of Return	6.80% net of pension plan investment and administrative expenses; Includes inflation

To the Board of Directors
Borrego Water District
Borrego Springs, California

We have audited the financial statements of the Borrego Water District ("the District") as of and for the year ended June 30, 2025 and have issued our report thereon dated December 5, 2025. 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 June 3, 2025, 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.

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, and our firm have complied with all relevant ethical requirements regarding independence under the American Institute of Certified Public Accountants ("AICPA") independence standards, contained in the Code of Professional Conduct.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included the preparation of the financial statements and proposed journal entries. To mitigate the risk, management has compared the draft financial statements and footnotes to the underlying accounting records to verify accuracy and has reviewed a disclosure checklist to ensure footnotes are complete and accurate.

Additionally, we utilize a quality control reviewer to perform a second review of the financial statements. We believe these safeguards are sufficient to reduce the independence threats to an acceptable level.

Significant Risks Identified

We have identified the following significant risks:

- Compliance with Governmental Accounting Standards Board No. 68 Pension Accounting and Reporting.
- Recognition of grant revenues and collectability of receivables. Our procedures included substantive analytical procedures to test grant revenue and receivables.
- Compliance with Governmental Accounting Standards Board No. 101 Compensated Absences.

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. The District implemented Governmental Accounting Standards Board (GASB Statement) No. 101, Compensated Absences, accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the Statement of Revenues, Expenses and Changes in Net Position and risk disclosures related to vulnerabilities due to concentrations and constraints by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 102, Certain Risk Disclosures, in the fiscal year ended June 30, 2025. No 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:

- Management's estimate of transactions related to net pension liabilities based on actuarial information. We evaluated the key factors and assumptions used to develop the amounts by the actuary and determined that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of which capital projects represent ordinary maintenance activities necessary to keep an asset operational for its originally intended useful life versus significant improvement, replacement, and life extending projects that should be capitalized as additions to capital assets is based on management's knowledge of the assets and their useful lives. We evaluated the key factors and assumptions used to develop the amounts added to capital assets in determining 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 disclosure affecting the District's financial statements is the disclosure of pensions in note 6 of the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Significant Unusual Transactions

For the purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

Identified or Suspected Fraud

We have not identified or have 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. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. We identified the following unrecorded immaterial misstatement to correct the deferred outflows for the Annual Unfunded Accrued Liability in the amount of \$70,967 for the prior period.

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. We identified the following material entries as a result of our audit procedures:

- To record revenue and grant receivable for grant reimbursable expenses incurred before June 30, 2025.

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.

Representations Requested from Management

We have requested certain written representations from management, which are dated December 5, 2025.

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.

This report 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.

DavisFarr LLP

Irvine, California
December 5, 2025

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

The Board of Directors
Borrego Water District
Borrego Springs, California

Independent Auditor's Report

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 Borrego Water District ("the District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2025.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described below to be material weakness:

(1) Material Adjustment

Auditing standards require the auditors to include an internal control recommendation when there are prior period adjustments or material audit adjustments. During our audit, we noted the following journal entry as a result of our auditing procedures:

- To record receivable for grant reimbursable expenses incurred before June 30, 2025.

Recommendation

We recommend the District establish procedures to, whenever possible, identify adjustments in the reporting period in which the related transactions occurred. It is recognized that this is not always possible and on occasion the District's accounting procedures will properly identify adjustments in the subsequent periods.

Management's Response

Management acknowledges the entry and notes the items were previously denied for reimbursement under the Tank & Motor grant, however they were subsequently reimbursed to the District on the Final Reimbursement Request dated May 30, 2025 and received in September 2025. We will make every effort to record all journal entries prior to the start of the audit.

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. We consider the deficiency described below to be a significant deficiency:

(2) Vendor Contracts and Purchase Orders

During our testing of vendors, we noted that some vendors did not have an executed contract or signed purchase order by the District. The purchasing policy should be followed, and a signed contract or purchase order be issued and approved by the Board for amounts over \$25,000.

Recommendation

We recommend the District follow the processes prescribed in the District's policy before going into business with vendors and committing them to large amounts. The District should ensure that the Board approves all contracts over the stipulated amounts.

Management's Response

Management and staff identified instances where the District's purchasing policy was not closely adhered to and areas where improvements are necessary.

District Management has reviewed the purchasing policy and contract administration procedures and is committed to making improvements in these areas during Fiscal Year 2026 and maintaining best practices through future years.

Report on Compliance and Other Matters

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

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our engagement and described above. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

DavisFarrLLP

Irvine, California
December 5, 2025

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING
DECEMBER 16, 2025
AGENDA ITEM II.C

December 5, 2025

TO: Board of Directors

FROM: Geoffrey Poole, General Manager

SUBJECT: Borrego Springs Subbasin Watermaster

1. Update on Board Activities – G Moran/K Dice
2. Discuss Agenda Items from Upcoming Meeting – G Moran/K Dice
3. Update on Technical Advisory Committee Activities – T Driscoll
4. Status Report on GDE Best Available Science Review Process & T Huxman Interaction with WM.

RECOMMENDED ACTION:

Receive update and direct Representatives accordingly

ITEM EXPLANATION:

BWD Watermaster Representatives and related Consultants will update the BWD Board on Watermaster activities.

NEXT STEPS

1. TBD

FISCAL IMPACT

1. TBD

ATTACHMENTS

1. None

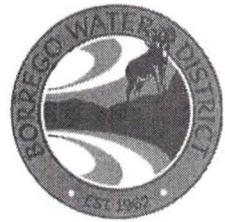
IV.A

Waste Water

Reports

Nov 2025





BORREGO WATER DISTRICT

November 2025

WASTEWATER OPERATIONS REPORT

There's no know problems with wastewater system at the moment:

Rams Hill Wastewater Treatment Facility serving ID-1, ID-2 and ID-5 Total Cap. 0.25 MGD (million gallons per day):

Average flow: 111000 (gallons per day)

Peak flow: 140000 gpd Saturday, November 29- 2025

MONTHLY REPORT: R.H.W.T.F

MONTH: November

YEAR: 2025

BORREGO WATER DISTRICT,
RAMS HILL WASTEWATER TREATMENT FACILITY,
4861 BORREGO SPRINGS ROAD,
BORREGO SPRINGS, CA 92004
760-767-5806; phone
760-767-5994; fax

COMMENTS: THERE ARE NO SPILLS TO REPORT FOR November 2025; THE FLOW REPORT IS ATTACHED.

