Westlands Water District
Notice of Regular Meeting and Agenda

Notice is hereby given that a Regular meeting of the Board of Directors of Westlands Water District will be held on September 15, 2026, at 9:00 a.m. at the District's Fresno Office, 286 W. Cromwell Avenue, Fresno, California 93711.

Join the meeting from a computer, tablet or smartphone:

Join Zoom

Meeting ID: 878 2072 7606
Passcode: 3130

Dial-In Number:
(669) 900-9128

Use the meeting ID and passcode from above.

After you join, please mute your line.

If you have problems using the Zoom prior to the start of the meeting, please contact the District's IT staff at 559-224-1523 or itstaff@wwd.ca.gov. Requests for assistance made during the meeting may not be responded to timely.

Meeting Agenda

Public Comment: Any member of the public may address the Board concerning any matter on the Agenda when the item is considered by the Board. Public comment is limited to three minutes per person and no more than fifteen minutes per topic. For good cause, the meeting Chair may waive these limitations. Reminder that this meeting is being recorded.

Pursuant to the Brown Act any person who willfully disrupts the meeting to render orderly conduct of the meeting infeasible, or who refuses to comply with the orders of the Chair, may be removed from the meeting. While the Board welcomes public participation, it does not endorse any remarks or conduct that fail to uphold commonly understood standards of civility and decorum.

1. **Call to Order / Pledge of Allegiance**
   The Chair may acknowledge Board members participating remotely as authorized by Government Code Section 54950 et seq.

2. **Board of Directors to Consider Modifications, Corrections or Additions to the Agenda of Items, as Authorized by Government Code Section 54950 et seq.**

3. **Consent Calendar**
   All items listed on the Consent Calendar are routine and non-controversial and will be acted upon by a single action of the Board of Directors, unless a Board Member requests separate consideration of the item. If such a request is made, the item may be heard as an action item at this meeting.

   Board of Directors to Consider:
   a. Approving the Minutes of the Regular Board Meeting of August 18, 2026
   b. Approving the Accounts Payable Reports (Dix)
   c. Approving FY 2026-2027 Budget Transfer for Costs Associated with Executive Recruitment Services (Dix)
   d. Adopting a Revised Policy for Statement of Investment (Dix)

4. **General Manager's Report (Febbo)**
   a. Water Supply, Water Operations and Projected Water Supply and Use and Central Valley Project/State Water Project Operations, Drainage, Energy, Bay-Delta Water Quality Control Plan-Voluntary Agreement Update, Endangered Species Act Consultation on and Environmental Review for the Coordinated Long-Term Operation of the CVP and SWP, and Other Resources Activities (Febbo/Campbell)
   b. Science Program Update (Cavallo)
   c. Federal & State Legislative Affairs (Febbo)
   d. Public Outreach, External Affairs, and Consultant Review (Febbo)
   e. Operations & Maintenance Report (Vandergon)
   f. Strategic Plan Status Update (Febbo/Farmer)

5. **Outside Agency Activities (Board)**
Reports on activities of outside agencies Family Farm Alliance [Bourdeau], San Luis & Delta-Mendota Water Authority [Freeman], Association of California Water Agencies [Freeman], State and Federal Contractors Water Agency [Gutierrez], Central Valley Project Water Association [Farmer], Power and Water Resources Pooling Authority [Campbell], San Joaquin Valley Blueprint [Freeman]

6. **Valley Clean Infrastructure Plan (VCIP) (Gutierrez/Freeman)**
    a. Update on VCIP transmission infrastructure activities (Gutierrez/Freeman)
    b. Update on Community Benefits Plan activities (Febbo)

7. **Finance & Administration Committee (Bourdeau)**
The Committee Chair will report, and the Board may act upon the following items within the Committee's jurisdiction.
    a. Board of Directors to Consider Investment and Financial Reports (Dix)
    b. Board of Directors to Receive Quarterly Consultants Update (Dix)
    c. Board of Directors to Consider Approval of the Engineer's Report for the Proposed Special Benefit Assessment Update, Adopt Resolution No. 118-26 Setting a Proposition 218 Public Hearing and Assessment Ballot Proceeding for December 15, 2026, and Authorize Staff to Undertake All Actions Necessary to Conduct the Election Process (Dix)
    d. Board of Directors to Consider Accepting the Westlands Water District Fiscal Year 2025-2026 Annual Comprehensive Financial Report (ACFR) and Financial Statements (Dix)
    e. Board of Directors to Consider Designation of Fiscal Year 2025-2026 Unrestricted Net Position to the Rate Stabilization Fund (Dix)
    f. Board of Directors to Consider Adopting an Amended Conflict of Interest Code for Westlands Water District Effective October 3, 2026 (Farmer)

8. **Sustainable Groundwater Management Act**
Serving as the Groundwater Sustainability Agency of the Westside Subbasin:
    a. Board of Directors to Receive an Update and/or Provide Input on Sustainable Groundwater Management Act Implementation/Compliance Activities, including Actions to Implement the Groundwater Sustainability Plan (Solorio)

9. **Board of Directors to Consider Resolution 119-26, Commendation of Alwin Acuna (Farmer)**

10. **Public Comment**
Any member of the public may address the District Board of Directors concerning any matter not on the Agenda but within the Board's jurisdiction. Public comment is limited to three minutes per person and no more than fifteen minutes per topic. For good cause, the meeting Chair may waive these limitations. In accordance with the Brown Act, the Board cannot act on any items not on the Agenda. Public questions

and comments on items listed on the Agenda will be accepted at the time the item is considered by the Board.

11. Closed Session

Board members' opportunity to disclose their recusal from a closed session item because of a conflict of interest under Government Code section 87100.

Members of the public may provide comments on any closed session item at this time.

The Board will meet with Legal Counsel in closed session pursuant to the Government Code sections noted to discuss the following:

a. Public Employee Performance Evaluation (Pursuant to Cal. Gov. Code section 54957(b)(1))
   Title: General Manager

b. Conference with Legal Counsel – Anticipated Litigation
   Significant exposure to litigation (Pursuant to Cal. Gov. Code section 54956.9(d)(2)) and/or initiation of litigation (Pursuant to Cal. Gov. Code section 54956.9(d)(4)) – 5 potential cases

c. Conference with Real Property Negotiators (Pursuant to Cal. Gov. Code section 54956.8)

   1) Property: Approximately 2,942.09 Acres - E½ of Section 9 ,W½ of Section 15, NE¼ of Section 16, S½ & NW¼ & NE¼ of Section 21, NW¼ of NW¼ of Section 22, NW¼ & NW¼ of NE¼ of Section 28, N½ & SE¼ &SW¼ of Section 29, E½ of NE¼ of Section 31, and all of Section 33, T. 36N., R.3W., M.D.B.&M., in Shasta County, California
      Agency Negotiator: General Manager or Designee
      Negotiating Parties: Winnemem Wintu Tribe
      Under Negotiation: Price and terms of payment

   2) Property: Approximately 217 acres of land in the SE diagonal of the SW ¼ and SE ¼ of Section 4 T.20S., R.17E., M.D.B.&M.
      Agency Negotiator: General Manager or Designee
      Negotiating Parties: MHC Almonds, LLC
      Under Negotiation: Price and terms of payment

   3) Property: Water Supply
      Agency Negotiator: General Manager or Designee
      Negotiating Parties: Santa Clara Valley Water District
      Under Negotiation: Price and terms of payment

d. Conference with Legal Counsel – Existing Litigation

Existing Litigation Pursuant to paragraph (1) of Subdivision (d) of Section 54956.9

1) Firebaugh Canal Water District et al. v. United States of America et al., United States District Court, Eastern District of California, Case Nos. 1:88-cv-634-JLT- SKO, 1:91-cv-048-LJO/DLB
2) Westlands Water District v. United States, United States Court of Appeal for the Federal Circuit, Case No. 13-5069
3) North Coast Rivers Alliance et al. v. U.S. Department of the Interior et al., United States District Court, Eastern District of California, Case No. 1:16-cv-00307-JLT-SKO and Ninth Circuit Court of Appeals Case No. 25-5137 ("Challenge to Interim Renewal Contracts & Repayment Contracts")
4) Hoopa Valley Tribe v. United States Bureau of Reclamation et al., United States District Court, Eastern District of California, Case No. 1:20-cv-01814-JLT-EPG ("Challenge to Repayment Contracts")
5) Center for Biological Diversity et al. v. United States Bureau of Reclamation et al., United States District Court, Eastern District of California, Case No. 1:20-cv-0706-JLT-EPG and Ninth Circuit Court of Appeals Case No. 25-5137 ("Challenge to Repayment Contracts")
6) State Water Board Cases, Sacramento County Superior Court Case No. JCCP 5013 ("WQCP Phase 1 Litigation")
7) Pacific Coast Federation of Fishermen's Association et al. v. Raimondo, et al., United States District Court, Eastern District of California, Case No. 1:20-cv-0431-JLT-EPG ("2019 ROC on LTO NGO Litigation")
8) Pacific Gas and Electric Company, Federal Energy Regulatory Commission, Docket Nos. ER20-2878-000 et al. ("PG&E Wholesale Distribution Tariff Proceedings")
9) California Sportfishing Protection Alliance et al. v. State Water Resources Control Board et al., Sacramento County Superior Court, Case No. 34-2021-80003761 ("2021 Order Re TUCP")
10) California Sportfishing Protection Alliance et al. v. State Water Resources Control Board et al., Sacramento County Superior Court, Case No. 34-2021-80003763 ("2021 Order Re Shasta Temp. Mgmt. Plan")
11) State Water Resources Curtailment Cases, Santa Clara County Superior Court Case No. 22CV402030, JCCP No. 5229
12) State Water Resources Control Board, Administrative Hearings Office, Proceeding re Petitions for Change of Water Rights Permits 16478, 16479, 16481, and 16482 (Applications 5630, 14443, 14445A, and 17512, respectively) of the Department of Water Resources ("Delta Conveyance Project Proceeding")
13) Tehama-Colusa Canal Authority et al. v. California Department of

Water Resources et al., Sacramento Superior Court Case No. 24WM000183; San Francisco Baykeeper et al. v. California Department of Water Resources et al., Sacramento Superior Court Case No. 24WM000185, California Sportfishing Protection Alliance et al. v. California Department of Water Resources et al., Sacramento Superior Court Case No. 24WM000181, Central Delta Water Agency and South Delta Water Agency v. California Department of Water Resources, Sacramento Superior Court Case No. TBD ("2024 State Water Project LTO/ITP")

14) San Francisco Baykeeper, et al. v. U.S. Bureau of Reclamation, et al., United States District Court, Eastern District of California, Case No. 2:26-cv-00671-JLT EPG ("2024 BiOp case")
15) LS Power Grid California, LLC v. Olivia M. Chaney, Westlands Water District, et al., Fresno County Superior Court Case No. 26CECG01238 ("LS Power-Chaney eminent domain proceeding")
16) LS Power Grid California, LLC v. Joesph O. Souza, Jr., Westlands Water District, et al., Fresno County Superior Court Case No. 26CU00873; ("LS Power-Souza I eminent domain proceeding")
17) LS Power Grid California, LLC v. William & Donna Souza, Westlands Water District, et al., Fresno County Superior Court Case No. 26CU00897; ("LS Power-Souza II eminent domain proceeding")
18) LS Power Grid California, LLC v. Sair Partnership 7, LLC, Westlands Water District, et al., Fresno County Superior Court Case No. 26CU00852 ("LS Power-Sair eminent domain proceeding")
19) LS Power Grid California, LLC v. Procacci, Westlands Water District, et al., Fresno County Superior Court Case No. 26CU01405 ("LS Power-Procacci eminent domain proceeding")
20) LS Power Grid California, LLC v. Luna Valley Land Holdings, LLC, Westlands Water District, et al., Fresno County Superior Court Case No. 26CU1426 ("LS Power-Luna Valley eminent domain proceeding")

e. Threat to Public Services or Facilities
Government Code 54957
Consultation with Legal Counsel and Deputy General Manager – Operations & Maintenance

12. Report from Closed Session, if any, Required by Government Code Section 54957.1

13. Adjournment

Order of Business

The order of business reflected in this Agenda is subject to change.

Accessibility

A person with a qualifying disability under the Americans with Disabilities Act of 1990 may request the District provide a disability-related modification or accommodation in order to facilitate that person's participation in any public meeting of the District. Such assistance includes appropriate alternative formats for the Agendas and Agenda packets used for any public meetings of the District. Requests for such assistance may be made in person at the District's Fresno office, which is located at 286 W. Cromwell Avenue, Fresno, California, 93711, by telephone (559-224-1523), facsimile (559-241-6277), email to Abby Castillo (acastillo@wwd.ca.gov), or written correspondence addressed to Westlands Water District, Attn: Abby Castillo, P.O. Box 5199, Fresno, California 93711. Notifications of at least 48 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made.

Remote Participation by Members of the Public

At this time, the District permits remote meeting participation by telephone or video conference through Zoom. This option is offered as a courtesy and is not required by law. Telephone and internet access and reliability varies widely, and District staff may not be able to assist members of the public with technical difficulties. To avoid issues that may arise from participating remotely by phone or video, members of the public who wish to provide public comment are encouraged to attend in person at the noticed location.

At the appropriate time, the meeting Chair will acknowledge members of the public wishing to provide comments. Participants attending by video conference are asked to use the "Raise Hand" tool in the Zoom interface when seeking to provide public comment on an item. Remote public comment is limited to three minutes per person and no more than fifteen minutes per topic.

Document Availability

Written material related to an item on this Agenda that is distributed less than 72 hours prior to this meeting to at least a majority of the members of the legislative body will be available for inspection at the District's Fresno office located at 286 W. Cromwell Avenue, Fresno, California 93711. Electronic material related to an item on this Agenda that is distributed electronically less than 72 hours prior to this meeting will be made available on the District's website (https://wwd.ca.gov/).

Written material distributed during a public meeting will be available for public inspection at the meeting if prepared by District staff or a member of its legislative body, or after the meeting if prepared by some other person.

Disclosure

This Agenda has been prepared pursuant to applicable laws of the State of California, including but not limited to, Government Code section 54950, et seq. This Agenda and supporting materials have not been prepared to inform an investment decision concerning the District, including in any of District's bonds, notes, or any other financial obligations. Any projections, plans, or other forward-looking statements included in the information in this Agenda or supporting materials are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from such statements. The information in this Agenda and supporting materials is not intended to be used by investors or potential investors in considering the purchase or sale of the District's bonds, notes, or other financial obligations.

Investors and potential investors should rely only on information filed by the District on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and the District's Investor Relations website, maintained on the World Wide Web at emma.msrb.org and wwd.ca.gov/investor-relations, respectively. For purposes of this note, "District" means Westlands Water District, Westlands Water District Distribution District No. 1, Westlands Water District Distribution District No. 2, San Luis Unit/Westlands Water District Financing Authority, and/or Westlands Water District Financing Corporation.

Minutes of the Regular Meeting of the Board of Directors of Westlands Water District August 18, 2026

The Board of Directors of Westlands Water District held a Regular Meeting on August 18, 2026, at the District's Fresno office, 286 W. Cromwell, Fresno, California 93711.

Directors present:

Jeff Fortune, President
Jim Anderson, Vice President
Jeremy Hughes, Secretary
William Bourdeau, Treasurer
Frank Coelho, Jr.
Justin Diener
Ross Franson
Ryan Ferguson (Arrived at 9:06 a.m.)
Ernie Costamagna

Staff present:

Allison Febbo, General Manager
Jose Gutierrez, Assistant General Manager
Stephen Farmer, Chief Administrative Officer
Russ Freeman, Deputy General Counsel
Katarina Campbell, Deputy General Manager, Resources
Brad Cavallo, Science Director
Kelly Vandergon, Deputy General Manager, Operations & Maintenance
Sherman Dix, Deputy General Manager, Finance & Administration
Jacob Smith, Information Technology Officer
Jasdeep Singh, Senior Information Technology Analyst
Antonio Solorio, Resources Engineer
Peter Maraccini, Supervisor of Resources
Liana Leyva, Executive Assistant
Abby Castillo, Administrative Assistant

Others present:

Mack Carlson, Brownstein Hyatt Farber & Schreck

Item 1. Call to Order/Pledge of Allegiance

President Fortune called the meeting to order at 9:01 a.m. He announced the open session portion of the meeting was being recorded and held at the Fresno District Office. The Pledge of Allegiance was performed. Mr. Farmer confirmed that a quorum of the Board was present.

Item 2. Board to Consider Corrections or Additions to the Agenda of Items, as Authorized by Government Code Section 54950 et seq.

Mr. Farmer stated that there were no corrections or additions to the agenda as authorized by Government Code Section 54950.

Item 3. Consent Calendar

President Fortune reported all items listed on the Consent Calendar were routine and non-controversial and would be acted upon by a single action of the Board of Directors.

Director Bourdeau moved to approve the Consent Calendar, Director Hughes seconded the motion, and there were no public comments. The Board of Directors approved the Consent Calendar with the vote as follows:

Ayes: Fortune, Diener, Bourdeau, Coelho, Franson, Hughes, Anderson, Costamagna
Nays: None
Absent: Ferguson

Item 4. General Manager's Report

Item 4.a. Water Supply, Project Operations, Energy, and Water Quality

Ms. Febbo updated the Board on key operational, regulatory, and water supply matters, including the announcement that the District received an additional 3% Central Valley Project allocation, increasing the total allocation from 25% to 28% for the year. While appreciative of the increase, Ms. Febbo noted that available water supplies and current conditions support a higher allocation. Staff reported that water available in San Luis Reservoir (SLR) could support an additional allocation increase of up to 5%, and that the decision not to implement the Fall X2 action is expected to conserve valuable upstream storage. Ms. Febbo also announced that the District was awarded $25 million in Inflation Reduction Act funding to support groundwater recharge and banking projects, further strengthening long-term water supply reliability. Lastly, she provided an update on the Bay-Delta Water Quality Control Plan (BDWQCP), noting that efforts on the matter remain ongoing.

Item 4.a.1 Water Supply

Ms. Campbell updated the Board on current water supply conditions and operational activities throughout the District. She reported that the recent increase in the Central Valley Project South-of-Delta agricultural allocation raised the District's projected 2026-2027 surface water supply to 527,164 acre-feet, providing additional flexibility to meet water demands. Surface water deliveries remain on pace with expectations, and staff continues to work diligently to meet supplemental water requests while managing available supplies. Ms. Campbell also noted that groundwater pumping activity remains consistent with projected needs for the contract year. Reservoir conditions throughout the Central Valley Project continue to be favorable, with major storage facilities remaining above average levels, supporting long-term operational reliability. Additionally, water quality across the CVP system remains stable, with low salinity levels and acceptable pH conditions, ensuring the continued delivery of high-quality water to District landowners.

Item 4.b. Science Program Update

Mr. Cavallo updated the Board on the Science Program, highlighting a planned predation study on the Sacramento River scheduled for next year. The study will utilize drone technology to track predator activity and gather valuable data to support ongoing fisheries' research and management efforts. Mr. Cavallo also indicated that staff will return with a proposed plan to support the survey and its implementation.

Item 4.c. Federal & State Legislative Affairs

Ms. Febbo updated the Board on federal and state affairs, legislative activity, and ongoing regulatory matters affecting water resources and infrastructure. At the federal level, the Administration continues efforts related to Central Valley Project and State Water Project operations, Endangered Species Act regulatory revisions, and water infrastructure legislation, while Congress considers a continuing resolution, Farm Bill negotiations, and measures supporting water storage and conveyance projects. At the state level, legislative activity has intensified following the summer recess, with key discussions focused on water supply, air quality, climate programs, golden mussel mitigation, Delta infrastructure funding, Proposition 4 implementation, wildfire policy, and producer responsibility requirements. Staff also continue tracking significant regulatory proceedings, including Tribal Beneficial Uses guidance, water treatment research grant opportunities, Golden Mussel rulemaking, Advanced Clean Fleets amendments, and State Water Project change petition hearings. Upcoming state and federal legislative deadlines through September and October will be closely monitored as lawmakers and agencies advance policy decisions impacting water management, infrastructure, and regulatory compliance.

Item 4.d. Public Outreach, External Affairs and Consultant Review

Ms. Febbo updated the Board on key activities and outreach initiatives. She reported on her participation in a roundtable discussion in Bakersfield with U.S. Secretary of Commerce Howard Lutnick and Congressman Vince Fong, noting it was a valuable opportunity to advocate for Westlands Water District and the water needs of the Central Valley. Ms. Febbo also shared that the District hosted FFA Executive Director Samantha Barncastle for a district tour. She also noted that Westlands issued a press release regarding the recent 3% increase in the Central Valley Project allocation. Additionally, she informed the Board that staff is preparing to review and provide comments on the Healthy Rivers and Landscapes Program as part of the Water Quality Control Plan update.

Item 4.e. Operations and Maintenance Report

Mr. Vandergon updated the Board on operations and maintenance in the District, noting current distribution system capacity limitations, scheduled lateral shutdowns, infrastructure improvements, and golden mussel mitigation efforts. Staff continue to manage temporary capacity reductions associated with pump repairs and have scheduled algae treatments, quinquennial maintenance, and annual painting projects to support system reliability. Significant progress has been made on the Surface Water Advanced Metering Infrastructure (AMI) project, with meter conversions and communication node installations enhancing operational efficiency and data collection capabilities. Staff also continue implementing golden mussel treatment and monitoring programs, pursuing grant funding opportunities, coordinating with regional partners, and advancing development of the District’s Golden Mussel Monitoring and Control Plan to address the ongoing threat posed by this invasive species while supporting critical water delivery infrastructure.

Director Coelho inquired whether staff have received any reports or complaints from water users along the lateral where treatment is occurring regarding impacts on filter stations. Mr. Vandergon reported that staff have not received any such reports or complaints, including issues related to mussel-related filter clogging, and noted that staff continue to closely monitor conditions in the treated area.

Item 4.f. Strategic Plan Status Update

No report provided.

Item 5. Outside Agency Activities

Family Farm Alliance

Director Bourdeau updated the Board on Family Farm Alliance activities, noting that he met with Executive Director Samantha Barncastle and several growers the previous day. He reported that Ms. Barncastle is highly committed to gaining a deeper understanding of Valley agriculture, having recently participated in a District tour with staff, where she was enthusiastic, engaged, and eager to learn about the region's agricultural operations and challenges. Director Bourdeau also noted that the Family Farm Alliance's monthly report was included in the Board packet for review.

San Luis & Delta-Mendota Water Authority

Mr. Freeman updated the Board on the August 6, 2026, San Luis & Delta-Mendota Water Authority (SLDMWA) meeting, noting that Executive Director Barajas' update addressed key matters related to Operations and Maintenance, General Membership activities, Legislative and Operations affairs, and ongoing science initiatives. The Board was informed of several actions taken by the Authority, including the initiation of the transition process for the Grassland Basin Drainage Management Project to the Grasslands Basin Authority, adoption of a support-and-amend position on H.R. 8876 regarding Aquatic Invasive Species, and authorization to execute a funding agreement with the Bureau of Reclamation and an activity agreement with Westlands Water District for the Formula for Long-Term Water Supply Project, which is included as Item 9 on today's agenda. Additionally, staff reported that the O'Neill Pumping Plant is scheduled for a 10-day outage during the second half of September, and that water deliveries will continue as needed through the use of the Jones Pumping Plant (JPOD) to maintain operational flexibility during the outage.

Association of California Water Agencies (ACWA)

Mr. Freeman updated the Board on Association of California Water Agencies (ACWA) activities, noting that development of ACWA's Vision for Water Future initiative continues, with draft recommendations now available for review and discussion. Quarterly committee meetings remain underway, providing ongoing opportunities for engagement on key water policy issues. Staff also reported that Westlands Water District will host the ACWA Regions 6 and 7 tour in October, showcasing the District's operations and regional water management efforts. Additionally, the Board was informed that the ACWA Fall Conference will be held in Anaheim from December 1 through 3, bringing together water leaders from across the state to discuss critical issues affecting California's water future.

Central Valley Project Water Association (CVPWA)

No report provided.

Power and Water Resources Pooling Authority

Ms. Campbell updated the Board on PWRPA, noting that the organization held a meeting earlier in the month focused on 2025 reconciliation. She reported that the District's 2025 power needs were met primarily through base resource, solar generation, and Lodi Energy Center output, supplemented by limited spot market purchases. She also noted that the District received a $360,000 refund; however, this amount had already been factored into the District's rate adjustments, so no additional refunds will be issued to growers.

Director Anderson asked about the average price of PWRPA power for 2025. Ms. Campbell responded that she believed the average was approximately 21 cents per kWh, though she clarified that this figure does not necessarily reflect the District's actual rate, which is somewhat higher due to overhead costs.

San Joaquin Valley Blueprint

Mr. Freeman provided an update on the San Joaquin Valley Blueprint initiative, highlighting several key activities currently underway. He reported that a meeting was scheduled for Wednesday and noted several significant agenda items that will help guide the initiative’s next phase. Mr. Freeman also shared that the Chair and Vice Chair were scheduled to present to the California Water Commission on Wednesday to discuss ongoing Blueprint efforts and regional water planning priorities. Additionally, a technical committee is being formed to begin evaluating and prioritizing potential scenarios and projects, and a day-long strategic planning session has been scheduled for September to further advance the initiative’s goals and implementation strategies.

Item 6. Valley Clean Infrastructure Plan

Item 6.a. VCIP Transmission Infrastructure Activities

Mr. Gutierrez updated the Board on the Valley Clean Infrastructure Plan (VCIP), reporting that staff and consultants continue to review the 18 applications received through the interconnection queue, evaluate identified deficiencies, and receive responses from applicants. He noted that the next milestone includes conducting scoping meetings with the applicants over the coming weeks and coordinating with the California Independent System Operator (CAISO) regarding interconnection requirements and the integration of the project's 500-kV transmission facilities into the state grid. These efforts will help ensure the necessary studies are progressing appropriately and support the long-term objective of integrating VCIP transmission infrastructure with the CAISO system. Mr. Gutierrez reported that substantial progress has been made in recent weeks and expects that momentum to continue through the remainder of the year.

Item 6.b. Board to Receive an Update on Community Benefits Plan Activities

Ms. Febbo reported that staff continue to develop contracts with consultants who will assist with key components of the needs assessment needed for this summer.

Item 7. Finance and Administration Committee

Item 7.a. Board of Directors to Consider Investment and Financial Reports.

Mr. Dix requested that the Board approve the District's financial reports for July 2026, including investment performance, budget-to-actual results, and debt service obligations. Investment yields remain strong, ranging from approximately 3.7% to 4.1%, with interest earnings on track to meet Fiscal Year 2026–2027 budget projections, and additional funds recently allocated to the Local Agency Investment
Fund to take advantage of higher returns. While total revenues are lower than the prior year due to reduced agricultural water sales associated with a lower water allocation, increases in groundwater power revenues and interest earnings have partially offset the decline, keeping revenues on track with budget expectations. Total expenses are slightly higher than the previous year, primarily as a result of increased groundwater pumping power costs and supplemental water purchases, while discretionary expenses remain below prior-year levels. Staff also reported that debt service payments for the 2020A Revenue Bonds and 2021B Revenue Refunding Bonds are due September 1, 2026.

Director Hughes moved to approve Item 7a, Director Fortune seconded the motion, and there were no public comments. The Board of Directors approved Item 7a, with the vote as follows:

Ayes: Fortune, Diener, Bourdeau, Coelho, Franson, Hughes, Anderson, Costamagna, Ferguson
Nays: None
Absent: None

Item 7.b. Board of Directors to Receive an Update on Selection of a District Investment Advisor

Mr. Dix updated the Board of Directors on the District's selection of an investment advisor following a competitive Request for Proposals process conducted to enhance investment portfolio performance while maintaining the District's conservative investment objectives of safety, liquidity, and yield. After evaluating eight proposals and conducting interviews, staff selected Meeder Public Funds, Inc. as the highest-ranked firm based on its extensive public agency experience, investment expertise, reporting capabilities, and overall value to the District, with a Notice of Intent to Award issued on August 7, 2026. Under the proposed non-discretionary advisory arrangement, investment authority will remain with the District Treasurer, while Meeder will provide independent investment analysis, portfolio recommendations, policy review, compliance monitoring, cash flow analysis, customized reporting, and strategic guidance to support management of the District's investment portfolio, which exceeds $400 million.

Director Diener moved to approve Item 7b, Director Fortune seconded the motion, and there were no public comments. The Board of Directors approved Item 7b, with the vote as follows:

Ayes: Fortune, Diener, Coelho, Franson, Hughes, Bourdeau, Anderson, Costamagna, Ferguson
Nays: None
Absent: None

Item 7.c. Board of Directors to Receive Update on the District Benefit Assessment Approval Final Schedule

Mr. Dix updated the Board on the District Benefit Assessment process and outlines the remaining steps leading to potential implementation in 2027. Staff and the District's assessment engineer are finalizing the Engineer's Report, which will establish the assessment methodology, identify costs to be recovered, document the special benefits provided to District lands, and allocate costs in compliance with Proposition 218 requirements. The Board is scheduled to consider adoption of the Engineer's Report in September 2026, followed by landowner outreach workshops in October and the mailing of Proposition 218 notices and ballots. A Public Hearing and ballot tabulation are planned for December 2026, and, if no majority protest existed, the updated assessment would take effect in May 2027, with first billings due in November 2027. A draft Frequently Asked Questions document is also included to help inform landowners about the purpose, process, and timeline of the proposed assessment update.

Director Anderson moved to approve Item 7c, Director Hughes seconded the motion, and there were no public comments. The Board of Directors approved Item 7c, with the vote as follows:

Ayes: Fortune, Diener, Bourdeau, Coelho, Franson, Hughes, Anderson, Costamagna, Ferguson
Nays: None
Absent: None

Item 7.d. Board of Directors to Receive an Update on District Election

Mr. Farmer informed the Board that the 2026 District General Election has been canceled because the number of qualified candidates who filed for election did not exceed the four Board seats available, and no petition was submitted requesting that the election be held. Following the close of the extended candidacy filing period, Directors Diener, Franson, and Hughes, along with Charles Herrin Jr., were the only candidates to file for the four-year terms. In accordance with California election and water district laws, the District Secretary will certify the candidates' names to the Fresno County Board of Supervisors for appointment prior to December 2026, after which the appointed directors will take the oath of office before assuming their duties.

Item 7.e. Board of Directors to Consider a Revised Salary Schedule Effective August 16, 2026

Mr. Dix asked the Board to consider a Revised Salary Schedule effective August 16, 2026, to comply with California Public Employees' Retirement System requirements and reflect the retitling of the Deputy General Manager – External Affairs position to Deputy General Manager – Government and Public Affairs. The title change better aligns the classification with the position's responsibilities, including government affairs, legislative and regulatory advocacy, public affairs, strategic communications, stakeholder engagement, and external relations. Approval of the revised Salary Schedule will have no impact on the District's FY 2026–2027 budget, as the position will be filled within existing approved budget authority.

Director Anderson moved to approve Item 7e, Director Hughes seconded the motion, and there were no public comments. The Board of Directors approved Item 7e, with the vote as follows:

Ayes: Fortune, Diener, Bourdeau, Coelho, Franson, Hughes, Anderson, Costamagna, Ferguson

Nays: None

Absent: None

Item 7.f. Approving FY 2026-2027 Budget Augmentation for Multi-benefit Land Repurposing Program Grant Projects

Mr. Dix requested Board approval of a FY 2026-2027 budget augmentation to recognize grant-funded revenues and expenditures associated with the District's implementation of the Westside Subbasin Multi-benefit Land Repurposing Program (MLRP). The $8.9 million grant agreement with the California Department of Conservation supports several approved projects designed to enhance groundwater sustainability and adaptive land use, including groundwater recharge and community resilience initiatives. Because project approvals were not finalized when the FY 2026-2027 budget was adopted, the related grant funding was not included. Staff recommend a budget augmentation of $7.48 million to incorporate the remaining grant funds for approved and anticipated projects. The proposed augmentation is budget neutral, as all associated expenditures will be fully offset by grant revenues.