Submitted by: ROGELIO MARTINEZ/BWD TO: GEOFF POOLE/BWD;

12/09/2025

NOV 2025	INFLUENT DAILY FLOW GAL.	TOTAL FLOW GAL.
1	101000 GAL	39295000 GAL
2	106000 GAL	39401000 GAL
3	102000 GAL	39503000 GAL
4	95000 GAL	39598000 GAL
5	89000 GAL	39687000 GAL
6	95000 GAL	39782000 GAL
7	100000 GAL	39882000 GAL
8	113000 GAL	39996000 GAL
9	117000 GAL	40113000 GAL
10	106000 GAL	40219000 GAL
11	102000 GAL	40321000 GAL
12	95000 GAL	40416000 GAL
13	103000 GAL	40520000 GAL
14	101000 GAL	40621000 GAL
15	135000 GAL	40756000 GAL
16	119000 GAL	40875000 GAL
17	103000 GAL	40978000 GAL
18	103000 GAL	41081000 GAL
19	99000 GAL	41180000 GAL
20	104000 GAL	41284000 GAL
21	114000 GAL	41398000 GAL
22	123000 GAL	41522000 GAL
23	122000 GAL	41644000 GAL
24	119000 GAL	41763000 GAL
25	115000 GAL	41879000 GAL
26	121000 GAL	42001000 GAL
27	128000 GAL	42129000 GAL
28	138000 GAL	42267000 GAL
29	140000 GAL	42407000 GAL
30	128000 GAL	42536000 GAL

P.H. / D.O. LOG ; R.H.W.T.F., BORREGO WATER DISTRICT

YEAR,2025

November

<u>DATE</u>	<u>LOCATION</u>	<u>P.H.</u>	<u>D.O</u>	<u>Alkalinity</u>	<u>Freeboard</u>
11/4/2025	EFFLUENT	7.32	5.31mg/l	160ppm	
11/4/2025	POND	7.30	8.15mg/l	160ppm	3.5ft
11/19/2025	EFFLUENT	7.81	5.15mg/l	160ppm	
11/19/2025	POND	7.63	6.68mg/l	160ppm	3.5ft

Berm Condition: Good and no Odors around the pond

**CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
COLORADO RIVER BAIS REGION**

WDID NO.: 7A 37 0125 001
ORDER NO.: R7-2007-0053

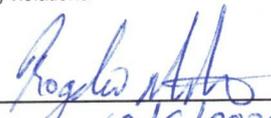
**MONITORING AND REPORTING
BORREGO WATER DISTRICT - RAMS HILL WWTF
MONTH: November
YEAR: 2025**

REPORTING FREQUENCIES: **MONTHLY (Oct-March)**

November

TYPE OF SAMPLE:	INFLUENT			PONDS		
	Flow	BOD	TSS	PH	DO	Freeboard
CONSTITUENTS:	Flow	BOD	TSS	PH	DO	Freeboard
FREQUENCY:	Daily	Monthly	Monthly	Twice Monthly	Twice Monthly	Twice Monthly
DESCRIPTION:	Measurement	Grab	Grab	Grab	Grab	Measurement
UNITS:	gpd	mg/L	mg/L	s.u	mg/l	ft
REQUIREMENTS						
30-DAY MEAN:						
MAXIMUM:						
MINIMUM:						
DATE OF SAMPLE	November					
1	101000					
2	106000					
3	102000					
4	95000	31	39	7.30	8.15	3.5
5	89000					
6	95000					
7	100000					
8	113000					
9	117000					
10	106000					
11	102000					
12	95000					
13	103000					
14	101000					
15	135000					
16	119000					
17	103000					
18	103000					
19	99000			7.63	6.68	3.5
20	104000					
21	114000					
22	123000					
23	122000					
24	119000					
25	115000					
26	121000					
27	128000					
28	138000					
29	140000					
30	128000					
31						
30-DAY MEAN	111200	31	39	7.47	7.42	3.5
MAXIMUM	140000	31	39	7.63	8.15	3.5
MINIMUM	89000	31	39	7.30	6.68	3.5

I declare under the penalty of law that I personally examined and am familiar with the information submitted in this document, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Signature: 
Date: 12/9/2025

**CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
COLORADO RIVER BAIS REGION**

WDID NO.: 7A 37 0125 001
ORDER NO.: R7-2007-0053

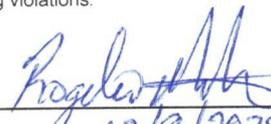
**MONITORING AND REPORTING
BORREGO WATER DISTRICT - RAMS HILL WWTF
MONTH: November
YEAR: 2025**

REPORTING FREQUENCY: **MONTHLY (Oct - March)**

November

TYPE OF SAMPLE:	EFFLUENT					
CONSTITUENTS:	BOD	TSS	SS	T. Nitrogen	TDS	pH
FREQUENCY:	Twice Monthly					
DESCRIPTION:	Grab	Grab	Grab	Grab	Grab	Grab
UNITS:	mg/L	mg/L	ml/L		ml/L	
REQUIREMENTS						
30-DAY MEAN:						
MAXIMUM:	30mg/l	30mg/l	0.3ml/l		700mg/l	9.0
MINIMUM:						
DATE OF SAMPLE						
1						
2						
3						
4	3.7	3.0	0.0	17.0	510	7.32
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19	0.0	4.0	0.0	5.9	470	7.81
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
30-DAY MEAN	1.9	3.5	0.0	11.5	490	7.57
MAXIMUM	3.7	4.0	0.0	17.0	510	7.81
MINIMUM	0.0	3.0	0.0	5.9	470	7.32

I declare under the penalty of law that I personally examined and am familiar with the information submitted in this document, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Signature: 
Date: 12/9/2025

**CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
COLORADO RIVER BASIN REGION**

WDID NO.: 7A 37 0125 001
ORDEFNO: R 7-2019-0015

**MONITORING AND REPORTING
BORREGO WATER DISTRICT - RAMS HILL WWTF**

Month November
YEAR 2025

REPORTING FREQUENCY: **Monthly**

TYPE OF SAMPLE:	Domestic Water Supply Well #11			Domestic Water Supply Well #12		
	TDS	PH		TDS	pH	
CONSTITUENTS:	TDS	PH		TDS	pH	
FREQUENCY:	Monthly	Monthly		Monthly	Monthly	
DESCRIPTION:	Grab	Grab		Grab	Grab	
UNITS:	mg/l	mg/L				
REQUIREMENTS						
30-DAY MEAN:						
MAXIMUM:						
MINIMUM:						
DATE OF SAMPLE						
1						
2						
3						
4	330	8.0		290	8.6	
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
30-DAY MEAN	330	8.0		290	8.6	
MAXIMUM	330	8.0		290	8.6	
MINIMUM	330	8.0		290	8.6	