Director Ferguson moved to approve Item 7f, Director Hughes seconded the motion, and there were no public comments. The Board of Directors approved Item 7f, with the vote as follows:

Ayes: Fortune, Diener, Bourdeau, Costamagna, Franson, Hughes, Anderson, Ferguson

Nays: None

Absent: None
Recused: Coelho

Item 8. Sustainable Groundwater Management Act

Item 8.a. Board of Directors to Receive an Update and/or provide Input on Sustainable Groundwater Management Act Implementation/Compliance Activities, including Actions to Implement the Groundwater Sustainability Plan.

Mr. Solorio updated the Board on Sustainable Groundwater Management Act (SGMA) and ongoing efforts to achieve Groundwater Sustainability Plan objectives. During the past month, landowners pumped approximately 38,000 acre-feet of groundwater, staff completed quarterly subsidence benchmark measurements and summer water quality sampling and submitted the Aquifer Storage and Recovery (ASR) Report for the first half of the 2026 program year. Key activities planned over the next six months include advancing design work for the Pasajero Phase 2 and Los Gatos Recharge Projects, revising subsidence-prone areas and the SGMA monitoring network, conducting investigations for upper aquifer recharge opportunities, and supporting ongoing Advisory and Technical Advisory Committee efforts. As of August 1, 2026, the Westside Subbasin maintained approximately 2.16 million acre-feet of available groundwater credits across all credit categories.

Item 9. Board of Directors to Consider Authorizing General Manager or Designee to Execute the San Luis & Delta-Mendota Water Authority Formula Long-term Water Supply Project Activity Agreement.
Mr. Gutierrez asked the Board to Consider authorization for the General Manager or designee to execute the San Luis & Delta-Mendota Water Authority's Formula Long-term Water Supply (FLOWS) Project Activity Agreement, which will provide Westlands access to a portion of $25 million in non-reimbursable federal funding to support groundwater recharge and recovery infrastructure. The FLOWS Project advances regional drought resiliency objectives by helping develop surface and groundwater storage facilities that enhance sustainable groundwater management, reduce subsidence risks, and increase dry-year water supplies. The agreement establishes the framework for Westlands to receive and administer project funding, complete planning, environmental, regulatory, and operational activities, and construct necessary conveyance and recharge facilities. While the agreement requires an initial $20,000 deposit to fund administrative costs, all eligible project expenses will be reimbursed, resulting in no impact to the District's FY 2026-2027 budget.

Director Diener moved to approve Item 9, Director Bourdeau seconded the motion, and there were no public comments. The Board of Directors approved Item 9, with the vote as follows:

Ayes: Fortune, Bourdeau, Coelho, Franson, Hughes, Diener, Anderson, Costamagna, Ferguson
Nays: None
Absent: None

Item 10. Public Comment
President Fortune asked for public comments, however, none were offered.

Item 11. Closed Session

Mr. Carlson announced the basis for the Closed Session, as identified in the agenda. Prior to moving into Closed Session, Mr. Carlson asked for public comments, however, none were given. The Board moved into Closed Session at 10:27 a.m.

Item 12. Report from Closed Session, if any, Required by Government Code Section 54957.1

Mr. Carlson reported that, during Closed Session, the Board conferred with Legal Counsel and took no reportable action. No public comments were offered.

Item 13. Board of Directors to Consider Approval of a FY 2026-2027 Budget Augmentation for Costs Associated with the B.F. Sisk Dam Raise and Reservoir Expansion Project

Mr. Dix requested the Board's approval of a FY 2026-2027 budget augmentation to fund the District's remaining participation costs in the B.F. Sisk Dam Raise and Reservoir Expansion Project through the San Luis & Delta-Mendota Water Authority. Since approving the Project Activity Agreement in 2022, the District has continued to evaluate and support the project while maintaining flexibility regarding future participation. Because funding for the District's remaining obligations was not included in the adopted FY 2026-2027 budget, staff recommend a budget augmentation of approximately $1.76 million to cover outstanding commitments and related preconstruction activities. The expenditure would be funded through restricted net position established from recent District land sales, providing the necessary resources to fulfill the District's remaining project obligations without impacting operating revenues.

Mr. Farmer requested that the motion be amended to maintain the proposed budget augmentation while also directing staff to continue participation in the project through 2029 and provide regular updates to the Board. Any additional funding requirements would be subject to the District's budget process and brought before the Board for consideration and approval. Director Bourdeau moved to approve the amended Item 13, and Director Ferguson seconded the motion. There were no public comments. The Board of Directors approved Item 13, as amended, with the vote as follows:

Ayes: Fortune, Bourdeau, Coelho, Ferguson, Anderson, Costamagna, Hughes, Diener
Nays: None
Absent: Franson

Mr. Carlson requested a motion to amend the order of the agenda to consider Items 15 and 16 before Item 14 due to Director Coelho's conflict of interest related to Item 14. This adjustment would allow Director Coelho to participate in and vote on Items 15 and 16 before recusing himself from the meeting during the Board's consideration of Item 14. Director Bourdeau moved to approve the proposed change to the agenda order, and Director Ferguson seconded the motion. There were no public comments. The Board of Directors approved the agenda modification with the vote as follows:

Ayes: Fortune, Bourdeau, Ferguson, Anderson, Costamagna, Hughes, Diener
Nays: Coelho
Absent: Franson

Item 14. Board of Directors to Consider Authorizing General Manager or Designee to Execute Option and Purchase and Sale Agreements with Clearway-Blue Holdco I, LLC, for Approximately 2,424 Acres Located in the E 1/2 of Section 25 and the SW 1/4 Section 26, in T.15S., R.13E., and the SW 1/4 of the SW 1/4 of Section 29, W2 Section 30 (excluding 6 acres in SW corner), Section 31 (excluding 6 acres in NW corner), and Section 32, T.15S., R.14E., and the E 1/2 and the NW 1/4 of Section 8, T.16S., R.14E., M.D.B.&M.

Mr. Freeman asked the Board to consider authorizing the General Manager or designee to execute option and purchase and sale agreements with Clearway-Blue Holdco I, LLC, for up to 2,424 acres of District-owned land within the Valley Clean Infrastructure Plan (VCIP) Development Focus Areas for a proposed solar and battery storage project. The agreements would allow Clearway-Blue to pursue project planning while preserving the District's discretion under the California Environmental Quality Act (CEQA) and would not commit the District to a final land sale. Any future sale would reserve key District rights, including water allocations, groundwater access, mineral rights, drainage and interconnection easements, and non-irrigation covenants. Clearway-Blue would be responsible for all planning and environmental review costs and would be required to implement maintenance, mitigation, and community benefit commitments as part of project development.

Due to conflict of interest, Director Coelho recused himself from the consideration and vote on Item 14. Director Anderson moved to approve Item 14, and Director Diener seconded the motion. There were no public comments. The Board of Directors approved Item 14 with the vote as follows:

Ayes: Fortune, Bourdeau, Diener, Hughes, Anderson, Costamagna, Ferguson
Nays: None
Absent: Franson
Recused: Coelho

Item 15. Board of Directors to Consider Authorizing General Manager or Designee to Execute Option and Purchase and Sale Agreements with Clearway-Orange Holdco I, LLC, for Approximately 436 Acres Located in the N 1/2 of the NE 1/4 of the SW 1/4 of Section 14 and the S1/2 and NW 1/4 (excluding S 1/2 of NW 1/4 of NW 1/4 and N 1/2 of SW 1/4 of NW 1/4) of Section 22, all in T.15S., R.14E., M.D.B.&M.

Mr. Freeman asked the Board to consider authorizing the General Manager or designee to execute option and purchase and sale agreements with Clearway-Orange Holdco I, LLC, for approximately 436 acres of District-owned land within the Valley Clean Infrastructure Plan (VCIP) Development Focus Areas for a proposed solar and battery storage project. The agreements would allow project planning to proceed while preserving the District's discretion under the California Environmental Quality Act (CEQA) and would not commit the District to a final land sale. Any future sale would reserve key District rights, including water allocations, groundwater access, mineral rights, drainage and interconnection easements, and non-irrigation covenants. Clearway-Orange would be responsible for all planning and environmental review costs and would be required to implement maintenance, mitigation, and community benefit commitments as part of project development.

Director Hughes moved to approve Item 15, Director Ferguson seconded the motion, and there were no public comments. The Board of Directors approved Item 15, with the vote as follows:

Ayes: Fortune, Bourdeau, Coelho, Ferguson, Diener, Anderson, Costamagna, Hughes
Nays: None
Absent: Franson

Item 16. Board of Directors to Consider Approval and Adoption of the Westlands Water District Policy for Acquisition of Property through Eminent Domain

Mr. Freeman asked the Board of directors to consider approving a new District policy governing the acquisition of private property through eminent domain, developed at the Board's direction from its February meeting. Under California Eminent Domain Law, public entities may acquire property for public use if they pay just compensation based on fair market value and must first notify the property owner and adopt a resolution of necessity before initiating proceedings.

While not legally required, the proposed policy establishes an internal framework for future acquisitions supporting projects such as recharge facilities, water conveyance, water treatment, and electrical transmission — covering the policy's purpose, when eminent domain will be used, eligible property interests, and how the Board initiates such actions, with a statutorily consistent process leading toward a Resolution of Necessity. The draft has been reviewed by both General Counsel and outside eminent domain counsel, and staff recommend the Board approve and adopt it.

Director Anderson moved to approve Item 16, Director Ferguson seconded the motion, and there were no public comments. The Board of Directors approved Item 16, with the vote as follows:
Ayes: Fortune, Bourdeau, Coelho, Diener, Hughes, Costamagna, Anderson, Ferguson
Nays: None
Absent: Franson

Public Comment

President Fortune asked for public comments, however, none were offered.

Item 17. Adjournment

The meeting was adjourned at approximately 12:53 p.m.

Stephen Farmer, Assistant Secretary

WESTLANDS WATER DISTRICT
ACCOUNTS PAYABLE END-OF-MONTH
AUGUST 31, 2026

Vend	Vendor	Invoice Amount	Discount Amount	Description
A 1160	GUARDIAN	4,438.75		LIFE INSURANCE
A 1160	GUARDIAN	5,936.39		DISABILITY INSURANCE
A 1161	UNITED CONCORDIA INSURANCE	9,032.20		DENTAL INSURANCE
A 1690	PUBLIC EMPLOYEES'	84,408.62		PAYROLL RELATED-ACH
C 0019	AT&T	48.64		INTERNET SERVICE
C 0070	ADVANCED GRID STRATEGIES	2,600.00		CONSULTING SERVICES-VCIP
C 0070	ADVANCED GRID STRATEGIES	2,112.50		CONSULTING SERVICES
C 0461	AMAZON.COM SERVICES LLC	113.18		MEASURING WHEEL & FANS
C 0461	AMAZON.COM SERVICES LLC	97.50		TRUCK FLOOR MATS
C 0461	AMAZON.COM SERVICES LLC	2,554.36		KANGSIEN POE ADAPTER INJECTOR
C 0461	AMAZON.COM SERVICES LLC	391.27		CABIN AIR FILTERS & LUBRICANT
C 0569	VESTIS	3,015.44		UNIFORM SERVICE
C 0849	AT&T SERVICES, INC	564.55		AT&T CLAIM FOR DAMAGES
C 0857	AT&T	27.81		PHONE CHARGES-BOLLIBOKKA
C 0858	AT&T	64.62		PHONE CHARGES-BOLLIBOKKA
C 0862	AT&T	30.57		PHONE CHARGES-WEATHER STATION
C 0863	AT&T	30.57		PHONE CHARGES-PVPP
C 0878	AT&T MOBILITY	1,535.07		WIRELESS DATA SERVICE - TABLETS
C 0965	B&H PHOTO-VIDEO	1,868.27		UBIQUITI SWITCHES & ADAPTERS
C 0991	BSK & ASSOCIATES INC	447.33		CONSULTING SERVICES
C 0991	BSK & ASSOCIATES INC	64.00		CONSULTING SERVICES
C 1113	BAKERSFIELD PIPE & SUPPLY	154.41		WELDED PIPE
C 1113	BAKERSFIELD PIPE & SUPPLY	3,612.14		PIPES, UNIONS, GATE VALVES
C 1113	BAKERSFIELD PIPE & SUPPLY	3,893.17		PIPES, UNIONS, GATE VALVES
C 1410	BETTS TRUCK PARTS & SERVICE	35.18		QUICK RELEASE VALVES
C 1682	BLUE TECH WATER	19,473.59		GOLDEN MUSSEL TREATMENT
C 1905	COASTLINE EQUIPMENT	8,248.13		MAIN BOOM RENTAL
C 2512	CAL NORTH FORESTRY	5,800.00		BRUSH CLEARING
C 2860	555 CAP PARTNERS, LP	7,517.76		RENT SACRAMENTO OFFICE
C 2860	555 CAP PARTNERS, LP	7,517.76		RENT SACRAMENTO OFFICE
C 2875	CARAHSOFT TECHNOLOGY	2,088.00		PASSWORD MANAGER & ANNL SUPPORT
C 3040	FLEXTG	54.88		COPIER CHARGES-HEW-E60055 MGD
C 3040	FLEXTG	66.66		COPIER CHARGES-KON-808
C 3040	FLEXTG	210.21		TONER
C 3040	FLEXTG	101.73		COPIER CHARGES-E55040dn
C 3040	FLEXTG	347.68		COPIER CHARGES-KON-C450i
C 3040	FLEXTG	69.03		COPIER CHARGES-E60055dn
C 3040	FLEXTG	52.74		COPIER CHARGES-KON-808
C 3040	FLEXTG	202.58		COPIER CHARGES-KON-808
C 3040	FLEXTG	467.53		TONER
C 3040	FLEXTG	467.53		TONER
C 3040	FLEXTG	175.26		COPIER CHARGES-KON-808
C 3040	FLEXTG	579.08		COPIER CHARGES-KON-C450i
C 3040	FLEXTG	249.84		COPIER CHARGES-KON-808
C 4380	COOK'S COMMUNICATIONS	123.01		BATTERY FOR KENWORTH RADIO
C 4380	COOK'S COMMUNICATIONS	477.55		RADIO INSTALLATION PARTS & LABOR
C 4835	DE LAGE LANDEN FIN. SER.	286.46		COPIER LEASE-LJET X57945dn & X55745dn
C 4835	DE LAGE LANDEN FIN. SER.	438.57		COPIER LEASE-KON MINOLTA C450i
C 4835	DE LAGE LANDEN FIN. SER.	222.06		COPIER LEASE-KON MINOLTA 808
C 4835	DE LAGE LANDEN FIN. SER.	218.02		COPIER LEASE-KON MINOLTA 808

WESTLANDS WATER DISTRICT
ACCOUNTS PAYABLE END-OF-MONTH
AUGUST 31, 2026

Vend	Vendor	Invoice Amount	Discount Amount	Description
C 4971	DISCOUNT SHRED	100.00		SHREDDING SERVICES
C 5081	DOWNTOWN FORD SALES	56,749.99		2026 FORD F250 SUPER CAB
C 5405	EG FARMING TRUST	5,958.17		ELECTRICITY REIMBURSEMENT
C 5405	EG FARMING TRUST	41,417.26		FARMING & IRRIGATION SERVICES
C 5505	EMICC, INC.	1,414.09		COIL
C 5510	ELECTRIC MOTOR SHOP, INC.	1,218.48		YELLOW INSULATOR TAPE
C 5510	ELECTRIC MOTOR SHOP, INC.	238.39		CIRCUIT BREAKERS
C 5510	ELECTRIC MOTOR SHOP, INC.	2,243.88		RECORDER REPAIR SERVICE
C 5565	ELECTRO SWITCH CORP	4,648.18		ENGRAVED NAMEPLATES & SWITCHES
C 6200	FEDEX	30.89		EXPRESS MAIL SERVICE
C 6216	CAITLIN FIKE	300.00		LIVESTOCK DISPOSAL
C 6220	FIREBAUGH CANAL WATER DIST	812,500.00		WATER PURCHASES
C 6233	FIRST CHOICE COFFEE	349.05		COFFEE - FRESNO
C 7365	GFT INFRASTRUCTURE, INC	2,272.50		CONSULTING SERVICES
C 7365	GFT INFRASTRUCTURE, INC	559.93		CONSULTING SERVICES
C 7380	ALEJANDRO GARCIA	1,080.00		CATERING FOR MLRP COMMUNITY MEETING
C 8345	GREAT VALLEY RESILIENCE	50,000.00		RESTRICTED GRANT AGREEMENT
C 8355	FERGUSON ENTERPRISES	1,623.04		COUPLERS
C 8890	HAVEN'S SECURITY INC	7,072.80		SECURITY SYSTEM MATERIALS
C 9245	HOME DEPOT CREDIT SERVICE	214.87		PLASTIC PAILS WITH LIDS
C 9245	HOME DEPOT CREDIT SERVICE	51.79		PAINT ROLLER TRAYS
C 9245	HOME DEPOT CREDIT SERVICE	7.66		FLUSH SEAL
C 9245	HOME DEPOT CREDIT SERVICE	290.66		LED RECESSED LIGHT
C 9753	INTEGRATED POWER SERVICES	3,239.25		BENSHAW DKIT
C 9840	GEIL ENTERPRISES INC	2,727.00		JANITORIAL SERVICE-AUGUST
C 9940	JORGENSEN & COMPANY, INC.	2,081.64		FIRE EXTINGUISHER ANNL MAINTENANCE
C 9940	JORGENSEN & COMPANY, INC.	493.39		FIRE EXTINGUISHER ANNL MAINTENANCE
C 9940	JORGENSEN & COMPANY, INC.	608.27		FIRE EXTINGUISHER ANNL MAINTENANCE
C 9940	JORGENSEN & COMPANY, INC.	821.36		FIRE EXTINGUISHER ANNL MAINTENANCE
D 0840	LGG INDUSTRIAL, INC	54.29		RUBBER GASKETS
D 1028	LES SCHWAB TIRE CENTERS	1,542.04		TIRES, WHEEL BALANCE, DISPOSAL
D 1295	MKN & ASSOCIATES	21,862.00		CONSULTING SERVICES
D 1624	MATSON ALARM CO INC	525.00		ALARM SERVICE CROMWELL & PVPP
D 1640	MC CROMETER, INC.	427.75		SADDLE METERS
D 1910	METROPOLIS TECHNOLOGIES	645.00		SACRAMENTO PARKING-WIRE
D 2042	MLJ ENVIRONMENTAL	1,093.75		CONSULTING SERVICES
D 2042	MLJ ENVIRONMENTAL	26,759.25		CONSULTING SERVICES
D 2042	MLJ ENVIRONMENTAL	3,423.00		CONSULTING SERVICES
D 2055	MID VALLEY DISPOSAL	840.50		DISPOSAL SERVICE-FIELD
D 2060	MID-VALLEY DISTRIBUTORS	270.97		REPLENISH NUTS. BOLTS, SCREWS
D 2250	JIM MOORE ENTERPRISES	1,540.21		PAINT
D 2539	NAPA WEST AUTO	49.03		COIL ON PLUG
D 2539	NAPA WEST AUTO	190.34		THROTTLE BODY
D 2539	NAPA WEST AUTO	335.59		AIR FILTER, GASKET MAKER, BRAKE FLUID
D 2539	NAPA WEST AUTO	90.55		BRAKE PADS
D 3085	PACE SUPPLY CORP	2,724.07		COUPLINGS, ELBOWS, PIPES
D 3100	PACIFIC GAS & ELECTRIC	10,711.23		UTILITY BILLING
D 3105	PG&E	70.47		ASR STAR WELL
D 3105	PG&E	14.03		STAR ASR LIGHTING
D 3200	PALM MEDICAL GROUP INC.	104.00		RESPIRATORY EXAM

WESTLANDS WATER DISTRICT
ACCOUNTS PAYABLE END-OF-MONTH
AUGUST 31, 2026

Vend	Vendor	Invoice Amount	Discount Amount	Description
D 3200	PALM MEDICAL GROUP INC.	104.00		RESPIRATORY EXAM
D 3200	PALM MEDICAL GROUP INC.	104.00		RESPIRATORY EXAM
D 3200	PALM MEDICAL GROUP INC.	104.00		RESPIRATORY EXAM
D 3200	PALM MEDICAL GROUP INC.	104.00		RESPIRATORY EXAM
D 3200	PALM MEDICAL GROUP INC.	104.00		RESPIRATORY EXAM
D 3235	PATTON AIR CONDITIONING	1,308.00		HVAC PREVENTATIVE MAINTENANCE
D 3465	PINNACLE PETROLEUM INC	9,576.76		DIESEL FUEL
D 3535	PLACER COUNTY WATER	650,000.00		WATER PURCHASES-WIRE
D 3579	POINT & PAY LLC	167.45		PAYMENT PROCESSING SERVICES
D 3579	POINT & PAY LLC	252.60		PAYMENT PROCESSING SERVICES
D 3579	POINT & PAY LLC	335.15		PAYMENT PROCESSING SERVICES
D 3579	POINT & PAY LLC	338.55		PAYMENT PROCESSING SERVICES
D 3635	POWER & WATER RESOURCES	1,976,355.46		POWER CHARGES
D 3660	LINDE GAS & EQUIPMENT INC	203.41		CYLINDER EXCHANGE & GAS REPLENISHMENT
D 3686	PROVOST AND PRITCHARD	3,300.40		CONSULTING SERVICES
D 5186	SAN JOAQUIN VALLEY A P C D	400.00		BURN PERMIT
D 5195	SAN JOAQUIN PEST CONTROL	49.00		PEST CONTROL-TFO
D 5195	SAN JOAQUIN PEST CONTROL	49.00		PEST CONTROL-TFO
D 5242	SAN LUIS & DELTA-MENDOTA	1,907,171.36		WATER PURCHASES-WIRE
D 5390	SCHWEITZER ENGINEERING LABS	1,840.23		CABLES & FIBER OPTIC TRANSCEIVERS
D 5565	SEQUOIA PUMPING INC	800.00		SEPTIC TANK PUMPING
D 5610	SHN CONSULTING ENGINEERS	7,434.92		CONSULTING SERVICES
D 5610	SHN CONSULTING ENGINEERS	1,137.50		CONSULTING SERVICES
D 6174	STAPLES, INC	181.23		TASK CHAIR
D 6174	STAPLES, INC	1,156.54		BINDERS, COPY PAPER, SHARPIES
D 6420	STRAETER AG SERVICES	3,487.37		SITE CLEAN UP
D 6425	STUTZMAN PUBLIC AFFAIRS, LLC	6,387.50		CONSULTING SERVICES
D 6455	SUNBELT RENTALS	475.00		SMALL ENGINE MAINTENANCE
D 6455	SUNBELT RENTALS	2,576.24		DIESEL GENERATOR RENTAL
D 6990	TECHNOFLO SYSTEMS	90,457.14		UPFLOW TEE TUBE METERS
D 7533	TRIMARK ASSOCIATES, INC.	9,853.83		METER INSTALL & SITE VISIT
D 7533	TRIMARK ASSOCIATES, INC.	14,460.42		METER INSTALL & SITE VISIT
D 7580	TRIPLE J READY MIX	742.85		CONCRETE
D 7635	TULARE LAKE BASIN	1,612.04		ADMINISTRATIVE FEES
D 7635	TULARE LAKE BASIN	7.50		ADMINISTRATIVE FEES
D 7679	US BANK CORP PYMT SYSTEM	385.64		MONTHLY CHGS-PERDUE
D 7679	US BANK CORP PYMT SYSTEM	5,861.36		MONTHLY CHGS-GEN ACCT
D 7679	US BANK CORP PYMT SYSTEM	(23.92)		MONTHLY CHGS-FREEMAN
D 7679	US BANK CORP PYMT SYSTEM	6,503.16		MONTHLY CHGS-FEBBO
D 7679	US BANK CORP PYMT SYSTEM	154.93		MONTHLY CHGS-BOURDEAU
D 7679	US BANK CORP PYMT SYSTEM	3,847.25		MONTHLY CHGS-CASTILLO
D 7679	US BANK CORP PYMT SYSTEM	1,476.61		MONTHLY CHGS-FARMER
D 7679	US BANK CORP PYMT SYSTEM	634.67		MONTHLY CHGS-LEYVA
D 7679	US BANK CORP PYMT SYSTEM	3,188.13		MONTHLY CHGS-HUGHES
D 7679	US BANK CORP PYMT SYSTEM	441.82		MONTHLY CHGS-MENDEZ
D 7679	US BANK CORP PYMT SYSTEM	3,201.45		MONTHLY CHGS-GA SUBS
D 7679	US BANK CORP PYMT SYSTEM	17.71		MONTHLY CHGS-GUTIERREZ
D 7679	US BANK CORP PYMT SYSTEM	3,191.89		MONTHLY CHGS-CAVALLO
D 7679	US BANK CORP PYMT SYSTEM	10,244.18		MONTHLY CHGS-ACUNA
D 7700	U.S. BANK TRUST N.A.	304,787.25		DEBT SERVICE 2021B BONDS - WIRE

WESTLANDS WATER DISTRICT
ACCOUNTS PAYABLE END-OF-MONTH
AUGUST 31, 2026

Vend	Vendor	Invoice Amount	Discount Amount	Description
D 7700	U.S. BANK TRUST N.A.	8,523,168.55		DEBT SERVICE 2020A BONDS - WIRE
D 7980	UNITED PARCEL SERVICE	684.76		SHIPPING-RETURNED SWITCHGEAR-WIRE
D 8045	UNWIRED BROADBAND, INC	816.97		INTERNET CONNECTION-FIELD
D 8658	VERIZON WIRELESS	78.05		WIRELESS DATA SERVICE - FPSFO
D 8742	VISTA CONSULTING, INC	26,800.00		CONSULTING SERVICES-VCIP
D 9425	WEST STANISLAUS IRRIGATION	250,000.00		WATER PURCHASE-SP CK
D 9983	ZORO TOOLS INC	316.67		HEX KEY SETS
D 9983	ZORO TOOLS INC	46.51		PAINT ROLLER COVERS
L 1105	LUPE GONZALEZ-AGUILAR	1,394.30		EXPENSE REIMBURSEMENT
L 1144	HASYELON SERAFICA	53.12		EXPENSE REIMBURSEMENT
L 1158	JESUS MENDOZA	1,559.88		EXPENSE REIMBURSEMENT
	DOUBLE M FARMS LLC	76.21		WATER USER REFUND
	STOLLER USA	182.23		WATER USER REFUND
	B S T FARMS LLC	847.15		WATER USER REFUND
	RIVERSTONE AG MGT INC	3,286.37		WATER USER REFUND
	WFG NATIONAL TITLE INSURANCE	800.00		WATER USER REFUND
		15,102,778.16	0.00	

WESTLANDS WATER DISTRICT
ACCOUNTS PAYABLE
SEPTEMBER 15, 2026

Vend	Vendor	Invoice Amount	Discount Amount	Description
A 0677	FRANCHISE TAX BOARD	215.00		PAYROLL RELATED
A 1100	EYEMED	4.05		VISION INSURANCE PREMIUMS - COBRA
A 1100	EYEMED	157.95		VISION INSURANCE PREMIUMS
A 1101	EYEMED - CLAIMS	1,187.85		VISION INSURANCE CLAIMS
A 1690	PUBLIC EMPLOYEES'	85,435.99		PAYROLL RELATED - ACH
A 1695	PUBLIC EMPLOYEES'	171,523.33		PAYROLL RELATED - ACH
A 1695	PUBLIC EMPLOYEES'	17,334.00		PAYROLL RELATED - ACH
A 1695	PUBLIC EMPLOYEES'	7,341.18		PAYROLL RELATED - ACH
C 0162	AIRGAS USA, LLC	535.88		RESPIRATOR FILTERS & IODINE SWABS
C 0320	REXEL USA, INC	2,223.13		TERMINATION TAPE KITS
C 0320	REXEL USA, INC	319.22		DUCT SEAL COMPOUND
C 0461	AMAZON.COM SERVICES LLC	693.07		GAS CAN & SUMP PUMP
C 0461	AMAZON.COM SERVICES LLC	81.24		PROPANE TANK LABELS
C 0461	AMAZON.COM SERVICES LLC	792.26		IPAD CASES & SCREEN PROTECTORS
C 0461	AMAZON.COM SERVICES LLC	154.93		FORD F150 RUNNING BOARDS
C 0461	AMAZON.COM SERVICES LLC	5,838.52		LAPTOPS
C 0893	AUTOMATED OFFICE SYSTEMS	169.37		COPIER LEASE/CHGS-IM4000
C 1425	BICKER, CASTILLO & FAIRBANKS	25,000.00		CONSULTING SERVICES
C 1516	BILLINGSLEY TIRE SERVICE	956.87		TIRES, O-RINGS, MOUNT & DISMOUNT
C 1682	BLUE TECH WATER	478.06		WATER TREATMENT
C 2498	CAB WORLDWIDE LLC	2,430.00		TURBINE FLANGES
C 3040	FLEXTG	165.09		TONER
C 3040	FLEXTG	76.54		COPIER CHARGES-HEW-X55745LJ/X57945
C 3044	CAMPORA PROPANE SERVICE	40.00		REFILL PROPANE TANKS
C 3750	CITIZENS BUSINESS BANK	27.60		ACCOUNT ANALYSIS FEES-JULY 2026 - ACH
C 4475	CRAMER FISH SCIENCES	7,338.35		CONSULTING SERVICES
C 5482	ELBERT DISTRIBUTING	604.31		ADDITIVE MOTOR OIL
C 5510	ELECTRIC MOTOR SHOP, INC.	748.62		ADJUSTABLE LED LIGHTS
C 5510	ELECTRIC MOTOR SHOP, INC.	748.62		ADJUSTABLE LED LIGHTS
C 7100	FRESNO MOBILE RADIO, INC.	850.00		MONTHLY RADIO CHARGES
C 7100	FRESNO MOBILE RADIO, INC.	850.00		MONTHLY RADIO CHARGES
C 7121	FERGUSON INDUSTRIAL	99.25		PRESSSURE GAUGES
C 7121	FERGUSON INDUSTRIAL	2,545.35		REPAIR CLAMPS
C 8340	GRAYBAR ELECTRIC CO. INC.	492.91		FUSES
C 9800	IRON MOUNTAIN INC	1,438.27		STORAGE CHARGES
D 2539	NAPA WEST AUTO	35.16		AIR FILTERS
D 2539	NAPA WEST AUTO	243.46		AIR FILTERS
D 2539	NAPA WEST AUTO	547.60		AIR FILTER, TIRE VALVES, ADHESIVE SPRAY
D 2539	NAPA WEST AUTO	200.38		DRAIN PLUGS, LAMPS, OXYGEN SENSORS
D 3085	PACE SUPPLY CORP	3,546.50		PIPES & FLANGES
D 3101	PACIFIC GAS & ELECTRIC	10.82		COST OF OWNERSHIP-COALINGA CANAL
D 3101	PACIFIC GAS & ELECTRIC	9.70		COST OF OWNERSHIP-COALINGA CANAL
D 3104	PACIFIC GAS & ELECTRIC	452.78		9A PG&E SERVICE CONTRACT
D 3220	PARRA ENVIRONMENTAL	270.00		O&M ASBESTOS TRAINING
D 3253	PAYCHEX	3,242.10		PAYROLL SERVICE
D 3579	POINT & PAY LLC	225.00		PAYMENT PROCESSING SERVICES
D 3683	PROFESSIONAL EXCHANGE	450.00		ANSWERING SERVICE-FPSFO
D 3769	QUADIENT LEASING	1,670.75		FOLDING MACHINE LEASE
D 4300	REPUBLIC SERVICES #917	219.46		RECYCLING SERVICES

WESTLANDS WATER DISTRICT
ACCOUNTS PAYABLE
SEPTEMBER 15, 2026

Vend	Vendor	Invoice Amount	Discount Amount	Description
D 4575	RICHARDSON & COMPANY, LLC	49,800.00		AUDIT SERVICES
D 5195	SAN JOAQUIN PEST CONTROL	49.00		PEST CONTROL - HFO
D 5195	SAN JOAQUIN PEST CONTROL	271.00		PEST CONTROL - FPSFO
D 5195	SAN JOAQUIN PEST CONTROL	120.00		PEST CONTROL - CROMWELL
D 5240	SAN LUIS & DELTA-MENDOTA	256,082.00		B.F. SISK DAM RAISE PROJECT
D 5242	SAN LUIS & DELTA-MENDOTA	181,250.99		WATER PURCHASES - WIRE
D 5540	POWERSTRIDE BATTERY CO	561.82		BATTERIES
D 5540	POWERSTRIDE BATTERY CO	1,017.66		BATTERIES
D 5540	POWERSTRIDE BATTERY CO	(543.70)		BATTERY-RETURN
D 5796	SILVER STATE MARKETING	148,966.09		DUCTILE IRON SLIDE GATES
D 6220	CA DEPT OF TAX & FEE	475.00		USE TAX 2026-2ND QUARTER
D 6420	STRAETER	14,237.06		LAND DISCING
D 6990	TECHNOFLO SYSTEMS	51,568.86		UPFLOW TEE TUBE METERS
D 7498	OES GLOBAL INC	1,930.65		TRAFFIC CONE WWD CUSTOM STENCIL
D 7719	US BUREAU OF RECLAMATION	1,605,984.11		WATER PURCHASES - WIRE
D 7790	UNITED STATES TREASURY	75.13		PAYROLL TAX FEES
D 8150	VALIN CORPORATION	1,311.04		SWITCH FLOATS
D 9690	WEX BANK	7,981.57		FUEL CHARGES
D 9973	ZENITH INSURANCE COMPANY	29,256.00		WORKERS' COMPENSATION PMT
D 9983	ZORO TOOLS INC	56.28		REDUCER
D 9983	ZORO TOOLS INC	129.67		EYEWASH STATION PULL STRAP & SALINE
D 9983	ZORO TOOLS INC	1,440.38		ALLIGATOR CLIPS, TEST LEADS, PAINT
D 9983	ZORO TOOLS INC	123.41		DRY SPRAY LUBRICANT
D 9983	ZORO TOOLS INC	111.91		PERFORATED PAPER TOWELS
D 9983	ZORO TOOLS INC	173.42		O-RINGS, DRILL TAPS, SCREWDRIVERS
L 0200	DALE GIES	24.75		EXPENSE REIMBURSEMENT
		2,702,474.62	0.00	

Westlands Water District Board of Directors

Regular Board Meeting of September 15, 2026

Item 3c

Subject:
Board of Directors to Consider Approving a FY 2026-2027 Budget Transfer for Costs Associated with Executive Recruitment Services.