I declare under the penalty of law that I personally examined and am familiar with the information submitted in this document, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Signature: 
Date: 12/9/2025

IV.B

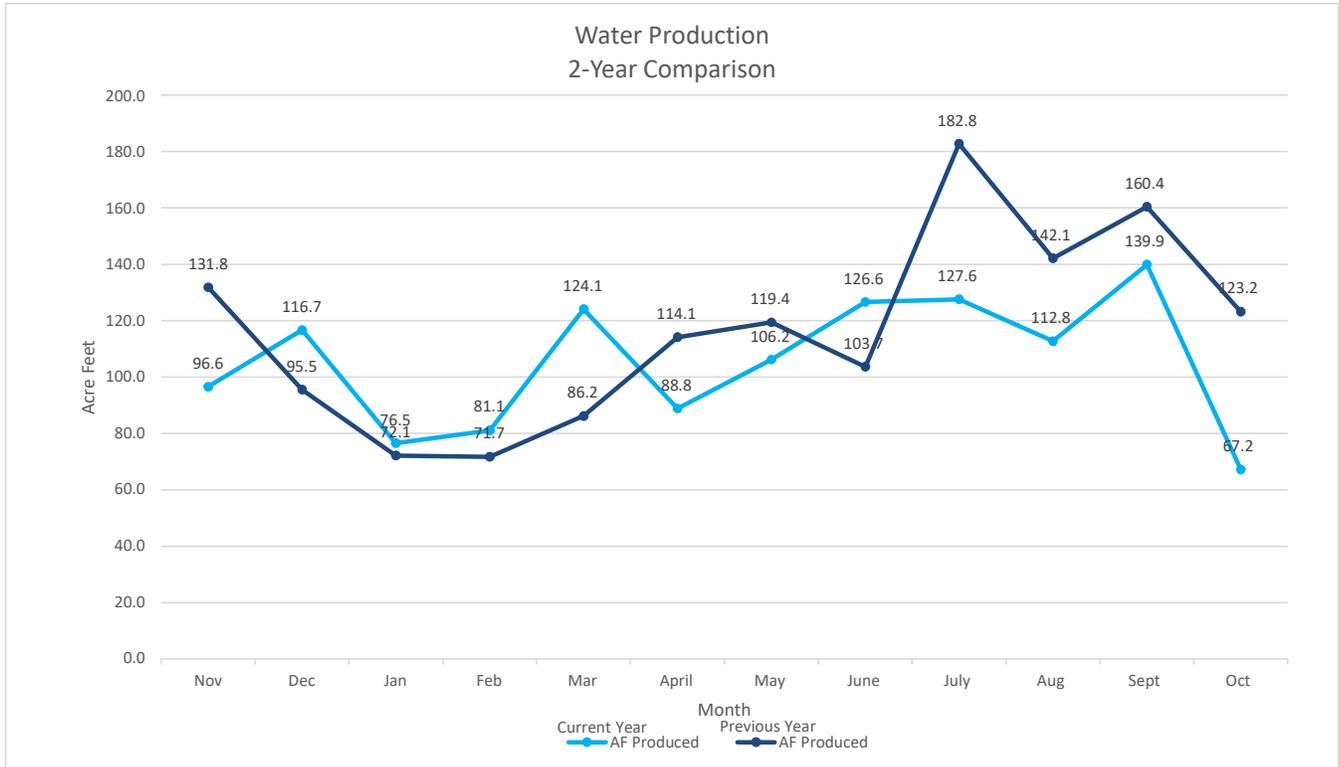
The logo of Bokros Water District is a circular emblem. It features a central illustration of a person in traditional attire carrying a water pot on their head, walking across a landscape with hills and a river. The text "BOKROS WATER DISTRICT" is written in a circular path around the central image. At the bottom of the circle, it says "EST. 1962".

**WATER
PRODUCTION/
OPERATIONS
REPORT
Nov 2025**



BORREGO WATER DISTRICT

WATER PRODUCTION SUMMARY November 2025



Past 12 months Production vs. Sales

	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Past 12 Mo. TOT
AF Used	83.6	100.2	81.6	75.1	93.5	100.6	109.2	117.4	117.7	106.0	96.4	93.4	1174.7
AF Produced	96.6	116.7	76.5	81.1	124.1	88.8	106.2	126.6	127.6	112.8	139.9	67.2	1264.0
% Non Rev.	13.5%	14.2%	-6.6%	7.4%	24.7%	-13.3%	-2.8%	7.3%	7.7%	6.0%	31.1%	-39.1%	7.6%

Previous 12 Months Production vs. Sales

	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Prior 12 Mo. TOT
AF Used	121.9	89.3	67.9	65.4	78.9	101.2	104.6	113.4	142.0	121.6	133.3	108.0	1247.4
AF Produced	131.8	95.5	72.1	71.7	86.2	114.1	119.4	103.7	182.8	142.1	160.4	123.2	1403.0
% Non Rev.	7.5%	6.5%	5.9%	8.8%	8.5%	11.3%	12.4%	-9.4%	22.3%	14.4%	16.9%	12.3%	12.5%

Non Revenue Water Summary

Nov-25 -39.1%
 Avg. Past 12 Mos. 4.2%
 Avg. Past 24 Mos. 7.0%

IV.C

FINANCIALS

REPORT

Nov 2025





TREASURER'S REPORT OCT 2025

	Bank Balance	Carrying Value	Fair Value	<u>% of Portfolio</u> Current Actual	Rate of Interest	Maturity	Valuation Source
Cash and Cash Equivalents:							
Demand Accounts at CVB/LAIF							
General Account/Petty Cash	\$ 4,339,126	\$ 4,181,105	\$ 4,181,105	73.29%	0.68%	N/A	CVB/WF
Payroll Account	\$ 99,934	\$ 51,557	\$ 51,557	0.90%	0.68%	N/A	WF
Grant Fund Account	\$ 221,203	\$ 221,203	\$ 221,203	3.88%	0.00%	N/A	WF
LAIF	\$ 1,250,813	\$ 1,250,813	\$ 1,250,813	21.93%	4.26%	N/A	LAIF
Total Cash and Cash Equivalents	<u>\$ 5,911,076</u>	<u>\$ 5,704,677</u>	<u>\$ 5,704,677</u>	<u>100.00%</u>			

Cash and investments conform to the District's Investment Policy statement filed with the Board of Directors on June 2024

Cash, investments and future cash flows are sufficient to meet the needs of the District for the next six months.

Sources of valuations are CVB Bank, LAIF and US Trust Bank.