Strategic Plan Key Strategies:
5. Manage Finances Effectively

Discussion:
The purpose of this item is for the Board of Directors (Board) to consider approval of a FY 2026-2027 budget transfer to fund executive recruitment services that were not anticipated at budget adoption.

At its August 18, 2026 meeting, the Board approved retitling the vacant Deputy General Manager – External Affairs position to Deputy General Manager – Government and Public Affairs. The revised classification more accurately reflects the duties and responsibilities of the position and allows the District to move forward with recruitment efforts. Following further evaluation of the recruitment needs for this executive-level position, staff determined that the use of a professional executive search firm would provide the best opportunity to attract and identify highly qualified candidates.

Staff has identified a consultant firm that will perform the recruitment for a fixed fee of approximately $30,000. Because sufficient budget authority is not available within the Advertising & Public Notices budget, a transfer of $30,000 is proposed from the Contingency Reserve budget.

Budget Augmentation
The District's Budget Manual requires Board approval for budget transfers between different expense codes when the transfer amount is $10,000 or greater. Accordingly, staff has prepared the attached budget transfer request to transfer $30,000 from the Contingency Reserve budget to the Advertising & Public Notices budget to fund executive recruitment services. The proposed transfer will have no impact on the overall

fiscal year 2026-2027 budget, as the increased expenditure authority will be fully offset by corresponding reductions in the Contingency Reserve budget.

Proposed Motion:
Move that the Board of Directors Approve a FY 2026-2027 Budget Transfer for Costs Associated with Executive Recruitment Services.

Recommendation:
Approve the proposed motion.

Attachments:
1. FY 2026-2027 Budget Transfer for Costs Associated with Executive Recruitments.

Westlands Water District
Agenda Item - Budget Transfer
Proposed Motion
Attachment 1
Item 3c September 15, 2026

Budget Code Expense	Description	Increase Expense	Decrease Expense
56200-04-61-17-99-00	ADVERTISING & PUBLIC NOTICES (03)	30,000	
15420-04-21-98-99-00	CONTINGENCY RESERVE (01)		30,000
	Sub-Total	**30,000**	**30,000**
	TOTAL EXPENSE		**0**

Budget Code Revenue	Description	Decrease Revenue	Increase Revenue
	Sub-Total	**0**	**0**
	TOTAL REVENUE		**0**

(01) - Reserve for Unanticipated Expenses
(03) - Executive Recruitment Services

Westlands Water District Board of Directors

Regular Board Meeting of September 15, 2026

Item 3d

Subject:
Board of Directors to Consider Adopting a Revised Policy for Statement of Investment

Strategic Plan Key Strategies:
5. Manage Finances Effectively

Discussion:
As part of Activity 5(f) of the District's Strategic Plan, staff has initiated a comprehensive review of District fiscal policies to improve operational efficiency, strengthen internal controls, and enhance transparency. Pursuant to Section 53646(a)(2) of the California Government Code, local agency investment policies must be reviewed annually, and any modifications must be approved by the Board of Directors.

The District's Policy for Statement of Investment was originally adopted in 2007 and was last revised by the Board on September 15, 2020. On August 18, 2026, the District retained Meeder Public Funds, Inc. to serve as its investment advisor. Following a review of the current investment policy, Meeder provided recommendations intended to align the policy with current investment practices, regulatory requirements, and industry best practices for public agencies.

Based on that review, staff is recommending revision of the Policy for Statement of Investment, as presented in Attachment 1. The proposed revisions update authorized investments and applicable limits; establish diversification, credit-risk monitoring, portfolio maturity, safekeeping and custody, internal control, ethics, performance measurement, and reporting requirements; and clarify the use and oversight of qualified investment advisers and financial institutions. The revisions also clarify delegated authority by providing that references to the Treasurer under the policy include the Assistant Treasurer and any authorized designee, and reference Fair Political Practice Commission reporting requirements for public officials who manage public investments.

The revised policy is intended to modernize the District's investment framework, ensure continued compliance with applicable provisions of the California Government Code, clarify investment practices and responsibilities, and support prudent management of public funds while maintaining the primary investment objectives of safety, liquidity, and yield.

The proposed policy was reviewed and recommended for approval by the Finance & Administration Committee at its September 15, 2026, meeting. Staff recommend that the Board adopt the revised Policy for Statement of Investment as presented in Attachment 1.

Proposed Motion:
Move that the Board of Directors adopts the Revised Policy for Statement of Investment as Presented.

Recommendation:
Approve the Motion.

Attachments:
1. Westlands Water District Revised Policy for Statement of Investment (Redline)
2. Westlands Water District Revised Policy for Statement of Investment (Clean)

ATTACHMENT 1

ADOPTED: 04/16/07
REVISED: 09/15/26~~09/15/20~~

WESTLANDS WATER DISTRICT
POLICY FOR STATEMENT OF INVESTMENT

Board Policy No. 3

I. PURPOSE

This statement ~~is intended to provide a guideline~~ establishes the policies and procedures for the prudent investment of operating funds, capital project funds~~temporary surplus cash~~, trust funds, restricted monies, bond proceeds and other funds under control of Westlands Water District (District) ~~and restricted monies~~ in accordance with California Government Code (CGC). The policy is intended to preserve principal, provide sufficient liquidity to meet the District's cash flow requirements, manage investment risks, and provide a market rate of return consistent with these objectives.~~and to outline a policy for maximizing the efficiency of the cash management system.~~

II. POLICY

The cash management system of Westlands Water District (District) will be maintained to accurately monitor and forecast expenditures and revenues, thus, ensuring the investment of monies to the fullest extent possible. As specified in the CGC Section 53600.5, the primary objectives, in priority order, of the District's investment activities shall be:

1. Safety of Principal - Investments shall be undertaken in a manner which first seeks to ensure the preservation of capital in the portfolio.

2. Liquidity - Investment portfolio will remain sufficiently liquid to meet all operating requirements reasonably anticipated.

3. Return - Achieve the highest rate of return on funds after first considering safety of principal and liquidity and the prudent investor standard.

The District will ~~maintain the level of invested~~seek to invest surplus funds, defined as those funds not required for immediate cash flow, together with trust funds, and restricted monies held by the Treasurer, to the extent prudent and consistent with anticipated liquidity needs~~as near to 100 percent as possible~~. Investments will be made in accordance with applicable provisions of CGC Sections 53600 through 53686, Sections 16429.1 through 16429.3, and other applicable law. The following restrictions apply:~~under the terms and conditions of Sections 53600-53686 and Section 16429.1 to 16429.3 of the CGC. Under this investment policy, the following specific conditions or restrictions apply:~~

4. Certificates of Deposit, savings accounts, and active bank accounts will be collateralized in accordance with existing law or regulation.

5. The investment portfolio will not be leveraged through the use of Reverse

Repurchase Agreements or other instruments, nor will investments be made in any derivative products.

III. DELEGATION OF AUTHORITY

Except as otherwise provided herein, the authority of the Board of Directors to invest or reinvest District funds and to deposit for safekeeping the securities evidencing such investments is delegated to the Treasurer. The Treasurer is responsible for implementing this policy, establishing procedures and internal controls, monitoring compliance, and providing required reports. The Treasurer may use qualified staff and may retain qualified investment advisers or managers as authorized by this policy. Any Designee that qualifies as a public official who manages public investments shall file an annual statement of economic (Form 700) pursuant to Section XIV of this policy. In exercising this authority, the Treasurer shall consult with the Chairman of the Finance & Administration Committee when appropriate or necessary. For purposes of this policy, references to the Treasurer include the Assistant Treasurer and any Designee authorized by the Treasurer or Assistant Treasurer to act under this policy.

IV. PRUDENT INVESTOR STANDARD

Pursuant to CGC Section 53600.3, all persons authorized to make investment decisions on behalf of the District are trustees and therefore fiduciaries subject to the Prudent Investor Standard. The Treasurer, and members of the Board of Directors so involved, who in their capacity are authorized to make investment decisions on behalf of the District, are trustees and, therefore, fiduciaries subject to the Prudent Investor Standard. These persons must act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aim, to safeguard the principal and maintain the liquidity needs of the agency when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds.

The Treasurer and members of the Board of Directors, acting in accordance with this investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or~~of~~ market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. The investment portfolio shall be managed as a whole and not solely on the performance or risk of an individual security.

V. AUTHORIZED INVESTMENTS AND LIMITS

The following instruments are authorized for investment of District funds:

1. U.S. Treasury Bills and Notes, for which the full faith and credit of the United States are pledged for the payment of principal and interest. There is no limit on the total dollar amount that may be invested in these instruments.

2. Instruments of or issued by, or fully guaranteed as to principal and interest by, a federal agency or a U.S. government-sponsored enterprise, such as obligations issued by the Federal Farm Credit Banks, Federal Home Loan Banks, or Federal National Mortgage Association. There is no limit on the total dollar amount that may be invested in these instruments.

3. Investment-grade rated registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority thereof. There is no limit on the total dollar amount that may be invested in this category.

4. Bonds, notes, warrants, or other evidences of indebtedness of any investment-grade rated local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority thereof. There is no limit on the total dollar amount that may be invested in these instruments.

5. Non-Negotiable Certificates of Deposit may be placed with federally or state-chartered banks, savings associations, or other financial institutions authorized under applicable California law. Deposits shall be insured or collateralized in accordance with ~~California Government Code~~CGC Sections 53651 and 53652 and other applicable requirements. Investments shall be made only with institutions determined to be financially sound and that meet applicable regulatory requirements. Investments with any one institution shall not exceed 20 percent of the District's total funds available for investment, and aggregate investments in this category shall not exceed 50 percent. In the event percentages are exceeded due to disbursements or withdrawals from the investment pool, these will not be considered violations and the Treasurer shall reestablish these limits at the earliest convenient date.~~Non-negotiable Time Certificates of Deposit (CDs) issued by a federally or state-chartered bank or savings and loan. These require full collateralization with government securities (110 percent) or mortgages (150 percent) in accordance with CGC Sections 53651 and 53652. Waiver of Security on deposits covered by FDIC or FSLIC insurance (up to $250,000) will require Treasurer approval. Investments in this category will be limited to those banking institutions which receive an overall rating of not less than "satisfactory" from the appropriate federal supervisory agency for meeting the criteria specified in Section 2906 of Title 12 of the U.S. Code (Community Reinvestment Act of 1977). Investments with qualified institutions shall be equally distributed, providing yield is comparable. Investments with any one type of institution, bank, or savings and loan, shall not exceed 50 percent of the District's total available funds and investments with any one~~

~~institution shall not exceed 20 percent of the District's total available funds. In the event percentages are exceeded due to disbursements of pool, these will not be considered violations and the Treasurer shall reestablish these limits at the earliest convenient date.~~

6. Negotiable Certificates of Deposit issued by eligible institutions in accordance with CGC Section 53601(i). Purchases shall not exceed 30 percent of the District's moneys available for investment and shall comply with all applicable statutory requirements.

~~6.~~7. Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical rating organization (NRSRO) in accordance with CGC Section 53601(h). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of $500,000,000 and having an A or its equivalent or higher, by an NRSRO, rating on debt other than commercial paper. Purchases of eligible Commercial paper may not exceed ~~270~~ 397 days' maturity nor exceed 40 percent of the District's surplus funds. No more than 5~~10~~ percent of the District's total ~~portfolio~~investment assets ~~shall~~may be invested in commercial paper and medium-term notes of any ~~one~~single issuer.

~~7. Bills of Exchange or Time Drafts drawn on and accepted by a commercial bank, otherwise known as Bankers Acceptances. Purchases of Bankers Acceptances may not exceed 180 days' maturity nor exceed 40 percent of the District's surplus funds. However, no more than 30 percent of the agency's surplus funds may be invested in the bankers' acceptances of any one commercial bank.~~

8. Medium-term notes, as defined by CGC Section 53601(k) ~~as all corporate and depository institution debt securities~~ with a maximum remaining maturity of five years or less and rated in a rating category of "A" or its equivalent or better by an NRSRO, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.~~, rated "A" or better by a NRSRO. Purchases of medium-term notes may not exceed 30 percent of the District's surplus funds~~ Purchases of medium-term notes shall not exceed 30 percent of the District's moneys available for investment. No more than 5 percent of the District's total investment assets may be invested in the commercial paper and medium-term notes of any single issuer.

9. Mortgage pass-through securities, collateralized mortgage obligations, and other asset-backed securities authorized by CGC Section 53601(o), with a maximum remaining maturity of five years or less, rated in a rating category of "AA" or its equivalent or better by an NRSRO, and limited in aggregate to 20 percent of the District's surplus moneys available for

investment.

~~8.~~10. United States dollar-denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, as authorized by CGC Section 53601(q). Such obligations shall have a maximum remaining maturity of five years or less, be rated in a rating category of "AA" or its equivalent or better by an NRSRO, and shall not exceed 30 percent of the District's moneys available for investment.

~~9.~~11. Repurchase Agreements secured only by U.S. Treasur~~ies~~y Obligations. A Repurchase Agreement is a purchase of securities pursuant to an agreement by the seller to repurchase the securities from the District at a specified date. Repurchase Agreements shall not exceed 7 days in maturity, shall be collateralized and held in accordance with applicable law and written agreement, and must comply with CGC Section 53601(j)~~and must be purchased in accordance with CGC Section 53601 (j).~~

~~10.~~12. Shares of beneficial interest issued by diversified management companies including qualifying mutual funds and money market mutual funds registered with the ~~that are money market funds registered with the~~ Securities and Exchange Commission under the Investment Company Act of 1940. Investments shall satisfy the quality, experience, portfolio composition, and other requirements of CGC Section 53601(l). The purchase price of shares of beneficial interest purchased shall not exceed 20 percent of the District's moneys available for investment, subject to any more restrictive statutory sub-limits.~~surplus funds and must be purchased in accordance with CGC Section 53601 (l).~~

~~11.~~13. Funds may be deposited, to the extent permitted by law and as conditions dictate, in the State of California Local Agency Investment Fund (LAIF) in accordance with CGC Section 16429.1~~ of the CGC~~.

~~12.~~14. Funds may be deposited, to the extent permitted by law and as conditions dictate, in a county treasury for the purpose of investment by the county treasurer in accordance with CGC Section 53684~~ of the CGC~~.

~~13.~~15. Shares of beneficial interest issued by a joint powers authority organized pursuant to CGC Section 6509.7 that invests in the securities and obligations authorized in CGC Section 53601~~ of the CGC~~.

~~14.~~16. Bond proceeds may be invested in accordance with ~~the~~ applicable CGC provisions, or they may be invested in alternative vehicles if authorized by bond documents (CGC 53635.2 and California Debt and Investment Advisory Commission (CDIAC) Local Agency Investment Guidelines). Investment of bond proceeds shall consider the anticipated draw schedule, required liquidity, arbitrage and rebate requirements, permitted investments under the governing bond documents, and the objective of obtaining fair market value consistent with applicable requirements.

VI. ~~VI.~~ DIVERSIFICATION

Investment of District funds shall be diversified by security type issuer, maturity, and financial institution to reduce credit, concentration, liquidity, and market risk. The portfolio shall comply with the percentage limitations established by this policy and applicable law at the time of purchase. Except where a different limit is expressly stated in this policy or applicable law, exposure to a single issuer shall be limited to 5 percent of the portfolio. U.S. Treasury obligations, federal agency/government-sponsored enterprise (GSE) obligations, LAIF, county pools, and qualifying joint powers authority investment pools are exempt from this issuer guideline.~~and institution.~~

VII. RISK MANAGEMENT

The Treasurer or investment adviser shall monitor credit ratings and material credit developments affecting portfolio holdings. If a security is downgraded below the minimum rating required at the time of purchase, the security shall be evaluated and an appropriate course of action determined based on safety, liquidity, market conditions, and the District's best interests. A downgrade below the minimum purchase rating shall not, by itself, require an immediate sale unless required by law.

~~VII.~~VIII. MAXIMUM MATURITIES

The maximum authorized term of maturity shall be 5 years unless ~~authorized by~~ the Board of Directors has granted express authority for a longer maturity in accordance with applicable law. ~~; provided, t~~The weighted-average maturity of all investments shall be 36 months or less. Maturities shall be structured to provide sufficient liquidity to meet reasonably anticipated operating and capital cash flow requirements.

~~VIII.~~IX. INVESTMENT MANAGEMENT AGREEMENT

Upon recommendation of the Treasurer, and approval by the Board of Directors' Finance & Administration Committee, the Treasurer may enter into an investment management agreement with a bank or qualified investment manager to invest a portion of the District's funds pursuant to this or a similar investment policy. Any adviser exercising investment discretion shall be appropriately registered, possess demonstrated experience managing public funds, acknowledge receipt of this policy, and manage the portfolio in compliance with this policy and applicable law.

~~IX.~~X. SAFEKEEPING AND CUSTODY

All securities shall be held in the District's name by an independent third-party custodian or trust department under a written custodial agreement, except investments for which alternative custody is permitted by law. Securities transactions shall be conducted on a delivery-versus-payment basis. The safekeeping/custody function shall be independent of the investment transaction function to the extent practicable, and custodial records shall be reconciled to the District's investment records. Collateral for Repurchase Agreements shall be held by an independent third-party custodian pursuant to the applicable written or tri-party agreement. ~~Investments, excluding Non-negotiable Certificates of Deposit, Repurchase Agreements and investments under the management of contracted parties, will be held in custody with the District's primary service bank or its correspondent bank, or other qualified institutions. Investments in Repurchase Agreements will be held in custody by the custodian to the tri-party agreement.~~

XI. INTERNAL CONTROLS

The Treasurer shall establish and maintain internal controls designed to safeguard public funds. Controls should include, as appropriate, separation of transaction authority from accounting and custody functions, transaction confirmations, reconciliation of investment and custodial records, controls over wire transfers, and periodic independent review of the investment program.

~~X.~~XII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

All non-negotiable ~~Time~~ Certificates of Deposit will be purchased directly from the institution receiving the deposit. All other authorized instruments will be purchased through the District's primary service bank, and other qualified financial institutions or broker/dealers upon approval of the Finance & Administration Committee. Institutions, broker/dealers, and investment advisers shall be subject to appropriate due diligence, qualification standards, and periodic review. Investment professionals shall be provided a copy of this policy and, as appropriate, acknowledge their responsibility to transact within its parameters. Competitive market information or quotations should be obtained when practical and consistent with best execution.

~~XI.~~XIII. ACCOUNTING RECORDS

Accounts shall be established and maintained in the District's accounting records to record surplus, restricted and trust funds invested at all times in accordance with the State Controller's chart of accounts as authorized by Section 53891 of the CGC.

~~XII.~~XIV. ETHICS AND CONFLICT OF INTEREST

The Treasurer and designees shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. The Treasurer and designees shall disclose any personal financial interests that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Under GCG 87500(a)(2)(O), any public official who manages public investments must annually file a statement of economic interest (Form 700) with the Fair Political Practices Commission (FPPC) under applicable law, FPPC regulations, and District's Conflict of Interest Code.

XV. PERFORMANCE MEASUREMENT

Investment performance shall be evaluated in the context of the District's objectives of safety, liquidity, and return. Portfolio performance shall be compared over appropriate periods to a market benchmark or reference rate consistent with the portfolio's duration, risk characteristics, and investment constraints.

~~XIII.~~XVI. INVESTMENT POLICY REVIEW AND REPORTING

This investment policy shall be reviewed at least annually and any changes shall be presented to the Board of Directors for review and approval in accordance with applicable law. The Treasurer shall provide the Board of Directors a monthly investment report consistent with CGC Section 53646 and this policy. Reports should include, as applicable, investment type, issuer, maturity date, par value, book value, market value, credit quality, yield, portfolio diversification, transactions, and a statement of compliance with this policy. The report shall also address the District's ability to meet anticipated expenditure requirements for the period required by law. Market values shall be obtained from a reputable source independent of the transaction and reported at least quarterly.~~Any change to this investment policy will be reviewed and approved by the Board of Directors in accordance with Section 53646(a)(2) of the CGC. The Treasurer shall render a monthly report to the Board of Directors showing all investments in accordance with Section 53646(b) of the CGC.~~

ATTACHMENT 2

ADOPTED: 04/16/07
REVISED: 09/15/26

WESTLANDS WATER DISTRICT
POLICY FOR STATEMENT OF INVESTMENT

Board Policy No. 3

I. PURPOSE

This statement establishes the policies and procedures for the prudent investment of operating funds, capital project funds, trust funds, restricted monies, bond proceeds and other funds under control of Westlands Water District (District) in accordance with California Government Code (CGC). The policy is intended to preserve principal, provide sufficient liquidity to meet the District's cash flow requirements, manage investment risks, and provide a market rate of return consistent with these objectives.

II. POLICY

The cash management system of Westlands Water District (District) will be maintained to accurately monitor and forecast expenditures and revenues, thus ensuring the investment of monies to the fullest extent possible. As specified in the CGC Section 53600.5, the primary objectives, in priority order, of the District's investment activities shall be:

1. Safety of Principal - Investments shall be undertaken in a manner which first seeks to ensure the preservation of capital in the portfolio.

2. Liquidity - Investment portfolio will remain sufficiently liquid to meet all operating requirements reasonably anticipated.

3. Return - Achieve the highest rate of return on funds after first considering safety of principal and liquidity and the prudent investor standard.

The District will seek to invest surplus funds, defined as those funds not required for immediate cash flow, together with trust funds, and restricted monies held by the Treasurer, to the extent prudent and consistent with anticipated liquidity needs. Investments will be made in accordance with applicable provisions of CGC Sections 53600 through 53686, Sections 16429.1 through 16429.3, and other applicable law. The following restrictions apply:

4. Certificates of Deposit, savings accounts, and active bank accounts will be collateralized in accordance with existing law or regulation.

5. The investment portfolio will not be leveraged through the use of Reverse Repurchase Agreements or other instruments, nor will investments be made in any derivative products.

III. DELEGATION OF AUTHORITY

Except as otherwise provided herein, the authority of the Board of Directors to invest or reinvest District funds and to deposit for safekeeping the securities evidencing such investments is delegated to the Treasurer. The Treasurer is responsible for implementing this policy, establishing procedures and internal controls, monitoring compliance, and providing required reports. The Treasurer may use qualified staff and may retain qualified investment advisers or managers as authorized by this policy. Any Designee that qualifies as a public official who manages public investments shall file an annual statement of economic (Form 700) pursuant to Section XIV of this policy. In exercising this authority, the Treasurer shall consult with the Chairman of the Finance & Administration Committee when appropriate or necessary. For purposes of this policy, references to the Treasurer include the Assistant Treasurer and any Designee authorized by the Treasurer or Assistant Treasurer to act under this policy.

IV. PRUDENT INVESTOR STANDARD

Pursuant to CGC Section 53600.3, all persons authorized to make investment decisions on behalf of the District are trustees and therefore fiduciaries subject to the Prudent Investor Standard. The Treasurer, and members of the Board of Directors so involved, who in their capacity are authorized to make investment decisions on behalf of the District, are trustees and, therefore, fiduciaries subject to the Prudent Investor Standard. These persons must act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aim, to safeguard the principal and maintain the liquidity needs of the agency when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds.

The Treasurer and members of the Board of Directors, acting in accordance with this investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. The investment portfolio shall be managed as a whole and not solely on the performance or risk of an individual security.

V. AUTHORIZED INVESTMENTS AND LIMITS

The following instruments are authorized for investment of District funds:

1. U.S. Treasury Bills and Notes, for which the full faith and credit of the United States are pledged for the payment of principal and interest. There is no limit on the total dollar amount that may be invested in these instruments.

2. Instruments of or issued by, or fully guaranteed as to principal and interest by, a federal agency or a U.S. government-sponsored enterprise, such as obligations issued by the Federal Farm Credit Banks, Federal Home Loan Banks, or Federal National Mortgage Association. There is no limit on the total dollar amount that may be invested in these instruments.

3. Investment-grade rated registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority thereof. There is no limit on the total dollar amount that may be invested in this category.

4. Bonds, notes, warrants, or other evidences of indebtedness of any investment-grade rated local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority thereof. There is no limit on the total dollar amount that may be invested in these instruments.

5. Non-Negotiable Certificates of Deposit may be placed with federally or state-chartered banks, savings associations, or other financial institutions authorized under applicable California law. Deposits shall be insured or collateralized in accordance with CGC Sections 53651 and 53652 and other applicable requirements. Investments shall be made only with institutions determined to be financially sound and that meet applicable regulatory requirements. Investments with any one institution shall not exceed 20 percent of the District's total funds available for investment, and aggregate investments in this category shall not exceed 50 percent. In the event percentages are exceeded due to disbursements or withdrawals from the investment pool, these will not be considered violations and the Treasurer shall reestablish these limits at the earliest convenient date.

6. Negotiable Certificates of Deposit issued by eligible institutions in accordance with CGC Section 53601(i). Purchases shall not exceed 30 percent of the District's moneys available for investment and shall comply with all applicable statutory requirements.

7. Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical rating organization (NRSRO) in accordance with CGC Section 53601(h). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of $500,000,000 and having an A or its equivalent or higher, by an NRSRO, rating on debt other than commercial paper. Purchases of eligible Commercial paper may not exceed 397 days' maturity nor exceed 40 percent of the District's surplus funds. No more than 5 percent of the District's total investment assets may be invested in commercial paper and medium-term notes of any single issuer.

8. Medium-term notes, as defined by CGC Section 53601(k) with a

maximum remaining maturity of five years or less and rated in a rating category of “A” or its equivalent or better by an NRSRO, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Purchases of medium-term notes shall not exceed 30 percent of the District’s moneys available for investment. No more than 5 percent of the District’s total investment assets may be invested in the commercial paper and medium-term notes of any single issuer.

9. Mortgage pass-through securities, collateralized mortgage obligations, and other asset-backed securities authorized by CGC Section 53601(o), with a maximum remaining maturity of five years or less, rated in a rating category of “AA” or its equivalent or better by an NRSRO, and limited in aggregate to 20 percent of the District’s surplus moneys available for investment.

10. United States dollar-denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, as authorized by CGC Section 53601(q). Such obligations shall have a maximum remaining maturity of five years or less, be rated in a rating category of “AA” or its equivalent or better by an NRSRO, and shall not exceed 30 percent of the District’s moneys available for investment.

11. Repurchase Agreements secured only by U.S. Treasury Obligations. A Repurchase Agreement is a purchase of securities pursuant to an agreement by the seller to repurchase the securities from the District at a specified date. Repurchase Agreements shall not exceed 7 days in maturity, shall be collateralized and held in accordance with applicable law and written agreement, and must comply with CGC Section 53601(j).

12. Shares of beneficial interest issued by diversified management companies including qualifying mutual funds and money market mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. Investments shall satisfy the quality, experience, portfolio composition, and other requirements of CGC Section 53601(l). The purchase price of shares of beneficial interest purchased shall not exceed 20 percent of the District's moneys available for investment, subject to any more restrictive statutory sub-limits.

13. Funds may be deposited, to the extent permitted by law and as conditions dictate, in the State of California Local Agency Investment Fund (LAIF) in accordance with CGC Section 16429.1.

14. Funds may be deposited, to the extent permitted by law and as

conditions dictate, in a county treasury for the purpose of investment by the county treasurer in accordance with CGC Section 53684.

15. Shares of beneficial interest issued by a joint powers authority organized pursuant to CGC Section 6509.7 that invests in the securities and obligations authorized in CGC Section 53601.

16. Bond proceeds may be invested in accordance with applicable CGC provisions, or they may be invested in alternative vehicles if authorized by bond documents (CGC 53635.2 and California Debt and Investment Advisory Commission (CDIAC) Local Agency Investment Guidelines). Investment of bond proceeds shall consider the anticipated draw schedule, required liquidity, arbitrage and rebate requirements, permitted investments under the governing bond documents, and the objective of obtaining fair market value consistent with applicable requirements.

VI. DIVERSIFICATION

Investment of District funds shall be diversified by security type issuer, maturity, and financial institution to reduce credit, concentration, liquidity, and market risk. The portfolio shall comply with the percentage limitations established by this policy and applicable law at the time of purchase. Except where a different limit is expressly stated in this policy or applicable law, exposure to a single issuer shall be limited to 5 percent of the portfolio. U.S. Treasury obligations, federal agency/government-sponsored enterprise (GSE) obligations, LAIF, county pools, and qualifying joint powers authority investment pools are exempt from this issuer guideline.

VII. RISK MANAGEMENT

The Treasurer or investment adviser shall monitor credit ratings and material credit developments affecting portfolio holdings. If a security is downgraded below the minimum rating required at the time of purchase, the security shall be evaluated and an appropriate course of action determined based on safety, liquidity, market conditions, and the District's best interests. A downgrade below the minimum purchase rating shall not, by itself, require an immediate sale unless required by law.

VIII. MAXIMUM MATURITIES

The maximum authorized term of maturity shall be 5 years unless the Board of Directors has granted express authority for a longer maturity in accordance with applicable law. The weighted-average maturity of all investments shall be 36 months or less. Maturities shall be structured to provide sufficient liquidity to meet reasonably anticipated operating and capital cash flow requirements.

IX. INVESTMENT MANAGEMENT AGREEMENT

Upon recommendation of the Treasurer, and approval by the Board of Directors' Finance & Administration Committee, the Treasurer may enter into an investment management agreement with a bank or qualified investment manager to invest a portion of the District's funds pursuant to this or a similar investment policy. Any adviser exercising investment discretion shall be appropriately registered, possess demonstrated experience managing public funds, acknowledge receipt of this policy, and manage the portfolio in compliance with this policy and applicable law.

X. SAFEKEEPING AND CUSTODY

All securities shall be held in the District's name by an independent third-party custodian or trust department under a written custodial agreement, except investments for which alternative custody is permitted by law. Securities transactions shall be conducted on a delivery-versus-payment basis. The safekeeping/custody function shall be independent of the investment transaction function to the extent practicable, and custodial records shall be reconciled to the District's investment records. Collateral for Repurchase Agreements shall be held by an independent third-party custodian pursuant to the applicable written or tri-party agreement.

XI. INTERNAL CONTROLS

The Treasurer shall establish and maintain internal controls designed to safeguard public funds. Controls should include, as appropriate, separation of transaction authority from accounting and custody functions, transaction confirmations, reconciliation of investment and custodial records, controls over wire transfers, and periodic independent review of the investment program.

XII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

All non-negotiable Certificates of Deposit will be purchased directly from the institution receiving the deposit. All other authorized instruments will be purchased through the District's primary service bank, and other qualified financial institutions or broker/dealers upon approval of the Finance & Administration Committee. Institutions, broker/dealers, and investment advisers shall be subject to appropriate due diligence, qualification standards, and periodic review. Investment professionals shall be provided a copy of this policy and, as appropriate, acknowledge their responsibility to transact within its parameters. Competitive market information or quotations should be obtained when practical and consistent with best execution.

XIII. ACCOUNTING RECORDS

Accounts shall be established and maintained in the District's accounting records to record surplus, restricted and trust funds invested at all times in accordance with the State Controller's chart of accounts as authorized by Section 53891 of the CGC.

XIV. ETHICS AND CONFLICT OF INTEREST

The Treasurer and designees shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. The Treasurer and designees shall disclose any personal financial interests that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Under CGC 87500(a)(2)(O), any public official who manages public investments must annually file a statement of economic interest (Form 700) with the Fair Political Practices Commission (FPPC) under applicable law, FPPC regulations, and District's Conflict of Interest Code.

XV. PERFORMANCE MEASUREMENT

Investment performance shall be evaluated in the context of the District's objectives of safety, liquidity, and return. Portfolio performance shall be compared over appropriate periods to a market benchmark or reference rate consistent with the portfolio's duration, risk characteristics, and investment constraints.

XVI. INVESTMENT POLICY REVIEW AND REPORTING

This investment policy shall be reviewed at least annually and any changes shall be presented to the Board of Directors for review and approval in accordance with applicable law. The Treasurer shall provide the Board of Directors a monthly investment report consistent with CGC Section 53646 and this policy. Reports should include, as applicable, investment type, issuer, maturity date, par value, book value, market value, credit quality, yield, portfolio diversification, transactions, and a statement of compliance with this policy. The report shall also address the District's ability to meet anticipated expenditure requirements for the period required by law. Market values shall be obtained from a reputable source independent of the transaction and reported at least quarterly.

Westlands Water District Board of Directors

Regular Board Meeting of September 15, 2026

Item 4a

Subject:
General Manager's Report on Water Supply, Water Operations, Projected Water Supply and Use, Drainage, and Energy Activities

Strategic Plan Key Strategies:
1. Protect Central Valley Project Contract and Secure Supplemental Water Supplies
2. Enhance Groundwater Resources

Discussion:
2026-2027 Water Supply
On August 11, Reclamation increased the Central Valley Project (CVP) South of Delta (SOD) agricultural contractor's allocation from 25% to 28%.

At a 28% allocation, the District's 2026-2027 Surface Water Supply is 542,837 acre-feet (AF) for the Contract Water Year (CWY), as summarized in Attachment 1, "Available Supply and Total Estimated Use through August 2026".

Surface Water Use and Deliveries Forecast
Table 1 presents and compares the 20-year average surface water deliveries, CWY 2025-2026 actual deliveries, the 28% CWY 2026-2027 delivery forecast, which includes projected incoming water transfers, and actual surface water deliveries through February 2027.

The District's estimated surface water use in August was 50,000 AF, as shown in Table 2, which is under the forecasted amount for August (52,000 AF). However, the cumulative usage to date is about 11,300 AF above the cumulative forecast in part due to the abnormally high temperatures, and resulting high water usage, in March.

Table 1: Surface Water Delivery Forecast and Delivery Comparison

	Surface Water Deliveries												
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
	Values in thousands of acre-feet												
20-yr avg	30.0	47.7	80.4	104.0	108.6	73.0	39.6	30.5	18.1	15.2	23.9	40.0	611.1
2025-2026	26.5	75.5	116.0	141.9	134.8	90.9	54.8	30.7	10.2	6.0	19.9	53.5	760.7
Forecast	19.0	41.0	50.4	80.2	87.0	52.0	29.0	23.0	15.5	14.0	15.3	33.5	459.9
Actual	36.6	44.5	56.1	75.5	78.2	50.0							340.9

Table 2: August Surface Water Use

Surface Water Supply Source	Amount (AF)
2026 Repayment Contract	31,973
2026 Assignment Contract	1,408
Municipal & Industrial	708
Water User Transfers In	1,891
District Transfers In	14,020
Transfer/Exchange Out	0
Total	**50,000**

Historically, September's average surface water use is 39,604 AF. The current average use through September 3 is 813 cubic feet per second (cfs) (1,611 AF/Day) and is expected to decline throughout the month. September deliveries are projected to be on par with the forecasted 29,000 AF.

2026 Supplemental Water

Applications for the 2026-2027 Supplemental Program were due March 31, 2026. Including late requests, the District received 89,676 AF in requests on 238,798 acres. The District acquired Supplemental Water from multiple sources for CWY 2026-2027 to match requests. The District allocated 54,000 AF of Supplemental Water to Program participants on April 30, and 19,000 AF in July. Future allocations will occur when the Supplemental Water is pumped South of the Delta.

Groundwater Pumping Summary

For August 2026, Groundwater Management Plan (GWMP) wells pumped an estimated 7,500 AF and non-GWMP wells pumped an estimated 16,000 AF. Total District-wide groundwater pumping for CWY 2026-2027 is estimated at 260,000 AF at a 28% CVP SOD allocation.

Table 3: 2026-2027 Groundwater Pumping

	August (AF)	Contract Year to Date (AF)	Projections (AF)
GWMP	7,500	58,210	80,000
Non-GWMP	16,000	117,482	180,000
District-Wide Total	23,500	175,692	260,000

Project Operations

- Jones Pumping Plant (PP) is currently pumping at about 4,300 cfs and is expected to maintain pumping at capacity until maintenance at the O'Neil PP begins around September 10. Banks PP is pumping at about 7,200 cfs.
- Shasta storage is 2,607 thousand acre-feet (TAF), 103% of average. Storage decreased by 397 TAF compared to last month. Inflow into Shasta was between 2,600 cfs to 8,000 cfs over the last month and averaged about 3,000 cfs. Releases from Shasta are projected to decrease in September to about 8,000 cfs.
- Folsom storage was at 457 TAF, 96% of average. Storage decreased by nearly 168 TAF compared to last month. Folsom releases declined from 5,300 cfs in August to 2,800 cfs in September. Releases averaged 4,404 cfs over the last month.
- O'Neill pumping thus far in September was 28 TAF with pumping to storage in San Luis Reservoir at 20 TAF. Dos Amigos PP pumped about 30.1 TAF total with 26.1 TAF pumping for the State.
- The Sacramento Valley received 0.2 inches of precipitation during August. Accumulated precipitation for the water year totaled 53.1 inches, which is 96% of the 30-year average.

San Luis Reservoir Operations

The CVP share of San Luis Reservoir (SLR) storage is approximately 435.5 TAF with an average increase of about 1.4 TAF per day over the last month. Reclamation's end-of-August 90% exceedance is forecasting 374 TAF will remain in the SLR at the end of September. Actual storage may be higher as end-of-August storage was about 47 TAF greater than forecast.

Reclamation's 90% end-of-August Exceedance forecast indicates that CVP SLR will continue to decline though November to 324 TAF and storage will start to fill in December.

Water Quality

Table 4: CVP Water Quality

Location	Electro Conductivity (EC)	Total Dissolved Solids (TDS)	pH
Clifton Court (Jones)	213 uS/cm	124 mg/L	7.8
SLC Check 13 (O'Neill)	235 uS/cm	136 mg/L	7.8
SLC Check 21 (Kettleman)	230 uS/cm	133 mg/L	8.1

Proposed Motion:
No proposed motion.

Recommendation:
None.

Attachment:
1 – Available Water Supply and Total Estimated Use through July 2026

2 – Exceedance Hydrology Charts

BOARD MEETING of September 15, 2026 **09/04/26**

ITEM: 4.a. GENERAL MANAGER'S REPORT
SUBJECT: Water Use and Supply - - 2026-2027 Water Year
DISCUSSION: Available Supply and Total Estimated Use Through August 2026

AVAILABLE SUPPLY	CURRENT MONTH (AF)	2026-2027 Y-T-D (AF)	2026-2027 TOTAL SUPPLY (AF) [5]	2026-2027 FORECAST (AF)	2025-2026 Totals (AF)	2016-2025 Averages (AF)
WATER YEAR ALLOCATION		**28%**	**28%**	**28%**	**50%**	**46%**
REPAYMENT CONTRACT - AG [1]	31,973	128,525	321,212	321,212	625,763	510,764
RESCHEDULED CONTRACT [4]	0	113,775	113,775	113,775	113,901	78,008
ASSIGNMENT: DD#1 / DD#2 /MERCY SPRINGS/ ORO LOMA / BROADVIEW [3]	1,408	7,043	13,145	13,145	25,822	
RESCHEDULED 2025/26 ASSIGNMENT [3]	0	4,695	4,695	4,695	4,069	
Article 3(f)	0	0	0	0	0	
CONTRACT - INCIDENTAL NON - AG M & I [2]	708	2,159	4,886	4,886	4,016	
CONTRACT - INCIDENTAL NON - AG M & I NAS Lemoore [2]	0	0	0	0	0	
Drought Pool	0	0	0	0	0	
2025 Yuba Stored	0	354	354	354	364	
CONTRACT AND STORED CARRYOVER	34,089	256,551	458,067	458,067	773,631	680,382
DISTRICT SUPPLEMENTAL & WATER USER TRANSFERS (net) [6]	15,911	84,416	84,770	122,000	121,075	
DISTRIBUTION INTEGRATION PROGRAM (DIP)	0	0	0	0	0	
GROUNDWATER MANAGEMENT PROGRAM (GWMP)	7,500	58,210	58,210	120,000	12,570	
CANAL INTEGRATION PROGRAM (CIP)	0	0	0	0	0	
TOTAL SUPPLY	57,500	399,177	601,047	700,067	907,276	891,421
CONTRACT CUSHION			-6,000	-6,000	0	
OTHER CUSHION						
TOTAL AVAILABLE SUPPLY	57,500	399,177	595,047	694,067	907,276	919,667
WATER USE						
AGRICULTURAL	47,937	327,021	327,021	397,000	767,107	
GWMP	7,500	58,210	58,210	80,000	12,570	
DIP	0	0	0	0	0	
CIP (delivered)	0	0	0	0	0	
NON-AG M&I	708	2,159	2,159	4,886	4,016	
CLOSE-OUT ADJUSTMENT [7]	1,355	13,106	13,106	0	0	
SYSTEM LOSS/(GAIN) (calculated estimate) [8]	0	(1,319)	(1,319)	(10,000)	(10,475)	
TOTAL USE [5]	57,500	399,177	399,177	471,886	773,218	707,536
TOTAL REMAINING SUPPLY			201,870		134,058	183,885

NOTES:

Total net cropped acreage in Westlands 2025-2026	316,550
Fallowed acreage 2025-2026	247,410

[1] 2026 CVP allocation 321,212 AF (1,150,000 AF - 2,814 AF (M&I historic use avg) X 28%).
[2] M&I: 2,195 AF Water Shortage Policy (78% historic use avg 3 years unconstrained) + 2,691 AF PHS supply = 4,886 AF.
[3] Assignment (14-06-200-8092-R5-P, 8018B-IR5-P, 3365AC-IR5-P, 7823J-LTR1-P, 7-07-20-W0055-B-IR5-P, 14-06-200-3365AB-IR5-P) allocation of 28% = 13,145 AF + 4,695 AF rescheduled 2025 Assignment Contract water.
[4] 2025 Rescheduled CVP supply 115,000 AF which includes 1,225 AF in estimated storage loss.
[5] Total Supply column includes close-out adjustment with system gain together for complete actual use.
[6] Transfer/Exchanges (In and Out): 15,911 AF in, 0 AF out.
[7] Close-Out Adjustment: Difference between DWR meter readings and WWD meter readings due to timing. WWD meters are usually read 3-5 days prior to receiving DWR readings.
[8] System Loss/(Gain): Acre-foot difference between WMIS delivery report vs. DWR delivery report.

SUBJECT: Water Use - - 2026-2027 Water Year

WATER USE :

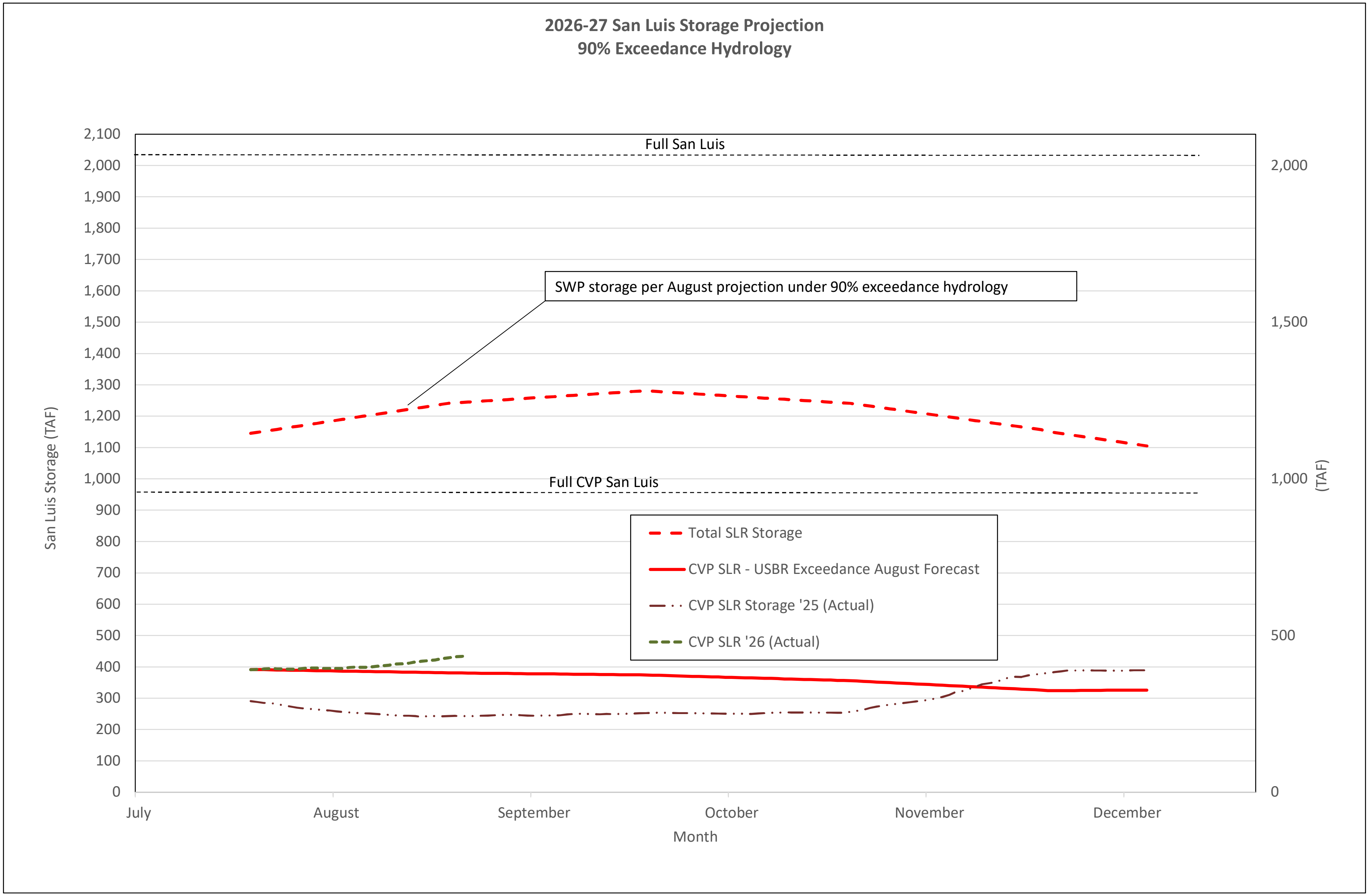
Month	Repayment Contract Ag (AF)	3(f) Ag (AF)	215 Contract (AF)	Rescheduled (AF)	215 M&I (AF)	M&I (AF)	GWMP (AF)	SLC,CC Conveyance Contracts (AF)	CIP (AF)	Assignment Contracts (AF) [1]	Transfer In (AF)	Transfer Out (AF)	Lat. 6 & 7 Deliveries (AF)	DIP (AF)	GWMP/DIP Combined (AF)
March 2026	0	0	0	31,705	0	181	3,125	0	0	4,695	0	0	0	0	0
April	0	0	0	43,246	0	237	8,995	1,003	0	0	0	0	0	0	0
May	0	0	0	38,824	0	258	13,085	3,431	0	0	13,601	0	21	0	0
June	31,231	0	0	0	0	362	13,375	4,889	0	2,818	35,516	0	719	0	0
July	65,321	0	0	0	0	413	12,130	1,066	0	2,817	7,986	0	627	0	0
August	**31,973**	**0**	**0**	**0**	**0**	**708**	**7,500**	**1,000**	**0**	**1,408**	**14,611**	**0**	**300**	**0**	**0**
September															
October															
November															
December															
January 2027															
February															
Totals	**128,525**	**0**	**0**	**113,775**	**0**	**2,159**	**58,210**	**11,389**	**0**	**11,738**	**71,714**	**0**	**1,667**	**0**	**0**

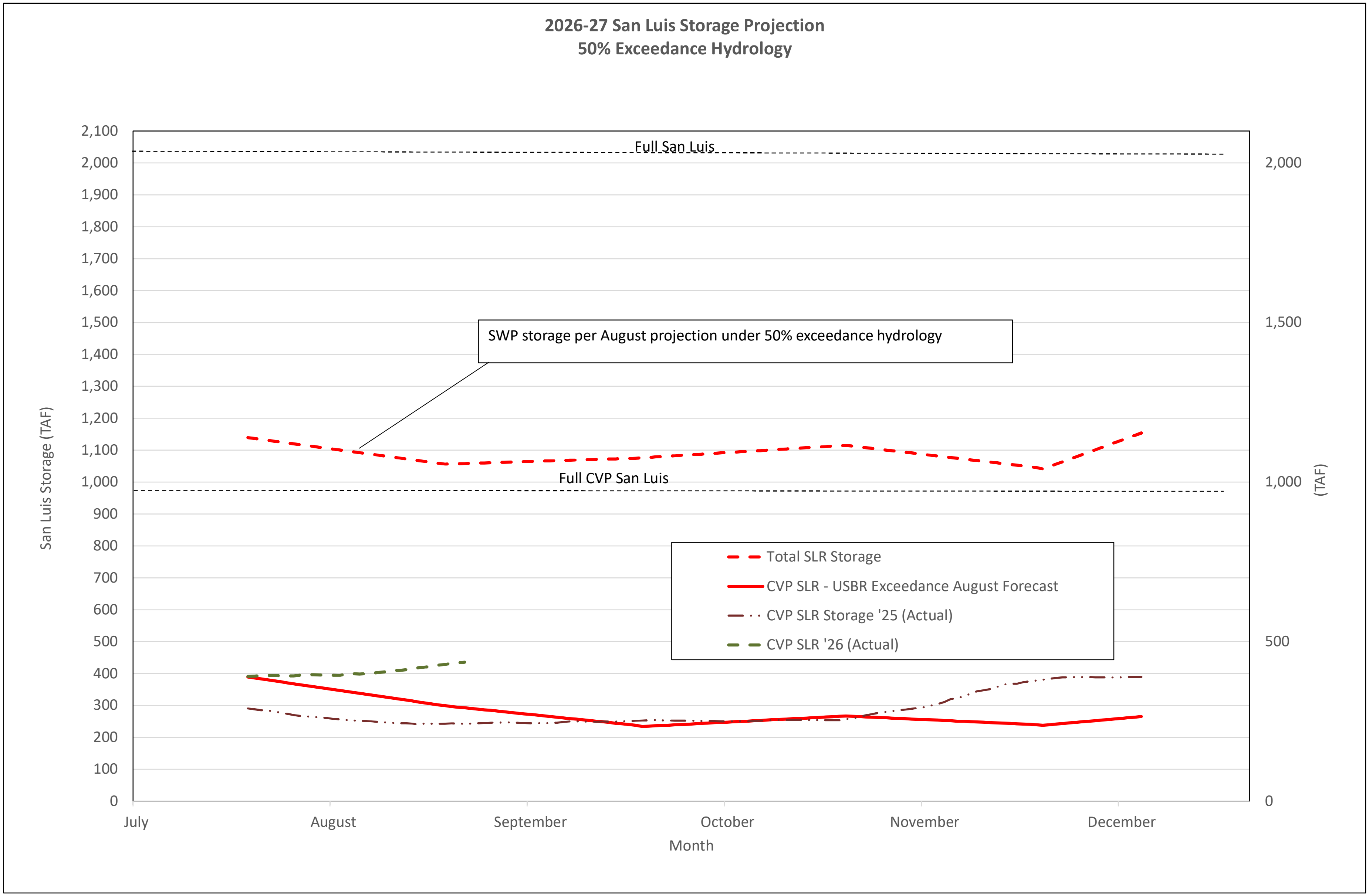
NOTES:

[1] 4,695 AF of 2025 Rescheduled Assignment allocation in March.

WATER YEAR SUMMARY

USE-SUPPLY ALLOCATION		
Repayment Contract		242,300
EST. DWR/USBR meter error		0
Conveyance Contracts		11,389
Transfers In		71,714
Transfers Out		0
DIP		0
GWMP		58,210
GWMP/DIP Combined		0
CIP		0
Lat 6 & 7 NP Deliveries		1,667
Assignment Contracts		11,738
M&I		2,159
NASL M&I Supply (SWP)		1,366
SWP Kings County Table A		0
Reach 6 Kings County Deliveries		0
Excludes Transfers Out	Total Use	400,543
DELIVERY SUMMARY		
Ag Total		327,021
WWD Groundwater Program (GWMP)		58,210
DIP		0
GWMP/DIP Combined		0
CIP		0
M&I		2,159
NASL M&I Supply (SWP)		1,366
SWP Kings County Table A		
Close-out adjustment		13,106
	Total Deliveries	401,862
SYSTEM GAIN/(LOSS)		AF
Quantity		1,319
Percent of Supply		0.33%


2026-27 San Luis Storage Projection
90% Exceedance Hydrology
Full San Luis
SWP storage per August projection under 90% exceedance hydrology
Full CVP San Luis
Total SLR Storage
CVP SLR - USBR Exceedance August Forecast
CVP SLR Storage '25 (Actual)
CVP SLR '26 (Actual)
San Luis Storage (TAF)
(TAF)
2,100
2,000
1,900
1,800
1,700
1,600
1,500
1,400
1,300
1,200
1,100
1,000
900
800
700
600
500
400
300
200
100
0
2,000
1,500
1,000
500
0
July
August
September
October
November
December
Month


2026-27 San Luis Storage Projection
50% Exceedance Hydrology
Full San Luis
Full CVP San Luis
SWP storage per August projection under 50% exceedance hydrology
Total SLR Storage
CVP SLR - USBR Exceedance August Forecast
CVP SLR Storage '25 (Actual)
CVP SLR '26 (Actual)
San Luis Storage (TAF)
(TAF)
2,100
2,000
1,900
1,800
1,700
1,600
1,500
1,400
1,300
1,200
1,100
1,000
900
800
700
600
500
400
300
200
100
0
July
August
September
October
November
December
Month

Westlands Water District Board of Directors

Regular Board Meeting of September 15, 2026

Item 4c

Subject:

Board of Directors to Receive an Update on Federal and State Affairs and Legislative Matters

Strategic Plan Key Strategies:

1. Protect Central Valley Project (CVP) Contract and Secure Supplemental Water Supplies
2. Enhance Groundwater Resources
3. Prioritize Critical Infrastructure Needs
4. Cultivate Collaborative Relationships

Discussion:

The purpose of this item is for the Board of Directors (Board) to receive an update on State and Federal Affairs, including legislation.

Federal Affairs Update

On August 21, the Bureau of Reclamation released its Record of Decision and accompanying 2027–2028 Operating Plan for coordinated operations of Lake Powell and Lake Mead. The operating guidelines establish a 1.25 million acre-foot annual Lower Basin reduction for 2027 and 2028, with California's share set at 440,000 acre-feet per year contingent on implementation of the Lower Basin states' proposed sharing agreement and provide for an additional 700,000 acre-feet of voluntary System Conservation water across the Lower Division states during 2026–2028. On August 24, the State of Nevada filed suit in the U.S. District Court for the District of Nevada challenging the Record of Decision.

On September 1, the House of Representatives voted 370–48 to pass H.R. 6500 (identical to Senate version passed on August 8), a continuing resolution funding the federal government at current levels through December 11; the President signed the bill into law on September 2. The House recessed on September 4 and, along with the Senate, was expected to reconvene September 14, though House leadership has since announced it will recess again on September 17, shortening its September work period. The Senate is expected to remain in session through the end of the month, and Senate Majority Leader John Thune (R-SD) has indicated he intends to prioritize floor time for permitting reform in September, though neither chamber has agreed on package specifics.

The Senate Committee on Agriculture, Nutrition and Forestry is expected to resume Farm Bill consideration once the Senate returns to session, though no markup date has been announced; the Committee recessed August 6 after failing to favorably report the bill out of Committee, and Senator Mitch McConnell (R-KY), whose return from medical leave could help break the deadlock, has not confirmed a return date.

On August 8, Senator Padilla introduced the Desalination Reauthorization Act (S. 5352), which would reauthorize Reclamation's ability to enter public private partnerships to build desalination projects for 5 additional years, reauthorize a desalination research program and add an up to 50% federal cost share component to desalination projects.

The House Energy and Commerce Committee held a hearing on September 3 to examine two draft discussion bills; Drinking Water State Revolving Fund (SRF) Reauthorization and the Water Cost Accountability Act. With respect to SRF Reauthorization, members were critical of proposed cuts to the Public Water System Supervision Grant program and raised concerns about need for additional funding for rural systems and cybersecurity provisions. For the Water Cost Accountability Act, members focused on data center impacts to water use and water system costs, emphasizing a need for local decision making, protection for ratepayers, water use disclosures and advancing alternative cooling processes.

State Affairs Update

The Legislature adjourned the second year of the 2025–26 Regular Session on August

31, concluding this year's legislative calendar. Bills passed by the Legislature must be signed or vetoed by the Governor by September 30. Assembly Republican Caucus leadership changes have maintained San Joaquin Valley representation through Assembly members David Tangipa and Alexandra Macedo.

Several bills of interest to the District reached the Governor's desk in the final days of session. Assembly Bill 2125 (Bennett), addressing notice requirements for groundwater basin adjudications, was signed by the Governor on August 27 and chaptered as Chapter 138, Statutes of 2026. Assembly Bill 2728 (Soria), a District-sponsored measure exempting de minimis groundwater extractors from certain fees, passed both houses and was enrolled for the Governor's signature on August 27. Also enrolled and sent to the Governor were Assembly Bill 2739 (Soria), addressing water affordability and system stabilization; Assembly Bill 2218 (Kalra), addressing water policy for California Native American tribes; and Senate Bill 872 (McNerney), which would expand eligibility for funding improvements to Delta levee and federal conveyance facilities.

Additional water-related bills enrolled between August 26 and August 31 include: Assembly Bill 1486 (Soria, climate resiliency research farms grant program), Assembly Bill 1987 (Aguiar-Curry, department-managed wildlife area lands), Assembly Bill 2469 (Papan, data center water use disclosures), Assembly Bill 2568 (Johnson, water district director compensation), Assembly Bill 2577 (Connolly, Safe Drinking Water and Toxic Enforcement Act settlements), Senate Bill 599 (Caballero, atmospheric river forecasting), Senate Bill 769 (Caballero, Golden State Infrastructure Corporation Act), Senate Bill 1085 (Durazo, water supply planning for housing developments), Senate Bill 1125 (Menjivar, Water Rate Assistance Program), and Senate Bill 1417 (Pérez, mutual water company assessments and charges).

At the August 13 Assembly Appropriations Committee suspense file hearing, several bills carrying San Luis & Delta-Mendota Water Authority-adopted positions advanced. Assembly Bill 1881 (Ramos, California Indian Freedom Act of 2026, Oppose Unless Amended) and Assembly Bill 2032 (Ransom, restricted species permits related to golden mussels, Support and Amend/Sponsor) passed to the Senate Floor, as did Assembly Bill 2218 and Assembly Bill 2728, noted above. The following bills were held on suspense: Assembly Bill 1772 (Papan, golden mussels, Watch and Amend), Assembly Bill 2026 (Aguiar-Curry, groundwater recharge permits, Watch and Amend), Assembly Bill 2216 (Aguiar-Curry, Sacramento-San Joaquin Delta Conservancy, Watch), and Senate Bill 601 (Allen, water waste discharge, Oppose).

Looking ahead, implementation of Proposition 4 funding is anticipated to begin in 2027, with the Department of Water Resources having released draft grant guidelines and scheduled stakeholder workshops. Wildfire-related policy issues are also expected to remain a significant focus next year. In addition, stakeholders continue to monitor implementation of Senate Bill 54, California's extended producer responsibility program requiring producers to reduce plastic packaging and fund recycling and waste reduction efforts, as potential modifications to compliance deadlines and program requirements could have cost implications for agricultural producers and other regulated entities.

Regulatory Update

Staff are tracking policy, regulatory and rulemaking processes, including but not limited to the following:

State Water Board, on August 19, released its final draft updates to the Water Quality Control Plan for the Bay-Delta and Staff Report/Substitute Environmental Document for public comment. Adoption will be considered at a public meeting in October. The District is reviewing this draft closely and will be coordinating comments with the San Luis and Delta Mendota Water Authority.

Reclamation’s Desalination and Water Purification Research Program announced up to $5.7M in grant funding for water treatment research projects to advance its mission of expanding water resources and improving water supply flexibility. Applications are due September 29, 2026.

California Department of Fish and Wildlife initiated rulemaking for changes to California Code of Regulations sections to address Golden Mussel regulation required by AB 149. These changes to regulations are focused on watercraft inspections and decontamination, where exposed to infested waters and prior to transportation. The comment period ended on August 18^{th}.

On July 30, the California Air Resources Board (CARB) submitted proposed amendments to the Advanced Clean Fleets regulation (ACF) to the Office of Administrative Law (OAL) for review prior to enactment and released its Final Statement of Reasons associated with the ACF amendments. OAL has until September 11 to make a decision on accepting or denying CARB's amendments to ACF. CARB is hosting a virtual public workshop on August 8^{th} to review the Carbon Capture, Removal, Utilization and Storage Program. The meeting will provide information on pre-rulemaking concepts.

The State Water Board continues to conduct hearings to gather evidence to determine whether to approve change petitions filed by Department of Water Resources (DWR) to add two new points of diversion and rediversion for the State Water Project. The next set of hearings were scheduled for: September 2^{nd}-3^{rd} and was a continuation DWR's and State Water Contractors' surrebuttal to Protestants rebuttal testimony provided in July.

Key State and Federal Legislative Deadlines

California State Legislature:

– September 30 – Last day for Governor to sign or veto bills passed by the Legislature (Art. IV, Sec. 10(b)(2)).

U.S. Congress (119th Congress, 2nd Session):

– September 17 – House recess begins, shortening its September work period; the Senate remains in session through the end of the month.

– December 11, 2026 – Continuing resolution funding expires. FY27 appropriations bills must be enacted, or another continuing resolution passed, to avoid a lapse in federal funding.

Proposed Motion:
No proposed motion.

Recommendation:
Direct staff as appropriate.