Jessica Clabaugh, Finance Officer



Borrego Water District
Water Enterprise Operating Budget Analysis
10/01/2025 to 10/31/2025

	<i>Budgeted FY2026</i>	<i>Actual Oct FY2026</i>	<i>Projected Oct FY2026</i>	<i>% of Months Budget</i>	<i>Year to Date FY2026</i>
INCOME					
RATE REVENUE					
Water Rates Revenues					
Commodity Rates					
Residential T1 & T2 Revenues	1,015,987	86,026	88,326	97%	376,398
Residential T3 Revenues	676,567	49,565	58,807	84%	279,258
Commercial	643,522	55,632	60,446	92%	245,411
Irrigation	423,161	39,756	39,035	102%	157,548
Total Commodity	<u>2,759,237</u>	<u>230,979</u>	<u>246,618</u>	94%	1,058,615
Non-Commodity Charges					
Base Meter Charges	1,689,581	136,118	140,798	97%	545,060
Meter Install/Repair	36,750	200	3,063	7%	425
New Water Supply Connection Fee	26,124	-	2,177	0%	-
Backflow Testing/Install	11,400	-	950	0%	7,364
Bulk Water Sales	6,825	1,200	569	211%	3,574
Total Non-Commodity	<u>1,770,680</u>	<u>137,518</u>	<u>147,557</u>	93%	556,423
					-
Total Water Rate Revenues	4,529,917	368,497	394,175	93%	1,615,038
Availability Charges Collected thru Tax Roll					
ID1 - Water	34,965	24	122	19%	102
ID3/ID4 - Water Standby	117,000	17	410	4%	798
Total Availability (Tax Roll)	<u>151,965</u>	<u>41</u>	<u>532</u>	8%	900
TOTAL WATER REVENUE	4,681,882	368,537	395,223	93.25%	1,615,938



Borrego Water District
Water Enterprise Operating Budget Analysis
10/01/2025 to 10/31/2025

	<i>Budgeted FY2026</i>	<i>Actual Oct FY2026</i>	<i>Projected Oct FY2026</i>	<i>% of Months Budget</i>	<i>Year to Date FY2026</i>
EXPENSES					
OPERATING EXPENSES					
Operations & Maintenance Expense					
R&M Water	286,926	13,003	23,911	54.38%	38,298
Telemetry	15,000	-	1,250	0.00%	-
Trash Removal	7,500	944	625	151.04%	2,795
Vehicle Expense	30,000	861	2,000	43.07%	12,890
Fuel & Oil	45,007	4,199	3,751	111.94%	15,860
Lab/Testing	45,000	5,256	3,750	140.16%	16,171
Permit Fees	29,541	-	2,462	0.00%	2,076
Pumping Electricity	566,528	49,286	47,211	104.40%	194,788
Total Operations & Maintenance Expense	1,025,502	73,549	84,958.50	86.57%	282,879
Professional Services					
Accounting (Lockbox/Debt Filings)	9,680	660	800	82.50%	1,829
Payroll Services	4,400	276	367	75.28%	1,406
Audit Fees	28,034	3,000	2,500	120.00%	14,440
IT & Cyber Security	39,360	4,401	2,986	147.37%	15,542
Financial Consulting	-	-	-	#DIV/0!	-
Engineering Consultant	10,000	-	833	0.00%	1,710
Legal Services - General	68,675	4,892	5,723	85.48%	7,776
<i>Legal Services - Reimbursible</i>	-	-	-		
Federal & State Legislative Advocacy	64,944	5,280	5,412	97.56%	21,120
Total Professional Services	225,093	18,508	18,621	99.40%	63,823
Insurance Expense					
ACWA/JPIA Program Insurance	132,355	46,174	46,031		98,235
ACWA/JPIA Workers Comp	17,068	4,473	4,267		4,473
Total Insurance Expense	149,423	50,648	50,298		102,708
Personnel Expense					
Board Meeting Expense	13,939	585	1,162	50.34%	1,720
Salaries & Wages	1,221,985	101,472	101,832	99.65%	394,500
<i>Contra Account - Salaries & Wages</i>	(62,031)	-	(5,169)	0.00%	(2,111)
Contract Labor/Consulting	10,175	-	848	0.00%	-
Payroll Taxes	25,084	1,521	2,090	72.74%	6,261
Benefits - Medical	200,383	18,181	16,699	108.88%	72,713
Benefits - CalPERS	222,721	7,439	9,980	74.54%	136,556
Trainings & Conferences	18,314	583	1,526	38.17%	2,652
Uniforms	7,123	621	594	104.68%	2,323
Safety Compliance & Emergency Prep	5,087	-	424	0.00%	221
Total Personnel Expense	1,662,780	130,402	129,985	100.32%	614,835



Borrego Water District
Water Enterprise Operating Budget Analysis
10/01/2025 to 10/31/2025

	<i>Budgeted FY2026</i>	<i>Actual Oct FY2026</i>	<i>Projected Oct FY2026</i>	<i>% of Months Budget</i>	<i>Year to Date FY2026</i>
OPERATING EXPENSES (Con't)					
Office Expense					
Office Supplies	22,659	4,011	1,888	212.42%	13,163
Office Equipment	49,641	1,625	3,765	43.17%	10,067
Postage & Freight	4,400	-	367	0.00%	1,738
Property Tax	3,052	1,429	254		1,429
Telephone Expense	28,034	1,718	2,160	79.53%	8,391
Dues & Subscriptions (ACWA/AWWA)	17,401	14,097	14,100	99.98%	14,706
Statement Printing & Mailing	25,087	1,249	2,091	59.73%	5,436
Office/Shop utilities	18,897	1,210	1,575	76.87%	7,851
Total Office Expense	169,171	25,339	26,200	96.72%	62,780
TOTAL OPERATING EXPENSES	3,231,969	298,446	310,062	96.25%	1,127,024
Debt Expense					
BBVA Bank Note 2018A/B - Principal	220,000	-			220,000
BBVA Bank Note 2018A/B - Interest	26,967	-			13,484
2021 Bond Cap One - Principal	393,063	-			393,063
2021 Bond Cap One - Interest	125,477	-			62,739
Total Debt Expense	765,507	-	-		689,285
GROUNDWATER MANAGEMENT EXPENSES					
Pumping Fees	103,000	-			-
GWM Expense	81,532	-	6,794	0.00%	-
Legal Expense	103,000	4,376	8,583	50.98%	25,082
Engineering/TAC Expense (Intera)	139,050	822	11,588	7.09%	37,030
TOTAL GROUNDWATER MGMT EXPENSES	426,582	5,198	26,965	19.27%	62,112
TOTAL EXPENSES	4,424,058	303,643	337,027	90.09%	1,878,422
NET INCOME	257,824	64,894	58,196	111.51%	(262,484)