Attachments:
- Federal Legislation tracker (Brownstein Hyatt Farber Schreck, Federal Legislative Monthly Report, September 4, 2026)
- State Legislation tracker (WWD Expanded Matrix, Lang Hansen Giroux and Kidane, September 2, 2026)

Brownstein

DATE: September 4, 2026
TO: Westlands Water District
FROM: Ryan Smith, Shareholder
Bella Sewall, Shareholder
Annick Miller, Senior Policy Advisor
Brownstein Hyatt Farber Schreck

RE: Federal Legislative Monthly Report

Reclamation Increases Central Valley Project 2026 Water Supply Allocations for South-of-Delta Contractors

On Aug. 11, the Bureau of Reclamation (BOR) announced increased Central Valley Project 2026 water supply allocations for South-of-Delta contractors to reflect improved hydrologic conditions and operational flexibility. Irrigation and water service and repayment contractors' allocations increased from 25% to 28% of their contract total, while municipal and industrial contractors' allocations increased from 75% to 78% of historic use or public health and safety needs, whichever is greater. Other previously announced allocations remain unchanged. BOR stated that the adjustments are consistent with ongoing reservoir and water-temperature management operations and the administration's efforts under Executive Order 14181 to improve water supply reliability and reduce regulatory delays.

Bureau of Reclamation Releases Record of Decision and Accompanying Operating Plans for Post-2026 Colorado River Operations

On Aug. 21 the Bureau of Reclamation (BOR) released the Record of Decision and accompanying 2027-2028 Operating Plan for the coordinated operations of Lake Powell and Lake Mead. The Operating Guidelines establish a 1.25 million acre-foot (maf) annual Lower Basin reduction for 2027 and 2028, with California's reduction set at 440,000 acre-feet per year if the Lower Basin states implement their proposed sharing agreement. The guidelines also provide for an additional 700,000 acre-feet of voluntary System Conservation water across the Lower Division States during 2026–2028, while extending mechanisms for the creation and delivery of Intentionally Created Surplus (ICS), subject to specified limits and conditions.

On Aug. 24, the state of Nevada filed a lawsuit in the U.S. District Court for the District of Nevada challenging the Record of Decision.

House Advances Continuing Resolution to Fund the Government through Dec. 11 as Senate Set to Return on Sept. 14

On Sept. 1, the House voted 370-48 to pass H.R. 6500, a continuing resolution to fund the government at current levels through Dec. 11. President Trump signed the bill into law the next day, on Sept. 2.

The House recessed on Sept. 4 and is expected to return on Sept. 14 with the Senate. Both chambers were expected to be in session until the end of the month, however, House leadership announced on Sept. 3 that it will recess on Sept. 17. The Senate will remain in session until the end of September, as scheduled. Senate Majority Leader John Thune (R-SD) has also indicated he intends to prioritize floor time in September for permitting reform, although neither chamber has come to an agreement on specifics of the package yet.

Senate Agriculture Looks to Resume Mark Up of Farm Bill in September

The Senate Committee on Agriculture, Nutrition and Forestry is expected to resume consideration of the Farm Bill once the Senate returns to legislative session Sept. 14, although no official markup date has been announced. On Aug. 6, Chairman John Boozman (R-AR) recessed the Committee after it failed to favorably report the Farm bill out of Committee. Sen. Mitch McConnell (R-KY) is expected to return from a continued medical leave where he could break deadlock on the measure, however his office has not confirmed a date for his return.

Legislation Tracker

Bill	Sponsor	Summary	Introduced	Suggested Position	Latest Action
Tier 1: Bills of Greatest Interest					
H.R.337 – Groundwater Recharge Technical Assistance	Rep. Jim Costa (D-CA)	This bill modifies the Infrastructure Investment and Jobs Act to allow unobligated balances of amounts made available to the Bureau of Reclamation for western water infrastructure to be made available to Reclamation for FY2026-2031 to provide financial or technical assistance for (1) groundwater recharge projects, (2) aquifer storage and recovery projects, or (3) water source substitution for aquifer protection projects.	1/13/2025	Watch -the bill relies on potential unobligated IIJA balances that may not be available. Because this amends IIJA, it is a heavy lift in the House, where this legislation was not considered bipartisan by Republicans.	1/13/2025 Referred to the House Committee on Natural Resources.
H.R.1897 - ESA Amendments Act of 2025	Rep. Bruce Westerman (R-AR)	Requires the Secretary of the Interior to submit to Congress a national listing work plan for listed species; allows private landowners to	3/6/2025	Watch - language includes several provisions that are beneficial for western water infrastructure. Legislation	04/20/2026 Rules hearing held. Reported to the House for consideration.

		submit candidate conservation agreements; and grants exemptions under the National Environmental Policy Act (NEPA) for incidental take permits. It also prohibits judicial review during the five-year monitoring period after a species is removed from a published list and forbids the designation of a critical habitat on private land if the landowner has implemented a land management plan that is similar to an integrated natural resources management plan.		should likely be marked-up soon. However, beyond committee action a path forward is difficult.	
H.R.1894 – Federally Integrated Species Health (FISH) Act	Rep. Ken Calvert (R-CA)	Streamlines the management and regulation of the Endangered Species Act (ESA), with respect to anadromous species, within the Fish and Wildlife Service (FWS). ESA authority is currently split	3/6/2025	Watch - while the administration has expressed interest in accomplishing some of the goals from this bill administratively, the bill itself is not likely to move.	3/06/2025 Referred to the House Committee on Natural Resources.

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		between FWS and the National Marine Fisheries Service.			
H.R.1871 - Water Conservation Rebate Tax Parity Act	Rep. Jared Huffman (D-CA)	Amends the Internal Revenue Code of 1986 to exempt from taxation any rebates or subsidies for water conservation, efficiency, stormwater management, or wastewater management improvements. Extends the tax exemption to rebates or subsidies provided directly or indirectly by public utilities, state and local governments, and stormwater management providers.	3/5/2025	Watch - this bill has been introduced over the last several Congresses and has not moved. Unless it's a reconciliation play, the stand alone will likely not move because it will have a score.	3/05/2025 Referred to the House Committee on Ways and Means.
S.857- Water Conservation Rebate Tax Parity Act	Sen. John Curtis (R-UT)	Amends the Internal Revenue Code of 1986 to expand the exclusion for certain conservation subsidies to include subsidies for water conservation or efficiency	3/5/2025	Watch - this bill has been introduced over the last several Congresses and has not moved. Unless it's a reconciliation play, the stand alone will likely not move	3/05/2025 Read twice and referred to the Committee on Finance.

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		measures, storm water management measures, and wastewater management measures.		because it will have a score	
S.322 – Improving Atmospheric River Forecasts Act	Sen. Alex Padilla (D-CA)	Directs NOAA to establish a standalone atmospheric river forecast improvement program for the purpose of developing accurate storm forecasts, evaluate tools to improve atmospheric river analysis, authorizes the agency to procure monitoring equipment and improves hazard communication.	1/29/2025	Watch – unlikely the stand alone bill moves, but potentially could as part of the WEATHER Act or a package.	1/29/2025 Read twice and referred to the Committee on Commerce, Science, and Transportation.
H.R. 338- Every Drop Counts Act	Rep. Jim Costa (D-CA)	Amends the Infrastructure Investment and Jobs Act to increase surface water and groundwater storage.	1/13/2025	Support- expands eligibility for groundwater recharge and small surface projects and the increase in program authority.	11/19/2025 Subcommittee meetings held.
H.R.6229 - Water Infrastructure Finance and Innovation Act (WIFIA)	Rep. Kim Schrier (D-WA)	Reauthorizes the Water Infrastructure Finance and Innovation Act of 2014.	11/22/2025	Watch	11/22/2025 Referred to the Subcommittee on Water Resources and Environment.

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Amendments of 2025					
S. 3738 – MORE WATER Act	Sen. Alex Padilla (D-CA)	Amend the Infrastructure Investment and Jobs Act to reauthorize the large-scale water recycling and reuse program, to establish a Water Conveyance Improvement Program.	01/29/2026	Watch- the legislation provides nonreimbursable funding for conveyance projects and also sets requirements for multi-benefit projects to provide benefits for the environment and drinking water; note the legislation is endorsed by San Luis & Delta-Mendota Water Authority, San Joaquin River Exchange Contractors Water Authority, Association of California Water Agencies, State Water Contractors, Sacramento River Settlement Contractors.	07/29/2026 Ordered to reported favorably.
S. 3737 – GROW SMART Act	Sen. Alex Padilla (D-CA)	Amends the Reclamation States Emergency Drought Relief Act of 1991 to incentivize farmers to invest in “innovative approaches” that keep agricultural land in production	01/29/2026		03/17/2026 Subcommittee Meetings held.

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		and provide affordable water supplies.			
H.R. 8259 – Federal Water Projects Consultation Improvement Act of 2026	Rep. Cliff Bentz (R-OR)	Modifies how federal agencies carry out Endangered Species Act (ESA) Section 7 consultations for federal water projects.	04/14/2026	Support with amendments- the intention of this bill is to extend the provisions of the WIIN Act that provide water contractors with the ability to participate meaningfully in ESA Section 7 consultations. Working with SLDMWA on amendments to make the process work better.	04/29/2026 Subcommittee Hearings Held
H.R. 9022-- Energy and Water Development and Related Agencies Appropriations Act, 2027	Rep. Chuck Fleischmann (R-TN)	Makes appropriations for energy and water development and related agencies for the fiscal year ending September 30, 2027	05/22/2026		06/23/2026 – Rule provided for consideration
H.R. 9980 – The American Food for American Schools Act of 2026	Rep. John Garamendi (D-CA)	Amends the Richard B. Russell National School Lunch Act to modify existing Buy American requirements, and establishes a formal waiver system for school food authorities (SFA).	07/30/2026		07/30/2026 Referred to the House Committee on Education and Workforce.

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H.R. 9512- Doug LaMalfa Sacramento River Basin Water Security and Reliability Act of 2026	Rep. James Gallagher (R-CA)	Reauthorizes the water storage program under Subtitle J of the Water Infrastructure Improvements for the Nation Act, to authorize environmental restoration and recovery in the Sacramento River Basin.	06/29/2026		06/29/2026 Referred to the House Committee on Natural Resources
Tier 2: All bills in the below category are to be watched but no position is needed.					
H.R.302 – Water Rights Protection Act of 2025	Rep. Celeste Maloy (R-UT)	Prohibits the conditioning of any permit, lease, or other use agreement on the transfer of any water right to the United States by the Secretary of the Interior and the Secretary of Agriculture.	1/9/2025		11/25/2025 Placed on House Calendar.
H.Res.71	Rep. Monica De La Cruz (R-TX)	Condemning the Government of Mexico for failing to fulfill its water deliveries on an annual basis to the United States under the treaty between the United States and Mexico regarding the utilization of the Colorado and Tijuana Rivers	1/28/2025		1/28/2025 Referred to the House Committee on Foreign Affairs.

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		and of the Rio Grande.			
H.R.1261 - Land and Water Conservation Fund Water Amendments Act	Rep. Brian Mast (R-FL)	Amends title 54, United States Code, to authorize the Secretary of the Interior to make financial assistance to States under the Land and Water Conservation Fund available for water quality projects	2/12/2025		2/12/2025 Referred to the House Committee on Natural Resources.
S.1118 - Water Intelligence, Security, and Cyber Threat Protection Act	Sen. Ed Markey (D-MA)	Establishes a program to increase drinking water and wastewater system threat preparedness and resilience	3/25/2025		3/25/2025 Read twice and referred to the Committee on Environment and Public Works.
H.R.2656 – Removing Nitrate and Arsenic in Drinking Water Act	Rep. Norma Torres (D-CA)	Amends the Safe Drinking Water Act to provide grants for nitrate and arsenic reduction projects, and for other purposes.	4/3/2025		4/03/2025 Referred to the House Committee on Energy and Commerce.
H.R.4302 – Improving Atmospheric River Forecasts Act	Rep. Jay Obernolte (R-CA)	Accelerates subseasonal to seasonal prediction skills related to precipitation forecasts for water	07/07/2025		07/07/2025 Referred to the House Committee on Science, Space, and Technology.

		management in the western United States, improve atmospheric river forecasts across the country.			
S. 1413	Sen. Alex Padilla (D-CA)	Authorizes additional funding for the San Joaquin River Restoration Settlement Act.	4/10/2025		7/16/2026 Ordered to be reported favorably.
Tier 3:					
H.R.187- MAPWaters Act of 2025	Rep. Blake Moore (R-UT)	Provides for the standardization, consolidation, and publication of data relating to public outdoor recreational use of Federal waterways among Federal land and water management agencies	1/3/2025		12/26/2025 Signed into law.
H.R.841	Rep. Jodey Arrington (R-TX)	Amends title 54, United States Code, to prohibit the acquisition of land, water, or an interest in land or water from a private landowner using amounts made available under the Land and Water Conservation Fund.	1/31/2025		1/31/2025 Referred to the House Committee on Natural Resources.

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H.R.776 – Nutria Eradication and Control Reauthorization Act of 2025	Rep. Josh Harder (D-CA)	Reauthorizes through FY2030 the Nutria Eradication and Control Act of 2003, which allows DOI to provide financial assistance to states for (1) eradicating or controlling nutria, and (2) restoring marshland damaged by nutria.	1/28/2025		2/05/2025 Received in the Senate and Read twice and referred to the Committee on Environment and Public Works.
H.Res.274	Rep. Monica De La Cruz (R-TX)	Encourages the Mexican government to fulfill its water deliveries on an annual basis to the U.S. under the treaty between the United States and Mexico regarding the utilization of the Colorado and Tijuana Rivers and of the Rio Grande.	03/31/2025		03/31/2025 Referred to the House Committee on Foreign Affairs
H.R.3293 - Support Water-Efficient Technologies Strategies and Technologies Act of 2025.	Rep. Teresa Leger Fernandez (D-NV)	Amends the Food Security Act of 1985 to increase payments for drought-resilient or water-saving practices and to provide additional payments for perennial	05/08/2025		05/08/2025 Referred to the House Agriculture Committee.

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		production systems, and for other purposes.			

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WWD Matrix

09/02/2026

OPPOSE	NOT FAVOR	SUPPORT/SPONSOR	FAVOR	WATCH	OPPOSE UNLESS AMENDED	SUPPORT IF AMENDED	PENDING

MEASURE	AUTHOR	TOPIC	STATUS	LOCATION	CALENDAR	POSITION
AB 124	Committee on Budget	Public resources trailer bill.	07/02/2025 - Re-referred to Com. on B. & F. R.	07/02/2025 - Senate Budget and Fiscal Review		
AB 372	Bennett, D	Office of Emergency Services: state matching funds: water system infrastructure improvements.	09/11/2025 - Failed Deadline pursuant to Rule 61(a)(14). (Last location was INACTIVE FILE on 9/3/2025)(May be acted upon Jan 2026)	09/11/2025 - Senate 2 YEAR		
AB 929	Connolly, D	Abandoned endowment care cemeteries: County of Marin.	08/30/2026 - Read third time. Passed. Ordered to the Assembly. (Ayes 33. Noes 5.). In Assembly. Concurrence in Senate amendments pending. Senate amendments concurred in. To Engrossing and Enrolling.	08/30/2026 - Assembly ENROLLMENT		
AB 942	Calderon, D	Electricity: climate credits.	08/29/2025 - From committee: Do pass and re-refer to Com. on RLS. (Ayes 5. Noes 2.) (August 29). Re-referred to Com. on RLS.	08/29/2025 - Senate Rules		
AB 990	Hadwick, R	Public water systems: emergency notification plan.	09/11/2025 - Failed Deadline pursuant to Rule 61(a)(14). (Last location was INACTIVE FILE on 6/30/2025)(May be acted upon Jan 2026)	09/11/2025 - Senate 2 YEAR		
AB 1413	Papan, D	Sustainable Groundwater Management Act: groundwater adjudication.	09/11/2025 - Failed Deadline pursuant to Rule 61(a)(14). (Last location was INACTIVE FILE on 9/9/2025)(May be acted upon Jan 2026)	09/11/2025 - Senate 2 YEAR		
AB 1486	Soria, D	Climate resiliency: research farms: grant program.	08/28/2026 - Enrolled and presented to the Governor at 3:30 p.m.	08/28/2026 - Assembly ENROLLED		
AB 1563	Gabriel, D	Budget Act of 2026.	04/06/2026 - Referred to Com. on BUDGET.	04/06/2026 - Assembly Budget		
AB 1987	Aguiar-Curry,	Department-managed lands:	08/26/2026 - Senate amendments concurred in. To	08/26/2026 - Assembly ENROLLMENT		

	D	wildlife areas: hunting.	Engrossing and Enrolling. (Ayes 79. Noes 0.).			
AB 2125	Bennett, D	Groundwater basin adjudication: notice.	08/27/2026 - Approved by the Governor. Chaptered by Secretary of State - Chapter 138, Statutes of 2026.	08/27/2026 - Assembly CHAPTERED		
AB 2218	Kalra, D	Water policy: California Native American tribes.	08/26/2026 - In Assembly. Concurrence in Senate amendments pending. Senate amendments concurred in. To Engrossing and Enrolling. (Ayes 56. Noes 0.).	08/26/2026 - Assembly ENROLLMENT		
AB 2469	Papan, D	Data centers: water use disclosures.	09/01/2026 - Senate amendments concurred in. To Engrossing and Enrolling.	09/01/2026 - Assembly ENROLLMENT		
AB 2568	Johnson, R	Water district directors: compensation.	08/28/2026 - Enrolled and presented to the Governor at 3:30 p.m.	08/28/2026 - Assembly ENROLLED		
AB 2577	Connolly, D	Safe Drinking Water and Toxic Enforcement Act of 1986: settlements: attorney's fees.	08/31/2026 - Enrolled and presented to the Governor at 4 p.m.	08/31/2026 - Assembly ENROLLED		
AB 2728	Soria, D	Groundwater: de minimis extractors: fees: exemption.	08/27/2026 - From committee: That the Senate amendments be concurred in. (Ayes 10. Noes 0.) (August 27). Senate amendments concurred in. To Engrossing and Enrolling. (Ayes 77. Noes 0.).	08/27/2026 - Assembly ENROLLMENT		Sponsor
AB 2739	Soria, D	Water: affordability and system stabilization.	08/30/2026 - Ordered to special consent calendar. Read third time. Passed. Ordered to the Assembly. (Ayes 40. Noes 0.). In Assembly. Concurrence in Senate amendments pending. Senate amendments concurred in. To Engrossing and Enrolling.	08/30/2026 - Assembly ENROLLMENT		
SB 239	Arreguín, D	Crimes: criminal threats.	08/27/2026 - Assembly amendments concurred in. (Ayes 39. Noes 0.) Ordered to engrossing and enrolling.	08/27/2026 - Senate ENROLLMENT		
SB 599	Caballero, D	Atmospheric rivers: research: forecasting methods: experimental tools.	08/27/2026 - Enrolled and presented to the Governor at 4:30 p.m.	08/27/2026 - Senate ENROLLED		
SB 742	Pérez, D	Electricity: electrical infrastructure: permanently abandoned transmission facilities: emergency response:	08/30/2026 - Enrolled and presented to the Governor at 6 p.m.	08/30/2026 - Senate ENROLLED		

		liaisons.				
SB 769	**Caballero, D**	The Golden State Infrastructure Corporation Act.	08/27/2026 - Assembly amendments concurred in. (Ayes 34. Noes 4.) Ordered to engrossing and enrolling.	08/27/2026 - Senate ENROLLMENT		
SB 872	**McNerney, D**	Delta Levees and Canal Subsidence Fund.	08/27/2026 - Enrolled and presented to the Governor at 4:30 p.m.	08/27/2026 - Senate ENROLLED		
SB 879	**Laird, D**	Budget Act of 2026.	01/12/2026 - Read first time.	01/09/2026 - Senate Budget and Fiscal Review		
SB 1068	**Alvarado-Gil, R**	Water appropriations.	02/26/2026 - Referred to Com. on RLS.	02/13/2026 - Senate Rules		
SB 1085	**Durazo, D**	Water supply planning: housing developments.	08/27/2026 - Assembly amendments concurred in. (Ayes 39. Noes 0.) Ordered to engrossing and enrolling.	08/27/2026 - Senate ENROLLMENT		
SB 1125	**Menjivar, D**	Water Rate Assistance Program.	08/31/2026 - Enrolled and presented to the Governor at 6 p.m.	08/31/2026 - Senate ENROLLED		
SB 1417	**Pérez, D**	Mutual water companies: assessments and water charges: notice.	08/30/2026 - Enrolled and presented to the Governor at 6 p.m.	08/30/2026 - Senate ENROLLED		
Total Measures: 26 **Total Tracking Forms: 26**						

Westlands Water District Board of Directors

Regular Board Meeting of September 15, 2026

Item 4e

Subject:
Board of Directors to Receive an Update on Operations and Maintenance (O&M) Division Activities and Consider Directing Staff as Appropriate.

Strategic Plan Key Strategies:
3. Prioritize Critical Infrastructure Needs.

Discussion:
The tables below summarize current distribution system capacity limitations and service interruptions. Unless otherwise noted, the remainder of the distribution system is operating without interruption.

Table 1: Pumps Out of Service

Location / Unit #	Issue	Status	Return to Service (Est.)	Capacity Reduction (cfs)
22L #1	Pump Overhaul	Repair in process	Sept. 30	3.7
28RA #6	MCC Replacement	Repair in process	Oct. 30	6.0
1R-4.0B #1	Motor Failure	Repair in process	Mar. 30	22.0
11R #5	Pump Failure	TBD	TBD	3.6

Table 2: Lateral Shutdown

Lateral Shutdown		
Lateral	**Dates**	**Work to be Performed**
24R	Sept. 21 – Sept. 25	Quinquennial
28RA Reservoir	Sept. 22	Algae Treatment
PV3	Sept. 28 – Oct. 2	Quinquennial
29R	October 1	Algae Treatment
7L	Oct. 5 – Oct. 11	Quinquennial
PVPP	Oct. 12 – Oct. 15	Cold Wash
PV8	Oct. 12 – Oct. 17	Quinquennial
27R	Oct. 19 – Oct. 24	Quinquennial
12R	Oct. 26 – Oct. 31	Quinquennial

Five Points Shop and Field Office Updates

The Five Points Shop and Field Office was constructed in 1980 to serve as a central hub for the District's Operations and Maintenance Division. As operational responsibilities expanded and staffing and technology needs evolved, the existing layout and available space became increasingly constrained, resulting in limited office space, aging building systems, and accessibility challenges. To address these issues and develop a long-term facility solution, the District retained iT Architecture in October 2024 to prepare a conceptual front office layout and evaluate facility improvements that would support District operations into the future while reducing annual maintenance costs.

The remodel project addresses several longstanding facility deficiencies while positioning the Five Points Office to support future operational needs. Major improvements include replacing the existing built-in roof gutter system with exterior fascia-mounted gutters, roof replacement, plumbing and sewer repairs, construction of two ADA-compliant restrooms, and energy-efficiency upgrades, including new storefront windows, HVAC and ducting improvements, enhanced insulation, and LED lighting throughout the facility. Functionality will be improved by converting existing space into three individual offices and constructing four new offices, including dedicated offices for the Mechanical Maintenance Supervisor and Safety Officer, along with two offices to accommodate Fresno-based staff working in the field and support future staffing needs. Additional improvements include the creation of a dedicated conference room and replacement of aging floor tile, carpet, wallpaper, and leak-damaged ceiling tiles.

Collectively, these improvements address deferred maintenance issues, enhance employee workspace, improve energy efficiency and accessibility, and ensure the Five Points Office can continue supporting District operations and future staffing requirements for many years to come. Staff anticipates requesting funding in the FY 2027-28 budget to complete the proposed improvements.

Surface Water AMI

Staff continues to make strong progress on the Surface Water Advanced Metering Infrastructure (AMI) project. To date, staff has completed 251 meter conversions/swaps, replacing mechanical meters with digital (Sensus output) registers. In addition, 186 MiNet nodes have been installed. Staff continues to expand deployment efforts and streamline the meter conversion process. Water Measurement is on track to convert over 100 meters in September and Operations staff is installing them just as quickly.

Golden Mussel Update

Staff, our consultant, and the applicator initiated Golden Mussel treatments on Laterals 4L and 7R on July 27 and July 28, respectively. Treatment began at an application rate designed to achieve a copper concentration of 0.30 ppm and was maintained until measurable copper residuals were detected throughout the downstream distribution system. Once these residuals were detected, the application rate was reduced by approximately 50 percent, to maintain a target residual of 0.13 ppm.

Through daily copper residual testing and ongoing water quality monitoring, the treatment program was refined to maintain effective control while minimizing chemical usage. Within the first seven days of operation, observed copper residuals throughout the distribution system ranged from 0.21 ppm to 0.09 ppm, demonstrating successful distribution and control of treatment concentrations across both laterals. To support consistent treatment delivery, two downstream injection points were installed on Lateral 4L and one additional injection point on Lateral 7R, with dosing adjusted based on flow conditions, water orders, and field residual testing.

Treatment results to date have been highly successful, with observed Golden Mussel mortality ranging from approximately 90 to 100 percent on both laterals. Staff has also observed significant shell accumulation at the 7RA Reservoir, confirming the reservoirs and regulating tanks on the pumped laterals will effectively settle out shells released during treatment. Staff will be conducting additional inspections near the end of Lateral 4L to evaluate shell transport through the gravity fed system and develop maintenance strategies for shell removal and/or flushing.

In addition to mortality observations, staff and our consultant have documented significant shell degradation at monitoring locations, including the complete loss of shell fragments from dead mussels observed during previous inspections. Live mussels inspected during site visits exhibited noticeable shell thinning and, in some cases, the formation of holes near the shell hinge. These observations suggest that low-dose copper treatment may not only achieve high mortality rates but may also promote the gradual breakdown of mussel shells over time. Further investigation into this observation is being discussed with California Department of Fish and Wildlife and the Department of Water Resources (DWR).

Based on the treatment results, treatment operations will be suspended for approximately one month and restarted as warranted by observed water temperatures and veliger densities documented by DWR's 2025-2026 Golden Mussel Veliger Density Chart in the Delta. This adaptive management approach will help ensure treatment efforts remain effective while optimizing chemical use and operational resources.

Staff is still waiting to hear about the Readiness and Environmental Protection Integration (REPI) Program funding which was applied for in coordination with Naval Air Station Lemoore (NASL) in July. The overall funding request is for approximately $1.4 million to support up to two Zequanox treatments on Laterals 29L and 30L. There are no anticipated matching funds required for this grant and final projects selected to submit full funding applications will be announced later this fall.

Proposition 4 funding, which includes $20 million in invasive species funding through the Department of Food and Ag has been delayed while the details surrounding the application process and proposal evaluations are finalized. Staff has been developing multiple projects for this funding opportunity including research on veliger populations and travel patterns in the CVP, a look into the effects of golden mussel settlement on concrete strength and lifespan in coordination with Caltrans, Bureau of Reclamation, and the San Luis & Delta-Mendota Water Authority, projects related to filtration improvements at the

Pleasant Valley Pumping Plant, and future treatment projects on the District’s distribution system.

Progress also continues on development of the Golden Mussel Monitoring and Control Plan. The District's consultant is advancing plan preparation and coordinating with staff to identify monitoring protocols, response measures, and operational considerations. Staff anticipates submitting the completed plan to the California Department of Fish and Wildlife in the coming months.

Staff continues to coordinate with regional partners and monitor ongoing research efforts to better understand water quality and temperature effects on the golden mussel.

Proposed Motion:
No proposed motion.

Recommendation:
None.

MEMORANDUM

TO: **WESTLANDS WATER DISTRICT BOARD OF DIRECTORS**

FROM: SAMANTHA BARNCASTLE, EXECUTIVE DIRECTOR

SUBJECT: EXECUTIVE DIRECTOR'S REPORT

DATE: SEPTEMBER 10, 2026

This executive director's report is intended to keep you apprised as to what is happening behind the scenes on policy and other issues the Alliance is engaged in or is otherwise tracking. This report is intended for your use, but I understand that you may wish to share this information with your local board members and close associates. I would ask that you be circumspect when you distribute this, however. Here is your update on activities during the last month:

GOVERNMENT FUNDING

The Administration's FY2027 budget proposal would significantly reduce federal support for water infrastructure, including roughly 79% cuts to the Clean Water State Revolving Fund and 63% to the Drinking Water State Revolving Fund. It would also eliminate or reduce funding for water storage, water reuse, desalination and USDA watershed programs, with several Western water programs particularly affected. While Congress rejected many of these cuts in FY2026, the proposal signals a continued effort to shift greater responsibility for water infrastructure financing to states and localities.

President Trump has signed a stopgap funding bill, keeping the government open through December 11 well ahead of the September 30 deadline. The measure passed with wide bipartisan margins (90-6 in the Senate, 370-48 in the House). The new deadline sets up another holiday-season funding fight, following a record 43-day shutdown last fall over ACA subsidies and a separate 76-day DHS funding lapse this spring tied to immigration enforcement disputes. GOP and Democratic leaders alike framed the bill as buying time for a longer-term deal in the lame-duck session.

TRUMP 47 ADMINISTRATION

1. WOTUS is back! – New and Improved??

WOTUS is moving into another significant phase, with EPA and the Army Corps of Engineers now seeking additional public input on a supplemental proposal that would further narrow the scope of federal jurisdiction under the Clean Water Act. The agencies published the supplemental notice on September 9, building on their November 2025 proposal and the Supreme Court's 2023 *Sackett v. EPA* decision, which substantially limited federal jurisdiction. The new approach would move away from the previously proposed "wet season" test and instead focus federal protection primarily on perennial waters that flow continuously year-round, with limited exceptions, and wetlands that have a direct connection to those jurisdictional waters. EPA and the Corps are also seeking input on how to define "perennial," "relatively permanent," and "continuous surface connection," as well as whether the existing category of "adjacent wetlands" should be eliminated or significantly narrowed.

The change is intended to provide greater regulatory certainty for farmers, ranchers, landowners, developers, energy producers and other regulated entities while giving states and Tribes a larger role in managing waters outside federal jurisdiction. At the same time, Blue States and environmental groups contend that the proposal would exclude a substantial portion of the nation's streams and wetlands from federal protection, particularly in the arid West, where many waterways are intermittent or ephemeral. The agencies received more than 220,000 comments on the 2025 proposal, including criticism that the wet-season approach was difficult to implement, and are now using the supplemental proposal to consider additional alternatives before issuing a final rule. The key point for FFA is that the 30-day comment period is now open: the supplemental proposal was published in the Federal Register on September 9, and comments are due **October 9, 2026**. This gives agricultural, irrigation and water-management interests a short window to review the new definitions and assess their implications for return flows, irrigation infrastructure, drainage features, wetlands and other waters commonly encountered in Western agricultural operations. The Alliance is engaged on a number of fronts to gather information and prepare comments.

2. OMB Rule Change on Grant Funding

A recent article published in Government Executive highlights the growing tension surrounding the recent rule change proposal regarding OMB's handling of money for grant programs. The revision in question in the proposed rule would still allow most of the standard process to play out for grant making, but in the end, a political appointee would have final say based on subjective criteria, like "anti-American values" or the "president's policy priorities." The article argues that federal investments are most effective when funding decisions are driven by objective criteria, expertise, and long-term public benefit rather than political considerations. It warns that politicizing grantmaking and agency decisions can undermine confidence in government, waste taxpayer resources, and ultimately hurt communities that depend on federal investments. The broader point is particularly relevant to our work: we need federal water infrastructure investments to be evaluated on sound policy, demonstrated need, and measurable outcomes—not political favoritism—while maintaining strong relationships with decision-makers and advocating for the projects Western agriculture needs. Read the full article: [Politicizing government investments](#)

hurts all of us - Government Executive. The Alliance did not submit comments on the rulemaking in question.

3. President proposes pay freeze for Federal employees

President Trump has formally proposed freezing pay for most federal civilian employees at 2026 levels in 2027, while providing a 3.8% increase for federal law enforcement personnel. The administration says the freeze is intended to support fiscal restraint and workforce streamlining, though it could have implications for recruitment and retention across federal agencies.

4. USDA reorganization effort continues

Recent reporting indicates USDA is moving forward with a major workforce reorganization and relocation effort, but the department has not yet conducted a comprehensive analysis of expected employee attrition. More than 28,000 USDA employees have already left since the beginning of the Trump administration, with the department expecting another 5,000 departures through early retirement and other incentives. The concern is that relocating experienced staff could accelerate the loss of institutional knowledge, particularly in agencies critical to agriculture, even as USDA plans to hire nearly 16,000 employees largely to offset expected attrition.