**Borrego Water District
Sewer Enterprise Operating Budget Analysis
10/01/2025 TO 10/31/2025**

	<i>Budgeted FY2026</i>	<i>Actual Oct FY2026</i>	<i>Projected Oct FY2026</i>	<i>% of Months Budget</i>	<i>Year to Date FY2026</i>
<u>INCOME</u>					
RATE REVENUE					
Sewer Rates					
TCS Holder Fees (SA2)	192,073	16,097	16,006	101%	62,744
TCS User Fees (SA2)	155,060	13,038	12,922	101%	51,231
RH Sewer User Fees (ID1)	182,674	15,941	15,223	105%	63,772
Sewer Standby/Capacity Fees	-	101			101
Sewer User Fees (ID5)	210,192	17,581	17,516	100%	70,325
Total Sewer Rates	<u>739,999</u>	<u>62,757</u>	<u>61,667</u>	102%	<u>248,172</u>
Availability Charges Collected thru Tax Roll					
ID1 - Sewer Standby	34,965	47	394	12%	126
Total Availability (Tax Roll)	<u>34,965</u>	<u>47</u>	<u>394</u>	12%	<u>126</u>
TOTAL SEWER REVENUE	774,964	62,805	62,060	101%	248,298



Borrego Water District
Sewer Enterprise Operating Budget Analysis
10/01/2025 TO 10/31/2025

	<i>Budgeted FY2026</i>	<i>Actual Oct FY2026</i>	<i>Projected Oct FY2026</i>	<i>% of Months Budget</i>	<i>Year to Date FY2026</i>
EXPENSES					
OPERATING EXPENSES					
Operations & Maintenance Expense					
R&M WWTF	138,744	5,402	11,562	47%	8,297
Telemetry	1,000	-	83	0%	-
Trash Removal	2,400	104	200	52%	681
Vehicle Expense	3,086	48	257	19%	909
Fuel & Oil	8,533	571	711	80%	1,969
Lab/Testing	20,437	1,224	1,703	72%	5,185
Electricity	5,723	296	477	62%	1,535
Permit Fees	15,000	-	1,250	0%	283
Total Operations & Maintenance Expense	194,923	7,645	16,244	47%	18,858
Professional Services					
Accounting (Lockbox/Debt Filings)	1,320	90	110		249
Payroll Services	600	38	50	75%	192
Audit Fees	3,823	-	1,400	0%	1,560
IT & Cyber Security	7,688	606	641	95%	2,125
Financial Consulting	-	-	-	0%	-
Engineering (Dudek)	6,371	40,570	531	7642%	40,570
Legal Services - General	9,365	667	780	85%	1,060
Advocacy	8,325	720	694	104%	2,880
Total Professional Services	37,492	42,690	4,206	1015%	48,636
Insurance Expense					
ACWA/JPIA Program Insurance	18,048	6,362	10,948		13,461
ACWA/JPIA Workers Comp	3,952	989	988		989
Total Insurance Expense	22,000	7,350	11,936		14,449
Personnel Expense					
Board Meeting Expense	2,000	80	167	48%	235
Salaries & Wages	282,486	21,656	23,541	92%	86,693
<i>Contra Account - Salaries & Wages</i>	<i>(8,459)</i>	<i>325</i>	<i>(705)</i>	<i>-46%</i>	<i>325</i>
Contract Labor/Consulting	10,000	-	833	0%	-
Payroll Taxes	5,799	312	483	65%	3,688
Benefits - Medical	47,646	3,991	3,971	101%	16,043
Benefits - CalPERS	51,486	1,633	3,214	51%	30,168
Trainings & Conferences	2,497	14	208	7%	527
Uniforms	971	85	81	105%	317
Safety Compliance & Emergency Prep	694	-	58	0%	-
Total Personnel Expense	395,120	28,095	31,850	88%	137,996



Borrego Water District
Sewer Enterprise Operating Budget Analysis
10/01/2025 TO 10/31/2025

	<i>Budgeted FY2026</i>	<i>Actual Oct FY2026</i>	<i>Projected Oct FY2026</i>		<i>Year to Date FY2026</i>
OPERATING EXPENSES (Con't)				<i>% of Months Budget</i>	
Office Expense					
Office Supplies	3,100	526	258	204%	1,711
Office Equipment	6,769	356	528	67%	2,061
Postage & Freight	600	-	50	0%	299
Property Tax	416	-	-		-
Telephone Expense	3,823	234	300	78%	1,144
Dues & Subscriptions (ACWA/AWWA)	3,191	1,922	1,900	101%	2,005
Printing & Publication	694	170	58	294%	644
Office/Shop utilities	2,129	165	177	93%	1,070
Total Office Expense	<u>20,722</u>	<u>3,373</u>	<u>3,272</u>	103%	<u>8,934</u>
TOTAL OPERATING EXPENSES	670,257	89,154	67,507	132%	228,873
Debt Expense					
2021 Bond Cap One - Principal	31,994	-			33,994
2021 Bond Cap One - Interest	9,149	-			4574 1/2
Total Debt Expense	<u>41,143</u>	<u>-</u>	<u>-</u>		<u>38,569</u>
TOTAL EXPENSES	<u>711,400</u>	<u>89,154</u>	<u>66,519</u>	134%	<u>267,441</u>
NET INCOME	<u>63,564</u>	<u>(26,349)</u>	<u>(4,459)</u>	591%	<u>(19,144)</u>



**Borrego Water District
Pest Control Operating Budget Analysis
10/01/2025 to 10/31/2025**

	<i>Budgeted FY2025</i>	<i>Actual Oct FY2026</i>	<i>Projected Oct FY2026</i>	<i>Year to Date FY2026</i>
<u>INCOME</u>				
Charges Collected thru Tax Roll			<i>0</i>	
Pest Control Standby	<i>17,150</i>	<i>425</i>	<i>193</i>	<i>519</i>
<u>TOTAL PEST CONTROL FUND REVENUE</u>	<u>17,150</u>	<u>425</u>	<u>193</u>	<u>519</u>
<u>EXPENSES</u>				
Pest Control Plan Consultant	<i>15,600</i>			
R&M Pest Control	<i>-</i>	<i>-</i>	<i>300</i>	<i>-</i>
ACWA/JPIA Program Insurance	<i>500</i>	<i>159</i>	<i>100</i>	<i>159</i>
Salaries & Wages	<i>1,000</i>	<i>-</i>	<i>839</i>	<i>-</i>
Benefits - Medical		<i>-</i>	<i>142</i>	<i>-</i>
Benefits - CalPERS		<i>-</i>	<i>140</i>	<i>-</i>
ACWA/JPIA Workers Comp		<i>-</i>	<i>12</i>	<i>-</i>
Payroll Taxes		<i>-</i>	<i>17</i>	<i>-</i>
<u>TOTAL PEST CONTROL FUND REVENUE</u>	<u>17,100</u>	<u>159</u>	<u>1,550</u>	<u>-</u>
<u>Net Income Pest Control Enterprise Fund</u>	<u>50</u>	266	(1,357)	