5. USDA moves forward with Roadless Rule repeal

USDA has proposed rescinding the 2001 Roadless Area Conservation Rule, which restricts road construction and timber harvesting across roughly 44–45 million acres of National Forest System lands. The repeal would shift decision-making to individual forest managers through existing forest plans, potentially providing greater flexibility for forest health treatments, wildfire-risk reduction, timber production, watershed work, and road access (known as “active forest management”). The proposal does not in itself authorize logging or road construction, which would still require site-specific review under NEPA and other applicable laws. The comment period is 30 days, ending September 21. Federal Register :: Special Areas; Roadless Area Conservation

6. Fish & Wildlife Service downsizing statistics

According to the Center for Biological Diversity, federal staffing data shows the U.S. Fish and Wildlife Service has lost approximately 3,600 employees since 2024, reducing its workforce from nearly 10,000 to just over 6,300. Western states have experienced significant declines, including a 47% reduction in New Mexico, 45% in Arizona, 41% in Colorado and 40% in Oregon and Montana. The losses include approximately 1,900 scientists, including biologists, foresters and wildfire managers, with departures attributed to buyouts, early retirements and workforce reductions. It is thought that the scale of the reductions could affect the agency’s capacity to carry out wildlife management and Endangered Species Act responsibilities across the West.

DEVELOPMENTS IN THE 119TH CONGRESS

7. Funding Government

Congress has advanced a continuing resolution that will keep the federal government funded at current levels through December 11, with provisions maintaining SNAP and WIC and addressing disaster relief and national security. The House passed the measure 370–48 after the Senate advanced it before the August recess, setting up a compressed timeline for completing FY2027 appropriations after the midterm elections. The House has advanced all 12 appropriations bills through committee and passed three on the floor, while the Senate has not yet begun full committee consideration; House and Senate appropriators are signaling a preference for completing full-year FY2027 bills rather than relying on another lengthy CR.

8. On the hunt for a leadership position

Several key House committee leadership contests are already taking shape for the next Congress. On Natural Resources, Rep. Pete Stauber is seeking the top Republican position while current Chair Bruce Westerman is considering requesting a waiver to remain in the chair beyond his term limit. On Agriculture, Chair G.T. Thompson is seeking a waiver to remain chairman despite being term-limited, while Rep. Austin Scott is positioning himself to succeed him; on the Democratic side, Rep. Shontel Brown is seeking to become the committee's top Democrat following Ranking Member Angie Craig's departure, although others are also considering the position.

9. Permitting reform conversations continue

Congress is returning from its August recess with a crowded energy and environment agenda, including efforts to advance permitting reform, FY2027 appropriations and data-center impacts on electricity costs. Lawmakers also are expected to address critical mineral supply chains, energy affordability, the farm bill, WRDA, pipeline safety, FEMA reform and federal lands legislation. A bipartisan permitting agreement remains a major target for September, but partisan disputes and competing legislative priorities could make progress difficult. Congressional priorities that slip into November will join an already lengthy list, including the defense policy bill, government funding, surface transportation, the farm bill, renewal of government surveillance authorities and other major legislation, further compressing the time available for action before the end of the year. Permitting reform is also advancing through executive and regulatory action. Interior's Secretarial Order 3452 directs agencies to speed up National Historic Preservation Act Section 106 reviews by using program alternatives, identifying activities that can be exempted and limiting reliance on offsite mitigation, while broader changes to the historic-preservation rules remain under consideration. Separately, EPA is moving ahead with NPDES permitting changes through rulemaking, including clarifications to permitting requirements, even as the broader congressional permitting legislation remains stalled. EPA has already published related NPDES proposals in September, signaling that the administration is pursuing permitting reforms administratively while Congress works toward legislation.

10. Farm Bill (not likely soon)

Farm Bill is still gridlocked – no substantial updates. Hopefully soon…

11. House Natural Resources Committee Investigation into ENGOs

The House Natural Resources Committee has launched an investigation into 19 environmental organizations, focusing on their use of federal fee-shifting provisions under laws including the ESA, NEPA and the Equal Access to Justice Act. The Committee is seeking information on the groups' litigation practices, attorney-fee awards and use of taxpayer-funded reimbursements, with the stated goal of evaluating whether existing laws are being abused and whether legislative reforms are warranted. The organizations targeted are: Alliance for the Wild Rockies, Cascadia Wildlands, Center for Biological Diversity, Defenders of Wildlife, Earthjustice, Great Old Broads for Wilderness, High Country Conservation Advocates, Montana Environmental Information Center, Native Ecosystems Council, Natural Resources Defense Council, Oregon Wild, Rocky Mountain Wild, San Juan Citizens Alliance, Sierra Club, Western Watersheds Project, WildEarth Guardians, The Wilderness Society, Wilderness Watch and Wilderness Workshop.

12. House Natural Resources Committee oversight activity

If Democrats gain control of the House in November, the House Natural Resources Committee could become a significant venue for congressional oversight of the Trump administration because of its broad jurisdiction over federal lands, national parks, energy and natural resources. TIME reports that Ranking Member Jared Huffman, who could become chairman, has outlined investigations into administration decisions involving public lands, national parks, energy projects, federal spending and proposed land transfers. A Democratic majority would give the committee greater investigative authority, including the ability to issue subpoenas and compel testimony, potentially expanding its role beyond its traditional focus on federal lands, endangered species, grazing and water policy.

IN THE COURTS

13. ESA Litigation – Blue States Attorneys General sue

California and 20 other states filed two lawsuits challenging recent federal changes to Endangered Species Act regulations. The suits target revisions narrowing the definition of "harm," changing critical-habitat exclusions and removing automatic protections for newly listed threatened species. The states argue the changes unlawfully weaken habitat protections and other ESA safeguards. View the full press release here: https://www.oag.ca.gov/news/press-releases/attorney-general-bonta-files-lawsuits-challenging-trump-administration%E2%80%99s-attempt?utm_source=chatgpt.com

14. Western Grazing

The Center for Biological Diversity sued the federal government over a plan that could open up to 24 million additional acres of federal land in the West to livestock grazing. The group alleges the Departments of Agriculture and Interior violated the ESA by approving the expansion without consulting federal wildlife agencies regarding protected species and critical habitat. The case, filed in federal court in Oregon, could affect proposed grazing areas in several Western states, including areas inhabited by species such as wolves, grizzly bears, Mexican spotted owls and Colorado pikeminnow.

15. Central Valley Project Contracts

The Ninth Circuit ruled in favor of the Bureau of Reclamation in a challenge to its conversion of 67 Central Valley Project water service contracts into repayment contracts under the WIIN Act. The court held that the conversions were mandatory and nondiscretionary, meaning Reclamation was not required to conduct contract-specific NEPA review or ESA consultation before completing the conversions. The court emphasized that the ruling does not eliminate environmental review requirements applicable to ongoing CVP operations and water deliveries.

16. ESA Litigation – *Yurok Tribe v. BOR*

Three counties and 10 Western water and agricultural organizations, including the Family Farm Alliance, have filed amicus briefs supporting the Klamath Water Users Association's request for an en banc rehearing of a recent Ninth Circuit decision concerning the application of the Endangered Species Act to Bureau of Reclamation operations in the Klamath Project. The case may have broader implications for federal water projects across the West, particularly regarding the balance between longstanding irrigation contracts and federal ESA obligations.

ALLIANCE INITIATIVES

17. Dam removal in the news again

A recent, comprehensive article highlighted several U.S. rivers where dam removal has allowed migratory fish to rapidly return to previously inaccessible habitat, providing evidence that river restoration can produce measurable ecological benefits within a relatively short period. The examples include the Klamath River (California/Oregon), Elwha River (Washington), White Salmon River (Washington), Kennebec River (Maine) and Penobscot River (Maine). The Klamath is particularly notable, with Chinook salmon observed spawning upstream of the former Iron Gate Dam within weeks of its removal. The article also notes that results vary by river and species, emphasizing that dam removal is not a universal solution and that remaining barriers, habitat conditions and other factors continue to affect salmon recovery. This line was particularly encouraging: "None of this suggests that dam removal is a universal solution." Read the full article here: The Rivers Where Salmon Returned After The Dams Came Down

18. Data centers remain election focal point

AI data centers are emerging as a major national and state-level issue, with growing concerns over their water and electricity demands, impacts on ratepayers and local resources, and transparency around projected consumption. In New Mexico, analysts estimate current data-center water use at more than 500 million gallons annually could rise to 23.6 billion gallons per year if all planned facilities are built, much of it indirectly associated with electricity generation. At the federal level, Republicans remain divided over how to balance AI development and competition with China against local concerns, while bipartisan legislation such as the Ratepayer Protection Act would address data centers' impacts on electric grids and consumer costs. So far only one candidate for federal office has advocated for the need for an overall moratorium, while a handful of state legislatures are trending toward the topic at the state level. Meanwhile, Project Jupiter in southern New Mexico has become a focal point for questions about water availability and transparency, with state and federal officials seeking additional information about the project's water sources and long-term needs in the face of required cutbacks under the TX v. NM Rio Grande Compact settlement recently entered by the US Supreme Court.

19. Invasive aquatic mussels

Aquatic invasive mussels remain a significant concern across the West. In Idaho, recent monitoring again detected quagga mussels in the Snake River, but at substantially lower levels following multiple years of treatment and eradication efforts, demonstrating both the potential effectiveness and ongoing challenge of controlling established populations. California remains a particular concern, with quagga and zebra mussels established in multiple Southern California waters and the state also confronting the newer golden mussel invasion in the Sacramento-San Joaquin Delta and connected water infrastructure. California has continued expanding prevention, monitoring and watercraft inspection efforts, including a 2026 grant program that has funded more than $28 million in prevention projects since 2014. The issue is especially significant for Western water infrastructure because invasive mussels can clog water conveyance and hydropower facilities, damage infrastructure and disrupt aquatic ecosystems and fisheries. The Alliance continues to track legislation related to development of treatment options for mussels.

20. Wildfire Policy

Wildfire policy is increasingly focused on both rapid suppression and aggressive pre-fire fuels management, with the federal government shifting toward a more coordinated approach under the new U.S. Wildland Fire Service. The administration has emphasized immediate suppression of active fires, while also expanding efforts to reduce the fuels that allow small fires to become catastrophic. This approach has had tangible benefits for communities and property owners: in a personal example, a wildfire that came within a mile of the family's wilderness cabin this summer was quickly attacked from the ground and air, with smoke jumpers using our property as a base, and was fully extinguished within days. At the same time, federal agencies are investing heavily in prevention. The BLM, for example, is preparing to treat approximately 27,135 acres in southern Idaho with aerial herbicide applications to reduce invasive grasses and fine fuels, strengthen fuel breaks and improve post-fire vegetation recovery.

Other approaches gaining attention include targeted grazing, using cattle, sheep and goats to reduce grasses and other fine fuels in areas where mechanical treatment, herbicide or prescribed fire may be difficult. The broader debate is increasingly centered on using every available tool—including grazing, thinning, prescribed fire, herbicide treatments and active suppression—to reduce the likelihood that fires become catastrophic. Congress is also considering bipartisan legislation to expand fuels management, streamline environmental reviews for wildfire-risk projects and improve federal coordination. At the same time, there remains an ongoing debate over whether wildfire responsibilities should ultimately be consolidated under Interior's U.S. Wildland Fire Service or remain divided between Interior and the Forest Service, with supporters emphasizing faster, unified response and opponents raising concerns about separating fire management from broader federal land management.

21. The West is losing its Dam capacity

A new study published in *Nature* estimates that U.S. reservoirs have lost about 8% of their water storage capacity due largely to sediment accumulation. Strontia Springs Reservoir near Denver illustrates the problem, with sediment now occupying nearly one-fifth of its storage capacity. Drought and wildfires are accelerating erosion and sediment buildup, creating a growing challenge for the nation's aging water storage infrastructure and its ability to reliably support cities, agriculture and other water users. The same situation applies to canals and delivery infrastructure.

22. Wildest article of the month – everyone has opinions…

I'm not even going to address this beyond simply saying, take a look, but don't waste too much of your time: Absurdity of the Colorado River crisis - Big Pivots

WESTERN WATER "HOT SPOTS"

23. Water Supply Conditions Across the West

The developing El Niño could materially change the West's water outlook, particularly for California, but more precipitation does not automatically mean more usable water. The timing and form of that precipitation—rain versus snow—will be critical, as will reservoir storage and runoff. For water managers, the coming winter presents both an opportunity to rebuild supplies and a need to prepare for a potentially volatile mix of heavy precipitation, flooding, rapid runoff and continued water-supply uncertainty.

24. California weather and water supply

a. California water supply

The biggest near-term water-supply development is the rapidly strengthening El Niño, which NOAA now says has a greater than 90% chance of becoming a very strong event during fall and winter 2026–27, with a 75% chance of reaching historic strength from October through December. For California, the strongest signal for increased precipitation is expected from December through March, potentially improving reservoir and snowpack conditions after a difficult water year. However, warmer temperatures could push the rain-snow line higher and reduce the amount of precipitation retained as mountain snow. El Niño is also already affecting the California coast, with rising sea levels and increased wave energy creating additional flood and erosion risks.

b. Stormwater capture and forecasting

Orange County is providing a notable example of how existing infrastructure and improved forecasting can increase water supplies. Using Forecast Informed Reservoir Operations (FIRO) and improved atmospheric-river forecasting, the Orange County Water District and U.S. Army Corps of Engineers captured 18.1 billion gallons of stormwater at Prado Dam between July 2025 and June 2026—the highest total since the 1940s. The approach allows operators to hold additional water when forecasts indicate there is room to do so, while releasing water ahead of major storms to preserve flood-protection capacity. The captured water is ultimately used to recharge the Orange County Groundwater Basin, demonstrating the potential for better forecasting and existing infrastructure to produce additional local supplies without constructing a new reservoir.

c. Bay Delta Plan

California's long-running effort to revise management of the Sacramento-San Joaquin River Delta is entering a contentious final stage. The State Water Resources Control Board released its final draft plan in August, proposing two compliance pathways: a regulatory pathway requiring specified environmental protections and a voluntary Healthy Rivers and Landscapes pathway that combines strategic river flows with habitat restoration. The Board says the plan is intended to improve conditions for fish and wildlife while maintaining water-supply reliability, but federal officials and Central Valley agricultural water agencies argue the proposal could restrict water available to farms. Written comments are due September 18, with the Board scheduled to consider adoption October 28–29.

d. California Air Resources Board to begin measuring GHG emissions off of reservoirs

California's Air Resources Board will begin tracking estimated methane and carbon dioxide emissions from dams and reservoirs, making California the first state to incorporate reservoir greenhouse-gas emissions into its state-level accounting. The action follows a petition from environmental groups and will use estimation methods recommended by the U.N. Intergovernmental Panel on Climate Change. CARB declined to require individual dam and reservoir operators to report emissions but plans to further study and incorporate the data into its climate work.

e. Sites Reservoir – revised water right

California also revised its draft water-right decision for the proposed 1.5 million-acre-foot Sites Reservoir, increasing flexibility for diversions from the Sacramento River while maintaining conditions intended to protect senior water rights, water quality and fisheries. The revised draft would authorize up to 986,000 acre-feet of annual diversions and align project operations with the proposed Bay-Delta Plan. Public comments are due October 5, with the State Water Board expected to consider the permit November 4. The project remains a major component of California's effort to expand water storage and improve long-term water-supply resilience.

25. Columbia, Snake and Yakima River Basins (ID/OR/MT/WA)

El Niño is expected to produce a warmer-than-average winter across the Pacific Northwest, creating a different water-supply picture than California. Warmer conditions can mean more precipitation falling as rain rather than snow, potentially reducing snowpack accumulation and the amount of water naturally stored for spring and summer runoff. The contrast between a potentially wetter California and warmer conditions farther north underscores that a strong El Niño does not translate into uniformly better water supplies across the West. NOAA cautions that even very strong El Niño events do not produce the same impacts everywhere.

Southern Oregon remains under severe water-supply stress after a hot, dry summer and record wildfire activity, with drought conditions tightening even as the West begins looking toward the potential benefits of the coming El Niño. More broadly, the region enters the fall with depleted soils, low streamflows and stressed reservoirs, meaning even a wetter winter may first need to replenish existing deficits before producing meaningful improvements in water-supply conditions.

26. Colorado River Basin (AZ/CA/CO/NV/NM/UT/WY)

a. General update

The Colorado River is entering a new operating era under extremely stressed hydrologic conditions. In August, the Department of the Interior finalized the 2027–2028 Operating Guidelines and a broader 10-year Decision Framework through 2036 after the seven Basin States were unable to reach consensus on long-term operating rules. Lake Powell and Lake Mead have both reached record-low elevations following the basin's prolonged drought and record-low 2025–26 snowpack, with combined storage lower than at any point since Lake Powell began filling in 1963. For the next two years, the Lower Basin will reduce use by 1.25 million acre-feet annually, with the proposed allocation of reductions being 760,000 acre-feet for Arizona, 440,000 for California and 50,000 for Nevada, while Lower Basin users are also expected to voluntarily conserve and store at least 700,000 acre-feet over the two-year period. The framework also provides flexibility for Upper Basin reservoir operations, including Aspinall, Flaming Gorge and Navajo, to help protect Glen Canyon Dam infrastructure, and establishes elevation triggers for additional action if conditions deteriorate.

The action provides near-term operating certainty, but the larger fight over how the river's limited supply will be shared remains unresolved, and litigation is already emerging over the federal plan, particularly from Nevada and potentially Arizona. At the same time, the United States and Mexico have reached Minute 334, establishing cooperative operating measures through 2028, including Mexico reducing deliveries by 250,000 acre-feet in both 2027 and 2028, along with new work on environmental measures and salinity management. The 10-year framework is deliberately structured to allow additional negotiations, voluntary conservation, water storage, infrastructure investments and other water-supply projects to be incorporated as basin conditions evolve. For Western agriculture, the central issue remains that there is simply less water in the system, making storage, infrastructure, conservation, new supplies and flexible management increasingly important as the Basin moves into 2027 with no permanent seven-state agreement in place.

b. Water Supply update

Colorado is entering the winter with significant water-supply concerns despite some late-summer storms. As of late August, drought covered approximately 91% of the state, with 77% experiencing severe drought or worse, contributing to declining streamflows and reservoir levels, high evaporative demand and depleted soil moisture. Denver Water was preparing for the possibility of ending lawn-watering season early, while water managers emphasized that scattered summer storms cannot make up the deficit and that substantial winter snow will be needed to rebuild storage. The emerging El Niño could bring some relief, but its effects in Colorado are less predictable than the stronger precipitation signal expected for California.

c. Southeastern Colorado sees more potential for buy and dry

Aurora Water is negotiating to purchase land and water from two historic Lower Arkansas Valley farms, renewing concerns about the potential for "buy and dry" and the long-term effects of removing agricultural water from the region. Aurora says it is structuring the deals differently from past acquisitions, with the goal of keeping the farms in production and allowing water to remain on the land most years. Farmers and local water officials remain concerned that even periodic dry-up—such as Aurora's existing ability to use water three out of every 10 years—creates economic uncertainty and could make it difficult for farmland and agricultural communities to recover.

d. Blue Mesa Reservoir

In response to this year's historic drought and critically low Blue Mesa Reservoir levels, the Bureau of Reclamation plans to reduce releases from Blue Mesa Reservoir to as low as 200 cfs through February to preserve hydropower generation and rebuild storage. Anglers, outfitters and Trout Unlimited are concerned the lower flows will increase water temperatures, harm the Gunnison Gorge fishery and hurt recreation-dependent businesses, while downstream irrigators are already experiencing significant water shortages and fallowing, but would like to have some water available next year. The situation highlights the increasingly difficult tradeoffs among reservoir storage, hydropower, agriculture, environmental flows and recreation during severe drought.

27. Rio Grande Basin (CO/NM/TX)

a. New Mexico rivers and reservoirs have run dry

New Mexico's drought conditions have continued to worsen following record-breaking July temperatures and an exceptionally poor snow year, with nearly 95% of the state experiencing some level of drought. Drought is affecting water supplies across the West, with NM in a particularly dire situation with depleted reservoirs, low or no streamflows and increasing pressure on groundwater resources. The reservoir that serves my farm has been drained and taken down to its lowest point since it was initially filled over 100 years ago (1% storage). While a lot of hope has been placed on the coming "Super El Niño", the conditions underscore the growing challenges facing New Mexico's agricultural producers and water managers heading into the fall and reinforce the importance of water conservation, storage and infrastructure investments.

b. NM ups its focus on brackish desalination

New Mexico has opened a second $35 million Strategic Water Supply funding round to develop and treat brackish groundwater as a new source of supply, particularly as drought and declining freshwater availability intensify. The program grew out of legislation developed with input from water stakeholders, including myself, the Alliance's current Executive Director, who advocated in New Mexico to put the state on track to fund brackish-water development (I also helped write the legislation and budget recommendations when it was initially proposed). The effort represents an important shift toward developing nontraditional water supplies for the state's future.

c. Southern NM/Far West TX Water Managers seek river channel maintenance funding

Water Managers in Southern NM and El Paso are seeking $55 million in federal funding to address sediment buildup and restore the Rio Grande channel, following a sustained effort to bring the issue to Washington. As counsel for EBID, I began this initiative years ago, and we have continued working on it ever since. Channel maintenance is essential to maintaining efficient water conveyance, but federal maintenance largely stopped in the 1990s amid Endangered Species Act concerns. Although federal policy has since evolved on those ESA issues, funding for the level of channel maintenance needed to restore the river's conveyance capacity has not followed. Sediment accumulation effectively reduces the river's carrying capacity, much like subsidence reduces canal capacity, resulting in less efficient water delivery and greater losses before water reaches farmers' fields. This is not unique to the Rio Grande: sediment loading and subsidence are significant conveyance challenges across the Southwest and California, making federal investment in channel and conveyance maintenance an important water-supply issue.

d. Texas Tech Research on irrigation efficiency

Texas Tech University is leading research into irrigation technologies and management practices designed to help West Texas producers maintain agricultural productivity while reducing reliance on the Ogallala Aquifer. The work is examining how precision irrigation, soil-moisture monitoring, remote sensing and tools such as OpenET can provide better information about crop water use and help producers make more targeted irrigation decisions. The research is particularly relevant as drought and declining groundwater supplies continue to challenge irrigated agriculture across the High Plains.

e. Texas is still ahead of the curve on water supply investments for infrastructure

The Freshwater Trust is using a data-driven approach to prioritize water infrastructure investments in the Lower Rio Grande Valley, where drought, aging delivery systems and limited water supplies are putting pressure on agriculture and communities. Its analysis of more than 3,300 miles of irrigation infrastructure identified more than 440 miles of unlined canals with significant seepage and evaporation losses. The resulting analytical tools help irrigation districts identify and prioritize high-impact projects, with USDA and the North American Development Bank (NADBank) now expanding the effort to 15 additional irrigation districts. NADBank is proposing $164 million in financing for South Texas water infrastructure, targeting projects to improve water supply, wastewater treatment and system reliability. The funding discussion highlights the growing need for significant investment in aging water infrastructure across the border region as population growth and drought increase pressure on existing supplies.

MISCELLANEOUS

- President Trump issued two executive orders focused on strengthening the U.S. beef and ranching sectors. The actions direct agencies to reduce regulatory burdens, address livestock predation and review country-of-origin labeling, while a second order increases enforcement of the Packers and Stockyards Act, expands interstate market access for smaller processors and establishes the Strengthening Processing for U.S. Ranchers (SPUR) loan program.
- Water Resources Development Act (WRDA) 2026 moved another step forward on Capitol Hill. The House Transportation and Infrastructure Committee reported H.R. 9497 on September 3, advancing legislation that authorizes Army Corps water-resource projects and studies and includes provisions addressing water supply, technical assistance, infrastructure delivery and other water-management needs. The bill is now positioned for consideration by the full House.

ADMINISTRATIVE

- This past month was a busy one – the Alliance is in the process of updating its records management system and work remains ongoing on that front. We've also updated our address! Please contact us at P.O. Box 1556, Las Cruces, NM 88004.
- Thank you to the agriculture water users of California's Central Valley for a fabulous tour of your farms and districts. The event, while long and exhausting, was a necessary, laser focused expedition geared toward educating me on all of the issues I can help keep an eye on for you, and I am grateful for that opportunity. Now the real work begins!
- Boots on the Ground continues even as we prepare for our upcoming annual Farmer Lobbyist trip and our 2026 Annual Conference. Contact me directly to schedule a boots on the ground tour, discuss your district's issues more directly, or to catch up on the big picture – I continue to welcome member feedback.

This is a quick summary of just a few of the issues the Alliance has been engaged in, some of which has come directly from other authors, such as Alliance Contractors. Please do not hesitate to contact me at 575-202-2705 or samantha@familyfarmalliance.org if you have specific questions or would like further information about what the Alliance is doing to protect water for Western irrigated agriculture.

Official Memorandum

PO Box 2157
Los Banos, CA 93635
sldmwa.org

To: Westlands Water District Board of Directors
Allison Febbo, General Manager, Westlands Water District

From: Federico Barajas, Executive Director, San Luis & Delta-Mendota Water Authority

Date: September 15, 2026

RE: Update on Key Water Authority Activities

Background

The San Luis & Delta-Mendota Water Authority ("Water Authority") performs a number of activities that provide common benefit to its members. A list of key activities performed over the last month is provided below.

Activities

Activity and Water Authority Fund	Description of Work / Objective
Operations and Maintenance (Fund 01)	• Coordination of CVP and SWP operations between south-of-delta CVP contractors and CA Department of Water Resources. • Coordinated and led a tour of Phase 1 Task 1 of the Delta-Mendota Canal Subsidence Correction Project. • Continued development of FY28 O&M budget. • Participated and coordinated with member agencies on operations groups, including the Delta Action Team, Fish and Water Operations Group, Sacramento River Group, and Water Operations Management Team. Focused discussions on Shasta operations, including fall-flow planning, temperature management, and green sturgeon incidental take.
General Membership (Fund 03)	• Continued effort to update Water Authority website. • Coordinated media information related to operations, infrastructure, species impacts, and revisions to Project operations. • Coordinated with Family Farm Alliance on agency and Congressional engagement, including leading a tour of the San Joaquin Valley for Executive Director Samantha Barncastle. • Coordinated engagement with Water Blueprint for the San Joaquin Valley re: blog posts, Communications and Education Workgroup activities, including release of Unified Water Plan and preparation for Blueprint Board Strategic Planning workshop.

	• Coordinated engagement with ACWA on the ACWA Vision for Water to align with San Joaquin Valley priorities. • Coordinated engagement with San Joaquin Valley Collaborative Action Program. • Coordinated and provided support for the Great Valley Farm Water Partnership, to advance understanding of key priorities: (1) South Delta Channel Siltation, (2) Permanent operable gates in the South Delta, and (3) Water conveyance and storage needs for the San Joaquin Valley.

Leg/Ops (Fund 05)	• Coordinated knowledge transfer and onboarding process for Invariant as the Coalition Coordinator and federal lobbyist for the Water Authority.
	• Submitted comment letters on:
	  o State Legislation: S.B. 599, A.B. 1881, A.B. 2218
	  o Projects: Mokelumne River Integrated Conjunctive Use Program
	  o Information Request: NOAA Coastal Zone Management Act review
	  o Advanced legislative position on A.B. 2728 to WRC and Board
	• Ongoing coordination of CVP contractors related to key policy issues.
	• Coordinated CVP contractor/Reclamation meetings.
	• Coordinated Water Authority member agencies on shared Water Authority priorities, including federal and state affairs coordination calls.
	• Engaged with Congressional and administrative staff regarding FY27 appropriations requests, priority water legislation, infrastructure funding, oversight, and LTO implementation, including adaptive management.
	• Engaged with State legislative staff and administration officials on priority legislation, infrastructure funding, oversight, and ITP/LTO implementation, including adaptive management.
	• Coordinated with Water Authority member agencies on Water Quality Control Plan, Healthy Rivers and Landscapes Program, and Trinity River consultation.
	• Coordinated with State Water Contractors and Coalition for a Sustainable Delta.

Science Program (Fund 05)	• Led public water agency efforts on golden mussel response coordination, including performing site assessments of Water Authority facilities by RNT Consulting, a specialized contractor providing vulnerability assessments and mitigation options, and established facilitation support for a water agency coordination group.

	• Participated in Steering Committee for Delta Science Program Peer Review on entrainment analysis to advance lines of evidence on potential tools for entrainment management in the Delta. • Engagement with National Academies of Sciences Panel on CVP and SWP Long-Term Operations. • Engagement with Reclamation on implementation of special studies that would inform Adaptive Management in the Record of Decision on CVP and SWP Operations. • Coordination of key partners on shared Science Objectives and desired Policy Outcomes, including advancement of fisheries monitoring data analysis and acoustic telemetry improvements.
Westlands FLOWS Project Activity Agreement	• Board of Directors action taken re: a Letter of Agreement and Activity Agreement for the Water Authority to serve as a fiscal and administrative agent supporting funding to advance the project.

Westlands Water District Board of Directors

Regular Board Meeting of September 15, 2026

Item 7a

Subject:
Board of Directors to Consider Investment and Financial Reports

Strategic Plan Key Strategies:
5. Manage Finances Effectively

Discussion:
Each month the Deputy General Manager of Finance & Administration provides an update to the Board on the previous month's financial results. Below is an analysis of the current fiscal standing of the District including:

Investments (Treasurer's Report)

- Investment yields remain in the upper end of the 3-4% range (approximately 3.7%-4.1%) across most District holdings. Interest earnings are on track to meet the FY 2026–2027 interest revenue budget.
- This Board meeting included an item to update the District's Investment Policy, which will expand the District's investment options.

Budget to Actual (Consolidated Revenue & Budget Report)

- Land-Based Charges and Assessments reflect the full amount to be billed for FY 2026–2027.
- Total revenues are lower than in August 2025, primarily due to lower agricultural water sales resulting from a lower overall allocation. This decrease is partially offset by higher revenues from groundwater power usage and interest earnings. Overall revenues are trending to meet budget expectations.
- As in previous monthly reports, total expenses are slightly higher than in August 2025, primarily due to higher power costs associated with increased groundwater pumping in the current fiscal year and higher supplemental water costs. However, the percentage of the discretionary expense budget used is slightly

lower than at this time last year, primarily due to lower spending in several categories, including consulting and land management costs.

Debt Service & Grant Report

- Bond payments were made at the beginning of September, and the next installments are due in March of 2027.
- $291,848 in Proposition 1 Water Desalination Grant Program funds were expensed in August of 2026.

No grant reimbursement requests were submitted in August 2026.

Proposed Motion:
Move to receive and file the Investment and Financial Reports.

Recommendation:
Approve the proposed motion.