Borrego Water District
Flood Enterprise Operating Budget Analysis
10/01/2025 to 10/31/2025

	<i>Budgeted FY2026</i>	<i>Actual Oct FY2026</i>	<i>Projected Oct FY2026</i>	<i>Year to Date FY2026</i>
<u>INCOME</u>				
ID1 - Flood Standby	34,965	24	1,182	24
<u>TOTAL FLOOD CONTROL FUND REVENUE</u>	<u>34,965</u>	<u>24</u>	<u>1,182</u>	<u>24</u>
<u>EXPENSES</u>				
ACWA/JPIA Program Insurance	605	318		318
Legal Services - General	5,125	-	641	-
Salaries & Wages	9,109	-	1,139	-
Benefits - Medical	1,494	-	187	-
Benefits - CalPERS	1,661	-	208	-
ACWA/JPIA Workers Comp	127	-	16	-
Payroll Taxes	187	-	23	-
<u>TOTAL FLOOD CONTROL FUND EXPENSES</u>	<u>18,308</u>	<u>318</u>	<u>2,190</u>	<u>318</u>
<u>Net Income Flood Enterprise Fund</u>	<u>16,657</u>	<u>(294)</u>	<u>(1,007)</u>	(294)



Borrego Water District
Non-Rate Revenue Budget Analysis
10/01/2025 to 10/31/2025

	<i>Budgeted FY2026</i>	<i>Actual Oct FY2026</i>	<i>Projected Oct FY2026</i>	<i>Year to Date FY2026</i>
<u>INCOME</u>				
OTHER INCOME				
Penalties & Fees	50,000	29,167	5,000	97,084
BSUSD Well Agreement	35,000	-	8,750	10,164
1% Property Assessments	70,000	723	788	3,034
Interest Income	60,000	947	2,917	2,855
Sale of Parcels		-		-
WM Meter Reading Income	6,500	-	550	1,190
TOTAL OTHER INCOME	<u>221,500</u>	<u>30,837</u>	<u>18,005</u>	<u>114,328</u>
<u>EXPENSES</u>				
Air Quality Study	36,341	779	3,028	779
TOTAL NON-RATE REVENUE EXPENSES	<u>36,341</u>	<u>779</u>	<u>3,028</u>	<u>779</u>
<u>Net Income Non-Rate Revenue</u>	<u>185,159</u>	30,058	14,976	113,548



**Borrego Water District
Consolidated Enterprise Budget Analysis
10/01/2025 to 10/31/2025**

	<i>Budgeted FY2026</i>	<i>Actual Oct FY2026</i>	<i>Projected Oct FY2026</i>	<i>YTD FY2026</i>
<u>INCOME</u>				
TOTAL WATER RATE REVENUE	4,615,007	368,537	418,497	1,615,938
TOTAL WASTEWATER RATE REVENUE	774,965	62,805	62,060	248,298
TOTAL PEST CONTROL FUND REVENUE	17,150	425	193	519
TOTAL FLOOD CONTROL FUND REVENUE	34,965	24	1,182	24
TOTAL OTHER INCOME	221,500	30,837	18,005	114,328
<u>GROSS INCOME</u>	<u>5,663,588</u>	<u>462,628</u>	<u>499,937</u>	<u>1,979,106</u>
<u>EXPENSES</u>				
TOTAL WATER ENTERPRISE EXPENSES	4,449,129	303,643	513,405	1,878,422
TOTAL WASTEWATER ENTERPRISE EXPENSES	711,398	89,154	66,519	267,441
TOTAL PEST CONTROL ENTERPRISE EXPENSES	17,150	159	1,550	159
TOTAL FLOOD CONTROL ENTERPRISE EXPENSES	18,307	318	2,190	318
TOTAL NON-RATE REVENUE EXPENSES	36,341	779	3,028	779
<u>TOTAL EXPENSES</u>	<u>5,232,325</u>	<u>394,053</u>	<u>586,692</u>	<u>2,147,120</u>
<u>CONSOLIDATED NET INCOME</u>	<u>431,262</u>	<u>68,575</u>	<u>(86,755)</u>	<u>(168,014)</u>



**Borrego Water District
BPA Purchase & Capital Improvements Budget
10/01/2025 to 10/31/2025**

	<i>Budgeted FY2026</i>	<i>Actual Oct FY2026</i>		<i>Year to Date FY2026</i>
<u>BPA Purchase Expense</u>				
Land - Installment Agreement Payment	361,956	2,684	<i>legal fees</i>	9,311
Fallowing Expense	195,668	-		-
<u>BPA Purchase Expense</u>	<u>557,624</u>	<u>2,684</u>		<u>9,311</u>
<u>CAPITAL IMPROVEMENT PROJECTS (CIP)</u>				
Water Enterprise CIP				
Water Projects				
Tank Repair/Recoating: Country Club Tank	350,000	-		31,197
New Production Well Evaluation: DB20	100,000	-		-
Office Propane Generator	75,000	-		-
ID1-8 Convert to Monitoring	11,000	-		-
Well/Tank Site Security Upgrades	60,000	4,250		8,781
Discharge Pond Fencing	30,000	-		-
Chlorinator ID4-11	-	19,298	<i>regulatory requirement</i>	19,298
Emergency System Repairs	69,458	-		-
Total Water Projects	695,458	23,548		59,276
Sewer Projects				
Manhole Refurbishments	100,000	-		6,310
Sewer Cleaning/Inspection	125,000	-		-
Total Sewer Projects	225,000	-		6,310
CASH FUNDED BPA PURCHASE & CIP TOTAL	1,478,082	26,231		74,897



**Borrego Water District
Grant Funded CIP Budget Analysis
10/01/2025 to 10/31/2025**

	<i>Budgeted FY2026</i>	<i>Actual Oct FY2026</i>	<i>Year to Date FY2026</i>
GRANT FUNDED CIP			
2023 Appropriations Bill			
BSR Pipeline	928,000	-	-
BSR Pipeline ALT/Country Club Connections		5,402	5,402
Sungold Pipeline	2,464,000	-	-
2023 Appropriations Bill Total	<u>3,392,000</u>	<u>5,402</u>	<u>5,402</u>
TOTAL GRANT FUNDED CIP	3,392,000	5,402	5,402