Attachments:
1. August 2026 Investment & Financial Reports

WESTLANDS WATER DISTRICT
TREASURER'S REPORT OF CASH AND INVESTMENTS
AUGUST 31, 2026

HOLDINGS REPORT BY INVESTMENT TYPE

	Value	Market Price	Market Value	Cost Value	Unrealized Gain/(Loss)	Yield	
BMO							
Checking	31,104.00	100.00	31,104.00	31,104.00			
CITIZENS							
Checking	2,948,470.04	100.00	2,948,470.04	2,948,470.04			
LOCAL AGENCY INVESTMENT FUND (3)	26,823,245.77	100.00	26,815,626.14	26,823,245.77	(7,619.63)	3.84%	(6)
CALTRUST							
Liquidity Fund	254,139,456.80	1.00	254,139,456.80	254,139,456.80	0.00	3.78%	
Short Term	30,428.73	10.02	30,338.75	30,428.73	(89.98)	3.96%	
Medium Term	73,238,241.70	9.76	71,347,367.81	73,238,241.70	(1,890,873.89)	4.25%	
TOTAL OPERATING CASH	$357,210,947.04		$355,312,363.54	$357,210,947.04			
LAND & WATER FUND							
CalTrust - Short Term	39,955,464.53	10.02	39,722,039.63	39,955,464.53	(233,424.90)	3.96%	
Citizens Business Bank - Money Market	0.00	1.00	0.00	0.00	0.00	1.00%	(4)
TOTAL LAND & WATER FUND	$39,955,464.53		$39,722,039.63	$39,955,464.53			
2020 BOND FUNDS							
CalTrust - Short Term 2020A	$925,434.04	10.02	918,225.79	925,434.04	(7,208.25)	3.96%	
CalTrust - Short Term 2020B	$144,524.83	10.02	143,399.13	144,524.83	(1,125.70)	3.96%	
TOTAL 2020 BOND FUNDS	$1,069,958.87		$1,061,624.92	$1,069,958.87			
TRUST FUNDS							
Section 125 Trust - CBB	8,237.88	100.00	8,237.88	8,237.88			
Debt Service Trust Funds							
US Bank - Revenue Bonds 2016A Pmt Fund	4,676.69	100.00	4,676.69	4,676.69		3.33%	
US Bank - Revenue Bonds 2020A Pmt Fund	8,526,107.46	100.00	8,526,107.46	8,526,107.46		3.33%	
US Bank - Custody Account	27,969,445.15	100.00	27,969,445.15	27,969,445.15			
CERBT - Post Empoyment Retirement Benefits	20,971,008.92		20,971,008.92	20,971,008.92			(5)
TOTAL TRUST FUNDS	$57,479,476.10		$57,479,476.10	$57,479,476.10			
PORTFOLIO TOTALS	**$455,715,846.54**		**$453,575,504.19**	**$455,715,846.54**	**($2,140,342.35)**		

NOTES:

1. The year-to-date weighted average yield on all funds invested or maintained in financial institutions, excluding the land & water fund and trust funds, is 3.75%
2. The investments reflected in this report have been made in compliance with the Statement of Investment Policy. As currently invested, the District has the ability to meet its expenditure requirements for the next 6 months.
3. The unrealized gain/(loss) for LAIF funds represents Unrealized Gain/(Loss) as of March 30, 2026
4. Proceeds from the sale of land to Darden Energy were deposited into the CalTRUST Liquidity account, earning interest at a rate of 4.03% for total earnings of $36,923.57. Subsequently, a portion of these funds ($47,695,553.16) were transferred to a money market account at Citizens Business Bank, where the funds earned $130.67 at an interest rate of 1.00%. Based on interest earned across both investment accounts, the funds blended interest rate of 2.36% as of November 30, 2025. In December the funds were moved to the CalTrust Liquidity account to increase the blended rate.
5. CERBT funds report are issued quarterly.
6. The LAIF interest rate had not been udpated as of the date of this report

WESTLANDS WATER DISTRICT
CONSOLIDATED REVENUE REPORT - AUGUST 31, 2026

REVENUES AND FUNDS AVAILABLE	2026-27 BUDGET	2025-26 ENCUMBERED BUDGET [1]	CURRENT REVENUE [A]	YEAR TO DATE	BALANCE REMAINING	50.00% PERCENT REVENUE
IRRIGATION WATER TOLLS	$ 139,916,100		$ 17,152,977.85	$ 90,551,332.12	$ 49,364,767.88	64.72%
M & I WATER TOLLS	2,368,000		-	692,207.91	1,675,792.09	29.23%
TEMPORARY FACILITIES POWER	1,345,000		9,133.05	456,725.77	888,274.23	33.96%
NON-PROJECT POWER	284,200		-	5,740.08	278,459.92	2.02%
GROUNDWATER MGMT PROGRAM-POWER	15,390,800		250,560.15	10,829,992.12	4,560,807.88	70.37%
ASSESSMENTS	21,358,600		-	21,293,231.66	65,368.34	99.69%
LAND BASED CHARGES	10,539,400		25,457.50	10,002,120.83	537,279.17	94.90%
VCIP - APPLICATION FEES	1,200,000 [4]		-	720,000.00	480,000.00	60.00%
IRRIGATION SYSTEM LEASE REVENUE	4,600,000		-	-	4,600,000.00	0.00%
LAND LEASE REVENUE	284,800		2,605.00	242,454.35	42,345.65	85.13%
INTEREST	12,000,000		1,145,175.89 [B]	6,704,563.87	5,295,436.13	55.87%
MISCELLANEOUS	19,771,500 [2,5,7]		1,804,943.68	9,719,852.80	10,051,647.20	49.16%
FUNDS CARRIED OVER		5,094,600	-	-	5,094,600.00	0.00%
TRANSFER FROM RESERVES / NET POSITION	25,345,700 [2,3,5,6]		76,415.40	282,178.87	25,063,521.13	1.11%
	$ 254,404,100	$ 5,094,600	$ 20,467,268.52	$ 151,500,400.38	$ 107,998,299.62	58.38%

[1] Funds Carried Over from WY 25-26
[2] Budget Augmentation 6/16/26 - AMI Grant Funding
[3] Budget Augmentation 6/16/26 - Golden Muscle
[4] Budget Augmentation 6/16/26 - VCIP
[5] Budget Augmentation 7/21/26 - SLDMWA Deficit Billing
[6] Budget Augmentation 8/18/26 - BF Sisk
[7] Budget Augmentation 8/18/26 - MLRP

[A] Water Sales are Estimated for August 2026
[B] LAIF Interest Estimated for August 2026

	2026-2027	2025-2026
AG A/F ADJUSTED BUDGET	389,709	392,893
Y-T-D DELIVERED [A]	279,079	571,858
M&I A/F ADJUSTED BUDGET	7,784	4,600
Y-T-D BILLED [A]	2,314	3,154
MONTH END A/F OVERUSE BALANCE:		0

WESTLANDS WATER DISTRICT
CONSOLIDATED BUDGET REPORT - AUGUST 31, 2026

EXPENSE		2026-27 BUDGET	2025-26 ENCUMBERED BUDGET [1]	CURRENT EXPENDITURES	YEAR -TO-DATE	BALANCE REMAINING	50.00% PERCENT EXPENDED
00	SALARIES & WAGES	$ 13,475,900		$ 1,076,970.65	$ 5,618,864.89	$ 7,857,035.11	41.70%
33	FRINGE BENEFITS	5,861,600		450,292.87	3,904,770.60	1,956,829.40	66.62%
01	PREMIUM PAY	151,200		12,935.93	50,371.24	100,828.76	33.31%
02	DISTRIBUTION SYSTEM MAINT.	5,986,800 [3]	310,700	183,602.01	1,231,134.14	5,066,365.86	19.55%
03	SMALL TOOLS & EQUIP EXPENSE	80,700	5,300	1,343.50	43,999.10	42,000.90	51.16%
04	VEHICLE & ROLLING EQUIP REPAIR	225,900	15,100	16,227.33	92,475.03	148,524.97	38.37%
05	VEHICLE FUELS & LUBRICANTS	572,200		55,184.67	204,488.36	367,711.64	35.74%
06	SAFETY SUPPLIES & TRAINING	120,400	1,300	17,678.44	63,175.52	58,524.48	51.91%
07	GENERAL SUPPLIES & SERVICES	311,200 [2]	55,200	11,628.83	142,440.87	223,959.13	38.88%
09	TELEPHONE EXPENSE	42,800		3,291.57	13,933.92	28,866.08	32.56%
10	FIELD OFFICE EXPENSE	441,500	7,700	31,828.53	160,044.62	289,155.38	35.63%
11	COMPUTER RELATED EXPENSES	649,700 [2,4]	18,000	32,094.24	266,757.08	400,942.92	39.95%
14	SCHOOLS & SEMINARS	108,300 [2]	15,000	8,485.36	17,233.43	106,066.57	13.98%
15	RADIO EXPENSE	12,500		1,700.00	6,846.15	5,653.85	54.77%
17	ADVERTISING & PUBLIC NOTICES	38,700		1,750.15	6,360.85	32,339.15	16.44%
18	EMPLOYEE RELATIONS	51,000		1,100.00	18,354.49	32,645.51	35.99%
20	FRESNO OFFICE EXPENSE	490,500	1,300	14,268.32	64,482.58	427,317.42	13.11%
21	OUTSIDE PRINTING	49,700		-	13,406.77	36,293.23	26.98%
22	OFFICE SUPPLIES	77,800		8,768.79	24,534.19	53,265.81	31.53%
23	POSTAGE & POSTAL PERMITS	30,000		99.10	6,881.69	23,118.31	22.94%
24	DUES, SUBSCRIPT. & PUBLICATIONS	4,507,700 [7]		267,681.37	1,266,244.84	3,241,455.16	28.09%
25	LEGAL EXPENSES	5,415,000	9,500	317,588.70	1,899,528.63	3,524,971.37	35.02%
26	CONSULTANT COSTS	8,725,400 [4,8]	2,140,500	518,061.21	3,219,524.49	7,646,375.51	29.63%
27	ACCOUNTING EXPENSE	67,700		-	-	67,700.00	0.00%
28	ELECTION EXPENSE	60,000		-	-	60,000.00	0.00%
29	SUBSISTENCE & TRAVEL	194,300		19,610.71	45,995.23	148,304.77	23.67%
30	CHARTERS & TOURS	35,000		-	81.49	34,918.51	0.23%
31	DIRECTOR'S EXPENSES	110,000	15,000	4,274.74	27,006.60	97,993.40	21.61%
32	INSURANCE PREMIUMS	630,000		564.55	584,885.25	45,114.75	92.84%
39	LAND MANAGEMENT	2,705,300	131,500	69,636.90	1,170,903.56	1,665,896.44	41.28%
90	CAPITAL ASSETS	872,200	62,600	80,838.03	379,306.28	555,493.72	40.58%
	TOTAL	$ 52,101,000	$ 2,788,700	$ 3,207,506.50	$ 20,544,031.89	$ 34,345,668.11	37.43%
12	POWER PURCHASES	$ 16,520,000		$ 1,997,593.30	$ 8,303,579.48	$ 8,216,420.52	50.26%
13	WATER PURCHASES	125,023,700		(9,425,706.44)	80,740,411.73	44,283,288.27	64.58%
40	MISCELLANEOUS	16,776,400 [6]		16,270,815.95	16,270,815.95	505,584.05	96.99%
47	IRRIGATION SYSTEM PROJECTS	4,600,000		-	-	4,600,000.00	0.00%
48	GRANTS	589,500 [8]		-	-	589,500.00	0.00%
50	RESERVE CONTRIBUTIONS	2,981,600		-	405,535.31	2,576,064.69	13.60%
69	REVENUE REFUNDING BONDS 2016A	-		-	2,750.00	(2,750.00)	0.00%
70	REFUNDING REVENUE BONDS 2020A	11,628,100		-	3,350.00	11,624,750.00	0.03%
72	SLDMWA BONDS REFUNDING REV 2021B	1,641,800		252,622.70	1,631,246.95	10,553.05	99.36%
93	NEW CONST. - DIST. (GENERAL)	13,062,000 [8]	2,305,900	334,553.50	1,792,493.67	13,575,406.33	11.66%
97	LAND & WATER	-		-	-	-	0.00%
98	CONTINGENCY RESERVE	2,000,000		-	-	2,000,000.00	0.00%
	TOTAL	$ 194,823,100	$ 2,305,900	$ 9,429,879.01	$ 109,150,183.09	$ 87,978,816.91	55.37%
	TOTAL BUDGET & EXPENDITURES	$ 246,924,100	$ 5,094,600	$ 12,637,385.51	$ 129,694,214.98	$ 122,324,485.02	51.46%

1 Fund Carried Over from WY 25-26
2 Budget Transfer - Computer Related Exp
3 Budget Augmentation - 6/16/26 - Golden Muscle Abatement
4 Budget Augmentation - 6/16/26 - VCIF
5 Budget Augmentation - 6/16/26 - AM
6 Budget Augmentation - 7/21/26 - SLDMWA Deficit Billing
7 Budget Augmentation - 8/21/26 - BF Sisk
8 Budget Augmentation - 8/21/26 - MLRP

BOLLIBOKKA
CONSOLIDATED BUDGET REPORT - AUGUST 31, 2026

CURRENT REVENUE AND FUNDS AVAILABLE		2026-27 BUDGET	2025-26 ENCUMBERED BUDGET [2]	CURRENT REVENUE	YEAR-TO-DATE	BALANCE REMAINING	50.00% PERCENT REVENUE
XX	USER FEES	$ 592,100	$ 56,200	22,633.92	$ 414,204.58	$ 234,095.42	63.89%
	TOTAL	$ 592,100	$ 56,200	$ 22,633.92	$ 414,204.58	$ 234,095.42	63.89%

EXPENSE		2026-27 BUDGET	2025-26 ENCUMBERED BUDGET [2]	CURRENT EXPENDITURES	YEAR-TO-DATE	BALANCE REMAINING	50.00% PERCENT EXPENDED
00	SALARIES & WAGES	$ 72,800		$ 6,062.00	$33,341.00	$ 39,459.00	45.80%
33	FRINGE BENEFITS	68,200		3,025.80	58,585.68	9,614.32	85.90%
03	SMALL TOOLS & EQUIP EXPENSE	9,500 [1]		151.43	8,591.37	908.63	90.44%
04	VEHICLE & ROLLING EQUIP REPAIR	3,000		1,542.04	1,853.97	1,146.03	61.80%
05	VEHICLE FUELS & LUBRICANTS	7,500		632.18	3,348.60	4,151.40	44.65%
07	GENERAL SUPPLIES & SERVICES	6,000		164.29	230.84	5,769.16	3.85%
09	TELEPHONE EXPENSES	3,300		187.14	1,727.31	1,572.69	52.34%
10	FIELD OFFICE EXPENSE	33,000 [1]		355.83	2,823.81	30,176.19	8.56%
26	CONSULTANT COSTS	187,200		9,053.57	165,681.83	21,518.17	88.51%
29	SUBSISTANCE AND TRAVEL	1,600		-	659.58	940.42	41.22%
32	INSURANCE	-		-	-	-	0.00%
90	CAPITAL EQUIPMENT	200,000	56,200	14,372.42	71,377.42	184,822.58	27.86%
	TOTAL	$ 592,100	$ 56,200	$ 35,546.70	$ 348,221.41	$ 300,078.59	53.71%

1 Budget Transfer Maint to Small Equip $1,500

2 Funds Carried Over from WY 25-26

Westlands Water District
Long Term Debt
August - 2026

Debt Outstanding & Notes	Total Bond Issue	Interest Rates	Total Debt Service	Paid to Date	Balance	Next Principal Payment	Next Interest Payment	Payment Due
Revenue Bond Series 2020A	$ 197,990,000.00	1.599% - 3.737%	$ 330,395,471.33	$ 5,295,000.00	$ 192,695,000.00	$ 5,380,000.00	$ 3,146,099.00	9/1/2026
On April 1, 2020 the San Luis Unit/Westlands Water District Financing Authority issued $197,990,000 Revenue Bonds, Series 2020A. The proceeds of the Bonds were used to secure a perpetual right to purchase water from the CVP and to prepay the District's capital obligation to Reclamation for the water contracts.						$ -	$ 3,096,926.00	3/1/2027
2021B San Luis & Delta-Mendota Water Authority Revenue Refund	$ 27,124,116.25	0.35% - 3.04%	$ 34,579,481.02	$ 7,148,831.00	$ 19,975,285.25	$ -	$ 252,622.70	9/1/2026
On January 26, 2021, the San Luis & Delta Mendota Water Authority (the Authority), issued Refunding Revenue Bonds Series 2021B in the amount of $32,725,000 and other funds to refund $33,080,000 of the outstanding Authority Refunding Revenue Bonds Series 2013A. The District is responsible for 82.885% of this debt.						$ 1,131,380.25	$ 252,622.70	3/1/2027
Total LTD	**$ 252,489,116.25**		**$ 393,075,510.56**	**$ 39,818,831.00**	**$ 212,670,285.25**	**$ 6,511,380.25**	**$ 6,748,270.41**	

WESTLANDS WATER DISTRICT

GRANT REVENUE REPORT - AUGUST 2026

Agency	Grant Name	Project	Total Award	Cost Share	Award Expensed to Date*	Grant Completion Date
DWR	Prop 68 Implementation Round 1 Sustainable Groundwater Management Act (SGMA) Grant	Westside Subbasin Recharge Optimization Study and Program	$ 7,600,000	$ -	$ 7,600,000	05/31/2026
DWR	Proposition 1 Water Desalination Grant Program	Desalination and On-Farm Recycling Project	1,500,000	706,760	898,527	03/30/2028
DWR	LandFlex Grant Program	Westlands Water District GSA LandFlex Program	5,400,000	-	5,400,000	01/31/2026
DOC	MultiBenefit Land Repurposing Program (MLRP)	Westside Subbasin MLRP	8,890,000	-	504,155	03/30/2027
USBR	WaterSMART Water and Energy Efficiency Grant	Westlands Advanced Metering Infrastructure Project	1,160,000	1,059,583	1,059,583	06/30/2024
USBR	FY 2022 WaterSMART Small- Scale Water Efficiency Projects Grant	7-1 Pumping Plant Metering Project	100,000	33,800	33,800	05/31/2026
USBR	WaterSMART Planning and Project Design Grant	Westlands Lateral Interconnection Project	200,000	43,968	108,316	09/30/2027
DWR	Flood Diversion and Recharge Enhancement (FDRE) Initiative	FDRE Initiative (Land Clearing)	999,475	-	999,380	06/30/2026
CalOES	State and Local Cybersecurity Grant Program (SLCGP)	CalOES Cybersecurity Grant	247,000	-	139,843	06/30/2026
USBR	WaterSMART Water and Energy Efficiency Grant	Westlands Advanced Metering Infrastructure Project - Surface Water Meters	1,808,338	-	-	12/31/2028
		Total:	**$ 27,904,813**	**$ 1,844,111**	**$ 16,743,603**	

* Cost Share not included

Westlands Water District
Consultants' Status Report
June 2026 – August 2026

General Manager Division

Brownstein Hyatt Farber Schreck LLP - Retainer
Consultant has been retained to provide services related to federal government affairs and regulatory matters in Washington DC concerning issues related to the Bay-Delta, ESA, CWA, NEPA, USBR and others as directed.

Fernandez, Jensen, Kimmelshue Government Affairs - Retainer
Consultant has been retained to provide services related to State government affairs and regulatory matters in Sacramento, CA, concerning issues related to a variety of agricultural, public agency and water matters.

Actum CA Opco, LLC – Retainer
Consultant was retained in partnership to provide services related to state government affairs and regulatory matters in Sacramento, CA concerning issues related to a variety of agricultural, public agency, and water matters. – *The District no longer retains this consultant and has since transitioned its State government affairs services to other consultants.*

Lang, Hansen, Giroux and Kidane – Retainer
Consultants have been retained in partnership to provide services related to state government affairs and regulatory matters in Sacramento, CA concerning issues related to a variety of agricultural, public agency, and water matters.

Dennis Cardoza Consulting - Retainer
Consultant has been retained to provide strategic guidance and management services on specific matters regarding federal government relations and regulatory issues as directed.

Bicker, Castillo, Fairbanks & Spitz – Retainer
Consultant has been retained to provide strategic guidance and support for the District's public affairs, media, and communications strategy, including on the development of public education and outreach programs providing information for water, agriculture, and other issues important to the District.

Vista Consulting Inc – Retainer
Consultant has been retained to provide strategic advice relating to federal, state, and local affairs, all externally facing activities, and relating to the development and implementation of education and outreach programs. Also contracted to assist with VCIP CBA community outreach meetings and community assessments.

Stutzman Public Affairs

Consultant has been retained to provide strategic communications and storytelling services aimed at advancing federal priorities.

Hallmark Group, ICF Jones & Stokes, Inc, and CBEC Eco Engineering

Consultants were retained to plan, permit, design, and manage the Lower Yolo Restoration Project, and provide engineering, monitoring, and construction management services during construction. The Consultants continued post-construction monitoring and permit compliance, responded to regulatory agency request for information, summarized inspections, managed the restored property, and submitted the CDFW's annual monitoring report. Consultants revised the Swainsons Hawk Management Plan and endowment calculation and conducted meetings with CDFW to review costs for the endowment to perform conservation work. Amended the Sweetwater Company water rights to transfer a portion of the rights to DWR. Consultant also continues to design and permit the culvert replacement at the Toe Drain and address CDFW's Incidental Take Permit requirements. Remaining tasks involve the transfer of water rights, completion of the endowment for long term management of the remainder property and design of a new culvert for the Sweetwater Company.

The Hallmark Group was also retained to plan, permit, and design the Storage Treatment Aquifer Recharge project facilities and implement an Upper Aquifer Reverse Osmosis Groundwater Treatment and On-Farm Mineralized Recycling Pilot Project. The RO plant was idle for a portion of this reporting period, but restarted in June 2026. The summer planting plan was designed by Intrinsyx and fields were planted in June according to the seed planting plan. Six of the 20 blocks were harvested. Pacific Agronomics completed plant, water and soil sampling per the Regional Board permit. EG Farming Trust completed the farm management and plant harvesting. Two new ASR wells were drilled, and six existing wells were converted to recharge wells. Above ground mechanical piping, filtration systems, and meters were installed at the two new wells and these wells were completed and commissioned in May 2026 and two week testing was completed in June 2026.

MSC Integration

Consultant is a security camera services provider. In this quarter, they provided security camera trailer rental services for the pilot study modernizing ocean recreational salmon harvest monitoring.

Khadam Consulting

Khadam Consulting evaluated the recharge potential on the Arroyo Pasajero, Cantua and Panoche Creeks and completed a draft workplan for the Regional Board's consideration to evaluate potential water quality impacts on the groundwater subbasin and natural resources. The consultant coordinated with an irrigation company to plan the equipment needed for creek discharge. Staff anticipates operating the creek recharge in the fall or winter of 2026 or later.

Cramer Fish Sciences

Cramer Fish Sciences (CFS) is an environmental consultant specializing in the analysis of Delta and Central Valley fisheries issues. In this quarter, CFS acquired and processed data from Delta salmon acoustic tagging studies to support Initiative 6.

Bernhardt Group LLC
Consultant has been retained to provide services related to federal government affairs and regulatory matters in Washington D.C.

Resources Division

Agriculture Industries
Agriculture Industries continues to serve as the District's land agent and assists with land management activities. During the past quarter, Agriculture Industries assisted the District with the inspection of District-owned land and facilitated lease renewals with interested parties.

CeresCollab: (MLRP)
CeresCollab was retained as a consultant to perform and coordinate translation and interpretation services for outreach and engagement activities for the development of the District's Multibenefit Land Repurposing Program (MLRP), with costs covered by the MLRP grant.

During the past quarter, CeresCollab coordinated with the District to arrange translation services for the June, July, and August MLRP Committee meetings, as well as for the District-hosted MLRP community meeting. Additionally, CeresCollab attended the monthly California Department of Conservation grantee meetings, as required under the MLRP Grant Agreement

C.H. Robles and Associates
The District retained CH Robles to conduct surveying tasks for the Resources department. CH Robles conducted a benchmark survey in August.

Confluence – Professional Services
Confluence fees are budgeted for by the Groundwater Sustainability Agency (GSA), and revenue is collected through a Sustainable Ground Management Act (SGMA) land-based charge to cover this cost. Confluence was retained as part of the District's Expanded Groundwater Elevation Monitoring. The District monitors groundwater elevation twice a year at all the wells in the District. Groundwater elevation monitoring is required under the amended Water Code Section 10753. There was no activity this past quarter.

Dellavalle Laboratory, Inc.
The District recently hired Dellavalle Laboratory to collect and analyze groundwater samples from its Groundwater Quality Trend Monitoring (GQTM) and Sustainable Groundwater Management Act (SGMA) network wells. During the past quarter, the

District received and paid invoices for June and July 2026 GQTM and SGMA well sampling.

EKI Environment & Water Inc. (EKI) - Grant Writing Service
EKI was retained as a consultant to pursue State and federal grants and funding assistance for District planning, design, and construction activities on projects such as: water supply and resilience, water conservation, water quality, water infrastructure, renewable energy, drought resiliency, groundwater recharge and monitoring, drainage, land management, climate resilience initiatives, habitat restoration, outreach and education. In addition, EKI was retained as a consultant to develop the District's Multibenefit Land Repurposing Program (MLRP) Plan.

During the past quarter, EKI continued to track funding opportunities for District activities and updated the grant tracking spreadsheet and tool. EKI coordinated with District staff to submit an application for the WaterSMART Applied Science and Drought Response grant opportunities on Wednesday, July 8, 2026 and Tuesday, July 28, 2026, respectively.

FGL Environmental
FGL Environmental is a contract laboratory that periodically conducts water quality testing as required by the Westside Subbasin Groundwater Sustainability Plan (GSP). There was no activity this last quarter.

Kings River Conservation District (Coalition)
The Central Valley Groundwater Monitoring Collaborative (CVGMC) fees are budgeted for by the Coalition, and revenue is collected from Coalition members through a land-based charge to cover this cost. Kings River Conservation District (KRCD) collects dues and provides administrative support for the CVGMC.

The Coalition is a member of CVGMC. During the past quarter, the District paid the Q3 2026 CVGMC dues.

MKN and Associates
MKN and Associates (MKN) were retained for the design, permitting, and construction management of the Pasajero Groundwater Recharge Project Phase 2. During the past quarter, MKN provided the updated basis of design report front end specifications and design for the recharge well bid packet, and the 30% design plans for surface improvements. District comments were provided. MKN is updating the recharge well bid packet to incorporate a phased approach with ad alternatives and finalizing the 90% plans and bid packet for surface improvements.

MLJ Environmental - Professional Services (Coalition)
MLJ Environmental (MLJ) Consultants' fees are budgeted for by the Coalition and revenue is collected from Coalition members to cover this cost. MLJ Consultants provides surface and ground water sampling, laboratory services, data management, developing a web application and portal, and reporting to the District's ILRP Coalition. During the past quarter, MLJ processed data, and provided technical support to the

Coalition for the submittal of the June Quarterly Report, Participant List, and preparation for submittal of the Monitoring Plan Update and continued development and maintenance of the new Coalition database.

Luhdorff and Scalmanini

Luhdorff and Scalmanini (L&S) is the consultant the District hired to support the development of a numeric groundwater model of the Westside Subbasin and support the District's Groundwater Sustainability Plan (GSP) development. During the last quarter, L&S provided technical assistance with the updates to the SGMA Monitoring Network, supported with issues on the transducers within the nested monitoring wells, supported staff on the subsidence data, and provided updates to the Westside Subbasin Web Map.

Stephen Muir – Professional Services Agreement (Broadview)

Stephen Muir was retained to develop a remediation solution for the Bullard Avenue airstrip. There was no activity this past quarter.

Regional Water Quality Control Board - Annual Fees (Coalition)

ILRP administration fees are budgeted for the District irrigated lands coalition, and revenue is collected from members to cover this cost. No invoices were received or due this quarter.

SHN Consulting Engineers & Geologists, Inc.

Bollibokka Slope Assessment

SHN Senior Engineering Geologist and Staff Geologist conducted a field assessment that included field-mapping of the slope failure zone and adjacent areas, characterization of the rock masses, preparation of field sketches and collection of field photos.

SHN has prepared a brief report documenting the initial desktop and field assessment as well as recommendations for stabilization solutions for review. The report includes an assessment of the initial failure mechanisms and engineering geology considerations at the site, including geologic maps and cross sections as necessary. The assessment report concludes with recommendations on conceptual slope stability solutions, recommended next steps to develop those solutions, and a discussion of relative risks for each.

The LEAP Institute (MLRP)

The LEAP Institute was retained as a consultant to recruit and train transitioned farmworkers for graywater installation, with expenses paid for by the MLRP grant. The LEAP Institute attended the monthly California Department of Conservation grantee meetings, as required under the MLRP Grant Agreement.

WSP USA

WSP prepares the Environmental Impact Report (EIR) required for the Canal Integration Program (CIP). There was no activity this past quarter.

Yolo County Farm Bureau Education Corp. - Coalition Fee
Irrigated Lands Regulatory Program fees for Yolo County parcels owned by the District. No invoices were received or due this quarter.

Operations & Maintenance Division

C.H. Robles and Associates
The District contracts with CH Robles to perform annual subsidence surveys of various pumping plants and facilities that are of concern. Surveys of these sites are divided into every other year. Survey data for the 2025-26 was received in June. The next survey will be scheduled for the fall of 2026.

Gannett Fleming
The onsite work for Phase 1 of the VAR & Relay Project (Units 2, 6, & 8) has been completed. Phase 2 (Units 1, 5 & 7) started with Unit 1 which was completed in October 2024. Unit 5 was completed in August 2025, and the consultant started on the design for Unit 7 in August. Unit 7 is scheduled for completion and commissioning in late September 2026

Gannett Fleming is also working on the design of the transformer protection relay replacement at the Pleasant Valley Pumping Plant (PVPP). The contract was amended in July of 2025 to include several items identified during a project review the prior year. These plans are substantially completed, with minor revisions pending final review and scheduling.

Finally, Gannett Fleming was contracted this quarter to design a backup generator for PVPP. The backup generator will provide power to the facilities lighting, sump pumps, and battery chargers as each system is critical to maintain staff safety, dewatering activities, and battery longevity during scheduled and unscheduled power outages. Delays in the contract execution have pushed this project back and is expected to be completed at the beginning of next fiscal year.

KAD Control Automation
Staff contracted with KAD to perform the work previously completed by Gannett Fleming and Automation group related to advanced programming and updates for the prior VAR Relay upgrades at PVPP. Unit 7 is scheduled to be completed in late September 2026. KAD is also working to address lingering programming issues on Unit 5 which was overhauled in August 2025.

IPS (Formerly Power Systems)
Staff contracted with IPS to complete the initial testing services and wiring checks on Unit 7 VAR Relay project. This consultant was previously contracted by Gannett Fleming to perform the same work, however the District assumed this portion of the contract for Unit 7 to avoid the design consultants markup on subconsultants. This contract will be completed in late September 2026.

<u>Blair, Church & Flynn (BC&F)</u>
The District contracted for work related to the replacement of approximately four miles of the 7R mainline which includes crossing Interstate 5 and Tumey Gulch. The plans are finished but have not been finalized to allow for potential revisions by Caltrans and/or the U.S. Bureau of Reclamation. Additional environmental review was identified last year during Caltrans permitting process. USBR is currently working on the NEPA review. Staff also engaged with BC&F to investigate alternative construction methods for 7R pipeline replacement project from I-5 west to just past Tumey Gulch based on initial feedback from California Department of Fish and Wildlife (CDFW). The additional work looks at historical and future required capacity and alternative construction methods aimed to mitigate potential take of the protected Giant Kangaroo Rats within this area of the project. It also accounts for the proposed development of the area into solar resulting in reduced future demand.

BC&F is also contracted for work related to the replacement of just under 2 miles of pipeline on Lateral 22R. Plans are at 60% and address a previously identified issue with a private pipeline by moving the proposed alignment to the middle of the existing road. They have also been contracted to develop easement documents on four separate parcels. No activity this quarter.

<u>Provost and Pritchard (P&P)</u>
The District has contracted with P&P to perform CEQA work related to the replacement of the 7R mainline, with the IS/MND being adopted by the Board in November 2024. P&P continue to assist in the review and approach to CDFW comments on the Incidental Take Permit (ITP) and will continue to assist the District with additional work related USBR's efforts to complete NEPA.

Staff also contracted with P&P to design the Pumping Plant 1R-4.0-1.0C Rehabilitation project to address existing and future settlement. This work was budgeted in 2023-24 but delays in the bidding process resulted in the carryover of work and funds to the 2024-25 fiscal year. The 90% plans and cost estimate were received in October 2025, and the consultant is reviewing and addressing our comments including feasibility of keeping the lateral in service for part of the construction period.

Finally, Staff contracted with P&P to perform an engineer's report as part of the Proposition 218 renewal process for the District's Benefit Assessment renewal. Staff met with P&P several times over the period, to update the renewal schedule and confirm assessment methodology, and prepare the final draft of the engineer's report for Board approval.

<u>Live Oak Associates</u>
The District has contracted with Live Oak Associates to perform Biological Consulting Services related to the 7R mainline replacement. Live Oak continues to

provide assistance with the ITP review, site visits, and construction alternative analysis based on CDFW's comments.

United States Bureau of Reclamation (USBR)
The District contracted with the USBR to perform an Arc Flash assessment for all 94 pumping plants. This work will be divided into three phases, each spanning a fiscal year to minimize impacts to the budget. Phase I, 2 and 3 have been completed and advance payment for the final data analysis and report preparations was made in March 2026. Staff expects the final report to be completed in the next two quarters. This assessment will be valid for five years.