**Borrego Water District
Cash Flow Analysis
10/01/2025 to 10/31/2025**

		Actual Oct FY26
Cash and Reserves at Beginning of Period		5,644,751
Cash Flows from Operating Activities		
<i>Income Provided by Operating Activities</i>		38,517
<i>Increase in Accounts Receivable</i>		(15,662)
<i>Increase in Accounts Payable</i>		40,124
<i>Increase in Inventory</i>		(1,478)
<i>Customer Deposits Returned</i>		-
Net Cash Provided by Operating Activities		\$ 61,501
Cash Flows from Non-Operating Activities		
Other Income Received		30,058
Debt Service Disbursement		-
Net Cash Provided by Other Income		\$ 30,058
Cash Flows from Capital Improvement Activities		
<i>All CIP/BPA Purchase Activities (Cash + Grant)</i>		(31,633)
<i>Grant Monies Received</i>		-
Net Cash Paid for Capital Improvements		\$ (31,633)
Net Change in Cash		\$ 59,926
Cash and Reserves at End of Period		\$ 5,704,677
Restricted Reserves at End of Period	\$	1,306,291
Unrestricted Reserves at End of Period	\$	4,398,386
Water Reserves Portion	\$4,989,134	
Sewer Reserves Portion	\$715,529	
Non-218 Reserves Portion	\$880,105	
Fiscal Year Reserves Target		\$ 6,853,714
Fiscal Year Reserves Surplus/Shortfall to Date		\$ (1,149,037)



ASSETS

	BALANCE SHEET October 31, 2025 (unaudited)	BALANCE SHEET June 30, 2025 (unaudited)	MONTHLY CHANGE (unaudited)
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 6,002,687.05	\$ 4,771,905.16	\$ 1,230,781.89
Accounts Receivable - Water/Sewer Charges	\$ 958,738.39	\$ 804,198.02	\$ 154,540.37
Accounts Receivable - Other	\$ 18,679.32	\$ 145,070.27	\$ (126,390.95)
Grant Reimbursements Receivable	\$ 214,729.37	\$ 1,686,141.11	\$ (1,471,411.74)
Inventory	\$ 257,553.06	\$ 248,808.76	\$ 8,744.30
TOTAL CURRENT ASSETS	\$ 7,452,387.19	\$ 7,656,123.32	\$ (203,736.13)
RESTRICTED ASSETS			
Debt Service:			
Unamortized bond issue costs	\$ 125,185.22	\$ 125,185.22	\$ -
Viking Ranch Refinance issue costs	\$ 125,184.55	\$ (120,155.55)	\$ 245,340.10
Deferred Outflow of Resources-CalPERS	\$ 522,258.00	\$ 426,139.00	\$ 96,119.00
Total Debt service	\$ 772,627.77	\$ 431,168.67	\$ 341,459.10
Trust/Bond funds:			
Investments with fiscal agent -CFD 2017-1	\$ 810,327.39	\$ 810,327.39	\$ -
Total Trust/Bond funds	\$ 810,327.39	\$ 810,327.39	\$ -
TOTAL RESTRICTED ASSETS	\$ 1,582,955.16	\$ 1,241,496.06	
UTILITY PLANT IN SERVICE			
Land	\$ 4,795,894.99	\$ 4,810,354.99	\$ (14,460.00)
Flood Control Facilities	\$ 4,287,340.00	\$ 4,287,340.00	\$ -
Capital Improvement Projects	\$ 218,900.00	\$ 129,755.58	\$ 89,144.42
Sewer Facilities	\$ 7,860,618.28	\$ 7,860,618.28	\$ -
Water facilities	\$ 25,582,958.26	\$ 25,582,958.26	\$ -
General facilities	\$ 1,038,449.39	\$ 1,038,449.39	\$ -
Equipment and furniture	\$ 1,151,790.37	\$ 1,151,790.37	\$ -
Vehicles	\$ 811,340.92	\$ 811,340.92	\$ -
Accumulated depreciation	\$ (18,062,478.36)	\$ (18,062,478.36)	\$ -
NET UTILITY PLANT IN SERVICE	\$ 27,684,813.85	\$ 27,610,129.43	\$ 74,684.42
OTHER ASSETS			
Water Rights/BPA	\$ 194,311.10	\$ 185,000.00	\$ 9,311.10
TOTAL OTHER ASSETS	\$ 194,311.10	\$ 185,000.00	
TOTAL ASSETS	\$ 36,914,467.30	\$ 36,919,039.97	\$ (4,572.67)



Balance sheet continued

LIABILITIES

	BALANCE SHEET October 31, 2025 (unaudited)	BALANCE SHEET June 30, 2025 (unaudited)	MONTHLY CHANGE (unaudited)
CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS			
Accounts Payable	\$ 129,494.72	\$ 253,396.69	\$ (123,901.97)
Accrued expenses	\$ 331,805.61	\$ 352,478.39	\$ (20,672.78)
Deposits	\$ 105,000.00	\$ 105,000.00	\$ -
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS	\$ 566,300.33	\$ 710,875.08	\$ (144,574.75)
CURRENT LIABILITIES PAYABLE FOM RESTRICTED ASSETS			
Debt Service:			
Accounts Payable to CFD 2017-1	\$ 810,327.39	\$ 810,327.39	\$ -
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	\$ 810,327.39	\$ 810,327.39	\$ -
LONG TERM LIABILITIES			
2018A & 2018B Refinance ID4/Viking Ranch	\$ 695,000.00	\$ 915,000.00	\$ (220,000.00)
2021 Installment Purchase Agreement	\$ 5,739,750.00	\$ 6,196,800.00	\$ (457,050.00)
Net Pension Liability-CalPERS	\$ 1,259,747.00	\$ 1,259,747.00	\$ -
Deferred Inflow of Resources-CalPERS	\$ 48,115.00	\$ 54,192.00	\$ (6,077.00)
TOTAL LONG TERM LIABILITIES	\$ 7,742,612.00	\$ 8,425,739.00	\$ (683,127.00)
TOTAL LIABILITIES	\$ 9,119,239.72	\$ 9,946,941.47	\$ (827,701.75)
FUND EQUITY			
Contributed equity	\$ 9,611,814.35	\$ 9,611,814.35	\$ -
Retained Earnings:	\$ 18,416,246.32	\$ 17,360,284.15	\$ 1,055,962.17
TOTAL FUND EQUITY	\$ 28,028,060.67	\$ 26,972,098.50	\$ 1,055,962.17
TOTAL LIABILITIES AND FUND EQUITY	\$ 37,147,300.39	\$ 36,919,039.97	\$ 228,260.42

To: BWD Board of Directors
 From: Jessica Clabaugh
 Subject: Consideration of the Disbursements and Claims Paid
 Month Ending Oct 31, 2025



Vendor disbursements paid during this period: **\$ 387,788.78**

Significant items:

ACWA	Annual Dues	\$ 15,725.00
ACWA-JPIA	General Liability Program exp Sept '26	\$ 53,867.34
Babcock	Lab Services	\$ 2,717.57
CalPERS	Employee Retirement Benefits	\$ 9,073.14
Employee Health Benefits	Medical JPIA & AFLAC	\$ 22,172.53
Grainger	Fuel Pump	\$ 1,113.49
Ramona Disposal	Garbage Collection	\$ 5,218.30
SC Fuels	Fuel For District Vehicles	\$ 2,553.90
SDGE	Payment on Sept Use	\$ 40,983.35
SD County Treasurer	Property Taxes	\$ 1,376.58

Capital Projects/Fixed Asset Outlays:

Automated Water Treatment	Chlorinator for well ID4-11	\$ 19,298.11
Bay City Equipment	Generator Routine PM	\$ 1,198.59
Borrego Auto Parts	Misc Parts for Fleet Vehicles	\$ 1,144.22
Kappa Surveying	Certificate of Compliance 141-030-63/64	\$ 5,355.00
Pacific Pipeline Supply, Inc.	Paving Materials	\$ 5,234.16
Pacific Pipeline Supply, Inc.	Hydrant Cans	\$ 1,035.08
Pacific Pipeline Supply, Inc.	Running M (BSR Alt.)	\$ 5,263.50
Ramona Disposal	Garbage Collection	\$ 5,218.30

Total Professional Services for this Period:

BBK	General Sept	\$ 7,105.40
BBK	Water Right Acquisition	\$ 4,894.30
BBK	Watermaster Sept	\$ 2,448.60
BBK	Advocacy	\$ 6,000.00
The Data Center	Statement Printing & Mailing	\$ 1,281.88

Payroll for this Period:

Gross Payroll	\$ 123,128.51
Employer Payroll Taxes and ADP Fee	\$ 7,947.18
Total	\$ 131,075.69



October 2025

42161	1109	ABILITY ANSWERING/PAGING SER	10/15/2025	259.50
42190	1109	ABILITY ANSWERING/PAGING SER	11/07/2025	276.24
42162	1092	ACWA	10/15/2025	15,725.00
42176	3035	ACWA / JPIA Finance Dept.	10/29/2025	53,867.34
42251	3035	ACWA / JPIA Finance Dept.	12/02/2025	5,461.89
42177	1266	AFLAC	10/29/2025	1,420.38
42191	1001	AMERICAN LINEN INC.	11/07/2025	706.09
42215	61	AT&T MOBILITY	11/07/2025	770.85
42192	9529	AT&T-CALNET 3	11/07/2025	523.24
42178	83	AUTOMATED WATER TREATMENT	10/29/2025	19,298.11
42219	9255	BABCOCK LABORATORIES	11/14/2025	6,359.90
42193	11195	BANK UP CORPORATION	11/07/2025	750.00
42220	10884	BEST BEST & KRIEGER ATTORNEYS A`	11/14/2025	21,126.90
42225	9679	BIG J FENCING, INC.	11/17/2025	649.50
42194	10900	BORREGO AUTO PARTS & SUPPLY CO	11/07/2025	112.32
42195	11140	BORREGO SPRINGS HARDWARE	11/07/2025	410.03
42179	1037	BORREGO SUN	10/29/2025	160.00
42226	1037	BORREGO SUN	11/20/2025	80.00
42180	1196	CASH	10/29/2025	420.00
42221	11190	DAVIS FARR LLP	11/14/2025	3,000.00
42166	1222	DEBBIE MORETTI	10/15/2025	140.00
42165	96	DISH	10/15/2025	93.82
42197	1136	HOME DEPOT CREDIT SERVICES	11/07/2025	1,459.77
42181	9385	JOHNSON CONTROLS SECURITY SOLL	10/29/2025	424.02
42182	63	KAPPA SURVEYING	10/29/2025	5,355.00
42198	11090	LUPE'S GARDENING MAINTENANCE IN	11/07/2025	585.00
42163	1000	MEDICAL ACWA-JPIA	10/15/2025	23,575.29
42216	11204	N2W ENGINEERING, INC	11/07/2025	40,570.00
42184	11175	NEW YORK LIFE INSURANCE COMPAN	10/29/2025	290.92
42199	11114	OCEANUS BOTTLED WATER, INC	11/07/2025	78.00
42185	1208	PACIFIC PIPELINE SUPPLY INC	10/29/2025	7,820.11
42200	1208	PACIFIC PIPELINE SUPPLY INC	11/07/2025	3,588.35
42183	11164	RAMIRO LOPEZ	10/29/2025	664.50
42201	9633	RAMONA DISPOSAL SERVICE	11/07/2025	5,557.49
42196	11087	REX HARVEY	11/07/2025	200.00
42168	3007	SAN DIEGO COUNTY TREASURER	10/15/2025	1,376.58
42186	3007	SAN DIEGO COUNTY TREASURER	10/29/2025	52.72
42187	1065	SAN DIEGO GAS & ELECTRIC	10/29/2025	40,983.35
42202	1065	SAN DIEGO GAS & ELECTRIC	11/07/2025	9,974.07
42169	11067	SC FUELS	10/15/2025	1,105.45
42188	11067	SC FUELS	10/29/2025	1,448.45
42203	11067	SC FUELS	11/07/2025	2,203.58
42204	11086	SPRINGBROOK HOLDING COMPANY LL	11/07/2025	782.00
42217	11193	THE DATA CENTER LLC	11/07/2025	1,178.99
42252	9666	THE REGENTS, UCI IRVINE	12/02/2025	779.38
42205	9581	TRAVIS PARKER	11/07/2025	9,295.59
42206	3000	U.S.BANK CORPORATE PAYMENT SYS	11/07/2025	2,433.07
42207	1023	UNDERGROUND SERVICE ALERT	11/07/2025	24.00
42208	9439	USABLUEBOOK	11/07/2025	188.73
42222	1100	VERIZON WIRELESS	11/14/2025	122.29
42209	92	XEROX FINANCIAL SERVICES	11/07/2025	365.28
42218	9713	XL COMPANY	11/07/2025	11.97
42170	9602	XYLEM WATER SOLUTIONS USA,INC	10/15/2025	4,424.07
42210	11050	ZITO MEDIA	11/07/2025	289.50
Report Total (54 checks):				298,818.63