Staff also contracted with the USBR for the NEPA review on Lateral 7R pipeline replacement as the lead federal agency. Their work will include environmental review and easement transfers prior to construction.

iT Architecture Inc.
The District contracted with iT Architecture Inc to assist in the initial design for improvements to the Five Point Shops and Field Office main building. After conceptual layouts were developed, the proposed scope was discussed with a contractor to determine timing and budgetary costs. Staff executed an addendum for the additional design and plan preparation in March 2025. Plans are currently at 95% complete and staff received the preliminary cost estimate last quarter. Staff is working with iT Architecture on minor changes to the plans and will be updating the Board in September.

Dudek
Staff contracted with Dudek for assistance in completion of the District's Golden Mussel Monitoring and Control Plan. The plan is a result of recently passed legislation requiring agencies responsible for managing waters infested with the invasive species to develop and implement a response plan to manage the infestation and avoid the spread of the species.

JSN Backflow Services – Service Contract
This consultant performs annual backflow testing of water user and District M&I backflow devices as required by the California Department of Public Health. This testing is typically performed in the fall. No activity this quarter.

Finance & Administration Division

Breadcrumb Cyber Security – Letter Agreement
Consultant was engaged to manage security assessment services. Consultant provides monthly vulnerability assessments, quarterly penetration testing, and ongoing support and feedback regarding security topics related to our corporate network. Monthly services with Breadcrumb are being discontinued, and those services are being transitioned to CrowdStrike. Breadcrumb may continue to be used

on a per project basis for security assessments and pen testing services as needs arise.

CrowdStrike
CrowdStrike Complete is CrowdStrike's managed detection and response (MDR) service providing 24/7 expert monitoring, proactive threat hunting, and end-to-end remediation across endpoints, identities, and cloud workloads. It combines the Falcon platform's AI-native detection with a dedicated analyst team that triages alerts, investigates incidents, and takes response actions on behalf of the customer; effectively extending security operations without the overhead of a full in-house SOC. Beginning in April, the District initiated the migration of its 24/7 security monitoring from Breadcrumb to CrowdStrike Complete, consolidating capabilities under a single platform to achieve cost efficiencies while gaining faster detection, surgical remediation, and continuous communication throughout the incident lifecycle.

Haven’s Security Locksmith
Serves as the District's installation partner for the Verkada physical security system upgrade at Five Points. Their scope of work encompasses mounting security cameras, modifying doors to accommodate the new access control system, and installing updated alarm panels and door hardware. This project, which began in late April and is expected to reach completion in June, will modernize the facility's physical security infrastructure by bringing cameras, access control, and alarm monitoring under the unified Verkada platform.

CVSS
Consultant was engaged to provide ongoing maintenance and support for the District’s WMIS system and related iOS “meter info” application support.

Fieldman Rolapp – Letter Agreement
Consultant provides municipal advisory services to the District. During this quarter, the consultant assisted the District with debt reporting compliance.

K & R Consulting – Letter Agreement
This consulting agreement provides support and assistance for the District’s financial system, Sage ERP. During this quarter, the consultant assisted the District with Sage ERP issues encountered by staff.

Nicolay Consulting Group - Letter Agreement; Fee for Service
Consultant provides required actuarial evaluations for the District’s Other Post Employment Plan (OPEB) for healthcare premiums. No activity this quarter.

MK Elections
Consultant provides election administration services including mail in election ballot preparation, collection and tabulation. Consultant assisted the District with General election and Proposition 218 election planning services this quarter.
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Westlands Water District Board of Directors

Regular Board Meeting of September 15, 2026

Item 7c

Subject:
Board of Directors to Consider Approval of the Engineer's Report for the Proposed Special Benefit Assessment Update, Adopt Resolution No. 118-26 Setting a Proposition 218 Public Hearing and Assessment Ballot Proceeding for December 15, 2026, and Authorize Staff to Undertake All Actions Necessary to Conduct the Election Process

Strategic Plan Key Strategies:
5. Manage Finances Effectively

Discussion:
The purpose of this item is for the Board of Directors (Board) to consider approval of the Engineer's Report prepared in connection with the District's proposed update to its Special Benefit Assessment and to establish a Public Hearing date of December 15, 2026, in accordance with Proposition 218 requirements.

Background
The District's current Special Benefit Assessment was approved by landowners pursuant to Proposition 218 and is used to recover a portion of the costs associated with services and programs that provide special benefits to lands within the District. As part of the District's ongoing efforts to ensure the assessment remains proportional to special benefits received by District lands and sufficient to recover eligible costs, staff and the District's assessment engineer have completed the Engineer's Report for the proposed assessment update.

The Engineer's Report identifies the costs proposed to be recovered through the assessment, documents the proportional special benefits provided to assessed properties, and establishes a methodology for allocating assessment costs among parcels in proportion to the special benefits received, consistent with the requirements of Proposition 218 and applicable California law.

Staff has reviewed the Engineer's Report and determined that it provides a reasonable and supportable basis for the proposed assessment. Approval of the Engineer's Report will allow the District to proceed with the Proposition 218 noticing and balloting process.

Engineer’s Report

The Engineer’s Report continues the delivery-based methodology used for the Special Benefit Assessment approved by landowners in 2017. Under this methodology, assessment costs are allocated between two land-use categories based on the proportionate special benefits received, as measured by average water deliveries. The updated analysis uses ten years of historical water delivery data from water years 2017 through 2026. Based on this information, 76.53 percent of the costs are allocated to lands eligible for a Priority Central Valley Project water allocation, and 23.47 percent are allocated to lands eligible to receive Other Water Supplies through the District. Because lands eligible for a Priority CVP allocation also benefit from access to other water supplies, those lands are subject to both assessment components.

The proposed assessment would recover approximately $38.8 million in fiscal year 2027-2028 for eligible fixed operations and maintenance costs, State Water Resources Control Board water-rights fees, golden mussel maintenance costs, and debt service on the District’s Series 2020A Revenue Bonds. The State Water Resources Control Board (SWRCB) fees are currently recovered through water rates, while the Series 2020A debt-service payments are currently recovered through a land-based charge. Incorporating these costs into the assessment would allow the District to reduce those existing charges and is not intended to increase the District’s overall revenues.

The proposed maximum assessment for fiscal year 2027-2028 is $83.68 per acre for lands eligible for a Priority CVP allocation and $17.46 per acre for lands eligible only for Other Water Supplies. Beginning in subsequent years, the maximum assessment would be adjusted annually by the greater of 3 percent or the percentage change in the CPI-U for the West Region, subject to a maximum annual increase of 6 percent without another mailed-ballot proceeding. The escalation factor would not apply to the portion of the assessment attributable to the fixed Series 2020A bond payments. These rates and annual adjustments establish only the maximum amounts authorized. The Board would retain discretion to levy an assessment below the applicable maximum based on the District’s annual budgetary needs.

Proposition 218 Public Hearing and Election

If the Engineer's Report is approved, staff recommends that the Board establish December 15, 2026, as the date for the Proposition 218 Public Hearing and assessment ballot proceeding. Consistent with Proposition 218 requirements, notices of the Public Hearing, ballots, and a summary of the proposed assessment will be mailed to affected property owners at least 45 days prior to the hearing.

At the Public Hearing, interested parties will have an opportunity to present testimony and submit written comments regarding the proposed assessment. Following the close of the public input portion of the hearing, assessment ballots received prior to and during the hearing will be tabulated. If a majority protest does not exist, the Board may take action to approve the updated Special Benefit Assessment, which would become effective in 2027.

Staff recommends that the Board:

1. Approve the Engineer's Report for the proposed Special Benefit Assessment update;
2. Adopt the attached Resolution No. 118-26 initiating Proposition 218 proceeding;
3. Establish December 15, 2026, as the date and time for the Proposition 218 Public Hearing and assessment ballot proceeding; and
4. Authorize staff to complete all noticing, mailing, and related actions necessary to conduct the election in accordance with Proposition 218 requirements.

Proposed Motion:

Move that the Board of Directors approve the Engineer's Report for the proposed Special Benefit Assessment update, adopt Resolution No. 118-26 setting a Proposition 218 Public Hearing and assessment ballot proceeding for December 15, 2026, and authorize staff to undertake all actions necessary to conduct the election process.

Recommendation:

Approve the Proposed Motion.

Attachments:

1. Resolution No. 118-26 Setting a Proposition 218 Public Hearing and Assessment Ballot Proceeding for December 15, 2026, and Authorize Staff to Undertake All Actions Necessary to Conduct the Election Process.
2. Westlands Water District 2026 Engineer's Report in Support of Proposition 218 Assessment Ballot Proceeding. Full Report here: https://wwd.ca.gov/wp-content/uploads/2026/09/2026-0909-wwd-218-engineers-report.pdf
3. Westlands Water District Prop 218 Timeline and FAQ Mailer.

Resolution No. 118-26
Westlands Water District
A Resolution of The Board of Directors,
of Westlands Water District
To Levy and Collect Annual Assessments Commencing Fiscal Year 2027/2028, Pursuant to Section 35470 of the Water Code; and Calling for a Property Owner Protest Ballot Proceeding, to Submit to the Qualified Property Owners the Question of Levying Such Assessments and Establishing an Assessment Range Formula for Said District Pursuant to the Provisions of the California Constitution, Article XIIID

WHEREAS, Westlands Water District ("District"), pursuant to provisions of Section 35470 of the California Water Code, intends to levy and collect annual assessments for the District commencing in fiscal year 2027/2028 to pay for services of the District; and

WHEREAS, the Assessment Engineer has prepared and filed an Engineer's Report with the District Clerk regarding the levy of annual assessments connected therewith commencing in fiscal year 2027/2028, and said report has been presented to the Board of Directors and is incorporated herein by reference.

WHEREAS, under Government Code sections 53759.1 and 53759.2 (known as "AB 2257"), the District may establish supplemental procedures for objecting property owners to exhaust administrative remedies, also described in this resolution, by which the District will take specified actions in response to any "timely written objection." Under this process, only an owner who submits a timely written objection will have a right to challenge a proposed increase in an assessment district through a legal proceeding. (These supplemental processes were authorized by Assembly Bill No. 2257, Chapter 561, Statutes of 2024, effective January 1, 2025); and

WHEREAS, the District has previously adopted Proposition 218 Implementation Procedures ("Procedures") to establish such exhaustion of remedies requirement and intends to follow these Procedures in the proposed levy of assessments.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED as follows:

1. That the foregoing recitals are true and correct.
2. The Engineer's Report as presented consists of the following:

   2a.) The Plans and Specifications which describe the boundaries of the District, and the improvements and services associated therewith that provide special benefits to the parcels therein; and,

   2b.) The Method of Apportionment that details the method of calculating proportional special benefit and the annual assessment obligation for each affected parcel; and,

   2c.) The Estimate of Costs including the calculation of the assessments and the estimated annual funding (Budget) required for the annual costs associated with the improvements and services determined to be of special benefit to parcels within the District, establishing the proposed maximum assessments and the assessments for fiscal year 2027/2028; and,

   2d.) The Assessment Range Formula (Annual Inflationary Adjustment) to be applied to the proposed Maximum Assessment Rates per Equivalent Benefit Unit in subsequent fiscal years. The proposed Maximum Assessments including the Assessment Range Formula shall be presented to the property owner(s) of record in a protest ballot proceeding pursuant to the California Constitution Article XIIID; and,

   2e.) A District Diagram outlining the boundaries of the District for fiscal year 2027/2028; and,

   2f.) An Assessment Roll containing the proposed Maximum Assessment and levy of assessment for fiscal year 2027/2028 for each Assessor Parcel Number currently identified within the District.

3. The District hereby approves the Engineer's Report on a preliminary basis as submitted or amended by direction of this Board of Directors, and orders said Report to be filed in the Office of the District Clerk as a permanent record and to remain open to public inspection, and by reference the Engineer's Report is made part of this resolution.

4. The District hereby declares its intention to levy and collect annual assessments against parcels of land within the District commencing with fiscal year 2027/2028 in accordance with the provisions of the California Constitution Article XIIID. The District further declares its intention to conduct a public hearing regarding the proposed levy of assessments pursuant to the provisions of the California Constitution Article XIIID and thereby calls for a property-owner protest balloting proceeding related thereto. The District finds that the public's best interest requires such action and levy of assessments.

5. The District hereby finds that the territory within the District as identified in the Engineer's Report consists of and includes those lots, parcels and subdivisions of land that will receive special benefits from the services to be provided.

6. The services for the District as are identified in the Engineer's Report.

7. The District hereby determines that to provide the services described in Section 6 of this resolution, it is necessary to levy and collect assessments against lots and parcels within the District commencing in fiscal year 2027/2028. The Engineer's Report referred to in Section 2 of this resolution establishes the proposed maximum assessments for the District including the annual inflationary adjustment to the maximum assessment rates; and the assessments necessary to provide for the annual operation, administration, services and maintenance of the improvements commencing in fiscal year 2027/2028.

8. Pursuant to California Constitution Article XIIID, an assessment ballot proceeding is hereby called on the matter of confirming the proposed new assessments for the District. The ballots and notices so authorized shall be distributed by first class mail to the property owners of record as of the last County equalized roll not less than 45 days prior to the public hearing, and each property owner may return the ballot by mail or in person to the District Clerk not later than the conclusion of the public hearing for this matter.

9. The District hereby declares its intention to apply the District's Proposition 218 Implementation Procedures to the proposed levy of assessments.

10. The District hereby authorizes and directs the District Clerk or their designee to prepare and mail notice of the Public Hearing; and in the same or separate mailing, mail the property owner protest ballot(s) to the subject property owner regarding the proposed levy of assessments and the assessment range

formula outlined in the Engineer's Report, for return receipt prior to the date and time of the public hearing set forth in this resolution.

11. The District hereby declares its intention to conduct a public hearing concerning the levy of assessments, notice is hereby given that on Tuesday, December 15, 2026 at approximately 9:00 a.m., the District will hold a public hearing pursuant to Proposition 218, or as soon thereafter as feasible. The public hearing will be held in Board chambers located at 286 W. Cromwell Ave., Fresno, CA 93711, at the time so fixed. At the public hearing, all interested persons shall be afforded the opportunity to hear and be heard.

12. The property-owner protest ballot proceeding conducted for the District shall constitute the property owner's approval or rejection of the annual levy of assessments and assessment range formula. The property owner may return the ballot by mail or in person to the District Clerk, not later than the conclusion of the public hearing. After the close of the public hearing, pursuant to Article XIII D, Section 4, Sub-Section 4(e) of the California Constitution, the District or designated party shall tabulate the ballots returned to determine if majority protest exists. The ballots shall be weighted according to the proportional financial obligation of the affected property. Majority protest exists if, upon the conclusion of the hearing, weighted ballots submitted in opposition to the assessment exceed the weighted ballots submitted in favor of the assessment; and, any interested person may file a written protest with the District Clerk prior to the conclusion of the hearing, or having previously filed a protest, may file a written withdrawal of that protest. A written protest shall state all grounds of objection, and protest by a property owner shall contain a description sufficient to identify the property owned by such property owner. At the public hearing, all interested persons shall be afforded the opportunity to hear and be heard.

13. The District Clerk or their designee is hereby authorized and directed to give notice of such Public Hearing as provided by law.

14. That the District Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

Adopted at a regular meeting of the Board of Directors of Westlands Water District, at Fresno, California, this 15th day of September 2026.

Ayes:

Noes:

Absent:

Recused:

____

Stephen Farmer, Assistant Secretary

WESTLANDS WATER DISTRICT

2026 ENGINEER'S REPORT IN SUPPORT OF THE PROPOSITION 218 ASSESSMENT BALLOT PROCEEDING

SEPTEMBER 2026

PREPARED FOR:
Westlands Water District
Fresno, CA

PREPARED BY:
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DATE SIGNED 09/09/2026

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APPENDICES

Appendix A - Assessable District Parcels

ABBREVIATIONS

AB	Assembly Bill
AC	Acre
AF	Acre-Feet
CIP	Capital Improvement Plan
CPI	Consumer Price Index
CVP	Central Valley Project
District	Westlands Water District
DHCCP	Delta Habitat Conservation & Conveyance Plan
EA	Each
FY	Fiscal Year
GSA	Groundwater Sustainability Agency
GSP	Groundwater Sustainability Plan
M&I	Municipal and Industrial
NASL	Naval Air Station Lemoore
O&M	Operations and Maintenance
SGMA	Sustainable Groundwater Management Act
SLDMWA	San Luis & Delta-Mendota Water Authority
SWRCB	State Water Resources Control Board
USBR	United States Bureau of Reclamation

EXECUTIVE SUMMARY

This Engineer's Report has been prepared for the Westlands Water District (District) in accordance with the requirements of Proposition 218 and Article XIII D of the California Constitution. The purpose of the report is to establish and document a proposed land-based benefit assessment that equitably allocates costs associated with District operations, long-term water resource management, and United States Bureau of Reclamation (USBR) capital repayment obligations according to the proportional special benefits received by properties within the District.

The District's existing Proposition 218 assessment structure, adopted in 2017, is in its final year. The current assessment started in FY 2017-18 at $36.50/acre for Central Valley Project (CVP) users and $10.63 for other water supply users. The current assessment ends in FY 2026-27 with a maximum assessment of $45.30 for CVP users and $13.19 for other water supply users, according to the escalation table in the 2017 Engineer's Report. The proposed assessment would provide a new funding mechanism for specific fixed operational costs, State Water Resources Control Board (SWRCB) water rights fees, Golden Mussel maintenance costs, and debt service associated with the 2020A Revenue Bonds used to finance repayment obligations for CVP construction costs.

The proposed assessment is not intended to increase overall District revenues. Rather, it would shift recovery of certain fixed and long-term costs from existing land based and volumetric charges to a Proposition 218 assessment structure, with corresponding reductions to other charges where applicable. This approach is intended to improve cost stability, equitably distribute costs based on water-related special benefits received, and provide greater long-term financial certainty for the District and its landowners.

The District encompasses approximately 614,000 acres in western Fresno and Kings Counties and serves more than 500 family-owned farms. The District operates one of the most advanced agricultural water delivery systems in the United States, consisting of approximately 1,100 miles of buried pipeline and more than 3,000 water meters. Through its contract with USBR, the District is entitled to receive up to 1,195,000 acre-feet of CVP water annually, subject to hydrologic and regulatory conditions.

The proposed assessment is based on the principle that the primary special benefit provided by the District is access to water supply, water conveyance, and related water management services. In accordance with Proposition 218, assessments must be proportional to the special benefit conferred upon each parcel. To determine proportional benefit, ten years of historical water delivery data (2016 – 2026) was evaluated and established two land use categories:

- *Priority CVP Benefit – Lands eligible for Priority CVP water allocation; and*
- *Other Water Benefit – Lands eligible to receive supplemental water supplies and conveyance through the District system.*

Average annual water deliveries to these categories were used as the basis for allocating assessment costs proportionately. Lands within the Priority CVP Benefit category receive both the Priority CVP Benefit and supplemental water benefits. Lands in the Other Water Benefit category primarily receive supplemental and conveyed water benefits, although some may also receive secondary CVP water allocations when available.

Based on the adopted Fiscal Year 2026–2027 budget, approximately $37.8 million in annual costs could be appropriated for recovery through the proposed assessment. These costs include portions of fixed operations and maintenance expenses, SWRCB water rights fees, Golden Mussel maintenance activities, and debt service payments associated with the 2020A Bonds.

The proposed maximum assessment rates for Fiscal Year 2027–2028 are:

- *$66.22 per acre for lands eligible for Priority CVP Benefit; and*
- *$17.46 per acre for lands eligible for Other Water Benefit.*

Because lands eligible for Priority CVP Benefit also receive supplemental water supply benefits, the total proposed assessment on those lands would equal $83.68 per acre for the first year.

Any new or increased assessment requires certain noticing and public meeting requirements by law. Prior to the passage of Proposition 218 (California Constitution Articles XIIIC and XIIID), legislative changes in the Ralph M. Brown Act defined a "new or increased assessment" to exclude certain conditions. These conditions included any assessment that does not exceed an assessment formula or range of assessments previously adopted by the agency or approved by the voters in the area where the assessment is imposed. This definition and condition were later confirmed through Senate Bill 919 (Proposition 218 implementing legislation).

The purpose of establishing an assessment range formula is to provide for reasonable and predictable annual adjustments to the maximum assessment without requiring costly noticing and mailed ballot procedures each year. Commencing with Fiscal Year 2028-2029, the maximum assessment may be increased annually to account for rising labor and material costs. The proposed assessment would remain in effect for a term of ten (10) years, commencing with Fiscal Year 2027-2028 and expiring at the end of Fiscal Year 2036-2037, unless extended through a new Proposition 218 proceeding.

The annual adjustment may occur every May when the parcels are assessed. The annual adjustment shall be equal to the greater of three percent (3%) or the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U), All Items, West Region as published by the U.S. Department of Labor, Bureau of Labor Statistics (or its successor). In no event shall the annual increase exceed six percent (6%) without conducting a new mailed ballot proceeding. The maximum assessment establishes the legal upper limit that may be levied in any fiscal year, and it is independently recalculated each year to reflect the adjustment formula. The actual assessment levied may be set at or below this maximum, depending on the District's budgeted costs, and may remain unchanged in years when additional revenue is not required.

Any levy established at or below the adjusted maximum is not considered an increased assessment, even if it is higher than the levy imposed in the prior year. Only if the District's budget requires an amount greater than the adjusted maximum would the levy be deemed an increased assessment, in which case mailed balloting would be required in compliance with Proposition 218.

Implementation of the assessment would support continued delivery of surface water supplies, protection of water entitlements, maintenance of critical infrastructure, and the long-term operational reliability of the District's water delivery system.

Following the acceptance of this Engineer's Report, the Board will set a public hearing date, and mail notice and ballots to landowners. The Board will then hold a public hearing at which all landowners affected by the assessments may give oral or written testimony, comments, and protests, and are entitled to vote upon the proposed maximum assessment rates by submitting a protest ballot prior to the close of the public input portion of the public hearing. At the public hearing, the District will consider and address comments and questions from District landowners, and any written protest or written objections received. Landowner ballots received prior to and by the close of the public input portion of the public hearing will then be counted.

If majority protest exists for the proposed assessment, further proceedings to implement the new assessment shall be abandoned at that time. If tabulation of the ballots indicates that majority protest does not exist for the proposed assessment and the assessment range formula presented and described herein, the Board may adopt this Report (as submitted or amended); approve the district diagram(s) contained herein; direct the improvements to be made; and confirm and approve the assessments as presented in this Report.

The public hearing is scheduled for December 15, 2026, at the District's Fresno office at 286 W Cromwell Ave, Fresno, CA 93711.

AB 2257, effective January 1, 2025, codifies Government Code §§ 53759.1 and 53759.2, which authorizes public agencies to implement an exhaustion of administrative remedies requirement in the context of Proposition 218 proceedings and specifies the scope of a Court's review of the administrative record if the local agency complies with certain specified requirements. If these requirements are met by the local agency, any party wishing to preserve their right to legally challenge the Assessment after its adoption is required to submit a written objection regarding a proposed assessment during the property-owner protest ballot proceeding and by a specified deadline not less than 45 days after mailing of the ballot and notice pursuant to Proposition 218. Failure to do so will preclude a party from filling a legal challenge to the assessment. To implement this requirement, the local agency is required, among other things, to prepare written responses to the timely submitted objections and present them to the local agency governing body, which will make certain specified determinations prior to the close of the Proposition 218 proceeding. This process runs concurrently with the Proposition 218 property-owner protest ballot proceeding and does not impact a property owner's ability to submit a protest pursuant to Proposition 218.

The District intends to comply with AB 2257 written objection procedures for this Proposition 218 proceeding. Instructions for submitting written objections will be included in the notice of public hearing mailed to affected landowners at least 45 days prior to the public hearing. The District will prepare written responses to all timely submitted written objections and present them to the Board of Directors for consideration prior to the close of the Proposition 218 proceeding.

1 PURPOSE OF THE REPORT

1.1 GENERAL

Westlands Water District (District) is in the final year of the 2017 assessments, which were approved for 10 years. This Engineer's Report is prepared in accordance with Proposition 218 to describe an equitable distribution of the special benefits to be derived by each parcel upon which the proposed assessments will be levied. If approved, this assessment will be levied annually at a rate not to exceed the maximum rate identified in this Engineer's Report. This assessment will be used to fund District activities necessary to sustainably manage water resources and USBR capital repayment debt service.

1.2 PROPOSITION 218 REQUIREMENTS

Proposition 218, entitled "the Right to Vote on Taxes Act", which added Article XIII D to the California Constitution, was adopted by the voters in 1996. Proposition 218 limits the methods by which local governments can increase taxes, fees, and charges without taxpayer consent or the opportunity to protest changes to any property-related fees or special benefit assessments. Proposition 218 requires the District to provide public notification of the proposed changes, inform property owners of the protest mechanism and the time frame for response, and provide a public hearing on the proposed rates. The public hearing must be held not less than 45 days after the mailing of the notice.

In general, before a local agency can levy new or increased assessments subject to Section 4 of Article XIII D of the Constitution, the following procedures are required:

1. Preparation of a detailed engineer's report, prepared by a registered engineer certified by the State of California, that supports each assessment.
2. The record owner of each parcel identified for assessment shall be given a written notice of each assessment, including the total amount charged to the owner's particular parcel, duration of the payments, reason for the assessment, and basis for the calculation.
3. Notice to the record owner must specify the time, date, and location of the public hearing (protest hearing) on the assessment; the notice shall also include a ballot and describe the voting procedures and statements in support and opposition to the assessment.
4. A public hearing, held not less than 45 days after mailing the notice, to consider protests and tabulate the ballots.
5. If ballots submitted in opposition to the assessment represent a majority of the financial obligation of the returned ballots (weighted based on financial obligation per unit acre) a majority protest exists and the District must abandon the proceedings. If a majority protest does not exist, the District may approve and levy the assessments.

In order to calculate the proposed assessment, the District must specify the services or improvements to be funded and their costs and determine the special benefits conferred on properties by those services or improvements. The assessment on each property must be in proportion to its special benefits received.

1.3 REVENUE OBJECTIVES

All District operations are currently funded through a mix of water charges, land based charges, and other revenues. The District is not proposing to increase its total revenues through the proposed benefit assessment. Rather, it is proposing to shift the recovery of the costs of certain District activities to the proposed assessment, with a corresponding reduction in other charges, as discussed in Section 4. The proposed assessment is limited to the expenses described in this report.

2 DISTRICT BACKGROUND INFORMATION

2.1 GENERAL

The District, formed in 1952, is a California Water District, pursuant to the California Water District Law (Division 13 of the California Water Code). As a California Water District, the District may raise money for district purposes by assessment, and fix and collect charges for the provision of water (Division 13, Section 35470 of the California Water Code).

The District is governed by a board of nine members each of whom is a District landowner, a designated representative, or legal representative of a landowner. Board elections are held every two years, and Directors are elected to four-year terms of office. Currently, each landowner in the District is allowed one vote for each dollar's worth of land to which he/she holds title. Regular board meetings are held once a month.

2.2 LOCATION

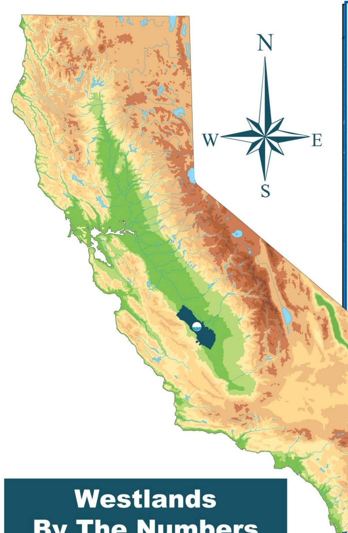
The District is the largest agricultural water district in the United States, made up of more than 1,000 square miles of prime farmland in western Fresno and Kings Counties on the west side of the San Joaquin Valley as shown in Figure 2-1. The District is located between the Diablo Range of the California Coast Range Mountains and the trough, or lowest point, of the San Joaquin Valley in western Fresno and Kings Counties. The District is roughly 15 miles wide and 74 miles long which encompasses and provides service to over 614,000 acres. Under federal contracts, Westlands provides water to 500 family-owned farms that average 911 acres in size.

2.3 HISTORY

The District was formed under California Water District Law in 1952 upon petition of landowners located within the District's proposed boundaries. Nearly all land within the current District's boundary was farmed using groundwater prior to the construction of the Central Valley Project (CVP).

Contract negotiations between the District and the United States Bureau of Reclamation (USBR) to provide a dependable, supplemental supply of surface water through the Reclamation's Central Valley Project began shortly after the District's formation. At that time, the federal government was considering the development and construction of the CVP. This involved cooperation between the federal and state governments regarding shared water storage facilities and conveyance systems.

The original District size was approximately 376,000 acres. In 1965, it merged with its western neighbor, Westplains Water Storage District, adding 210,000 acres. Additionally, lands comprising about 28,000 acres were annexed to the District, after the merger in 1965, to form the current 614,000-acre District with an irrigable acreage of 563,607 acres.



Westlands By The Numbers

PROJECT FACILITIES

San Luis Canal / California Aqueduct

Length in District	68.67 miles
Maximum Top Width	257 feet
Maximum Bottom Width	110 feet
Maximum Depth	36 feet
Capacity at:	
- Panoche Creek	13,000 cfs
- Kettleman City	8,100 cfs

Coalinga Canal

Total Length	12.8 miles
Length of Canal	11.5 miles
Maximum Top Width	60 feet
Maximum Bottom Width	12 feet
Maximum Depth	16 feet
Capacity:	1,100 cfs

DISTRICT INTERNAL DISTRIBUTION SYSTEM

Total Pipeline Length	1,034 miles
Maximum Pipeline Diameter	96 inches
Minimum Pipeline Diameter	10 inches
Ag Deliveries	3,300+ meters
Non-Ag Deliveries	244 meters
Number of Laterals:	
- San Luis Canal	38 Left, 26 Right laterals
- Coalinga Canal	6 laterals

Westlands Water District

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Westlands Water District

Westlands_Water

Westlands Water District Map

Figure 2-1

2.4 WATER SUPPLY

The District contracts with the Bureau of Reclamation (USBR) to deliver up to 1,195,000 acre-feet of Central Valley Project (CVP) water to its more than 500 family-owned farms. The total water available is about 13 percent short of the 1.4 million acre-feet required to water the entire irrigable area in the District. In order to adapt to ongoing supply shortages, the District continues to fund increased education and technology enabling growers to effectively utilize water allotments, resulting in some of the most productive and water-efficient farms in the world.

2.5 EXISTING FACILITIES

The District receives water from the San Luis Canal/California Aqueduct and the Coalinga Canal. Within the District, there is about 69 miles of the San Luis Canal with a capacity of 13,000 cfs to the north and a capacity of about 8,100 cfs at the southern end of the District. The Coalinga Canal, located in the southwest portion of the District, is about 13 miles long with a capacity of 1,100 cfs. The District then delivers water within their service area through their enclosed distribution system.

The District's water distribution system is comprised almost entirely of buried pipeline (approximately 1,100 miles of pipe) and is outfitted with over 3,000 water meters. The District continually invests in this sophisticated system, which measures every drop of water and minimizes losses caused by seepage and evaporation. The District is among the few, if not the only, agricultural water agencies in the United States that distributes water through an entirely enclosed system.

2.6 DISTRICT CHARGES AND ASSESSMENTS

District costs are currently allocated to landowners and/or water users through assessments, land based charges, and/or volumetric charges. The District water rates and charges are comprised of land based charges, Sustainable Groundwater Management Act charges, usage charges, Groundwater management program and temporary facilities, Account Monitoring Charges, and M&I Charges. Section 3.2 provides detail on the District's rate structure.

3 DISTRICT OPERATIONS AND RATE INFORMATION

3.1 DISTRICT OPERATIONS

The District's operating costs are greatly influenced by the volume and the cost of water supply delivered to the growers. Total costs include costs for water operation (purchases, pumping, transmission and distribution, and customer accounts), and general and administrative functions. Revenue sources include land based charges, Agricultural and Municipal and Industrial (M&I) water sales, grants, assessments, and proceeds from the sale of District land.

3.1.1 FY 2026-27 ADOPTED BUDGET

Pursuant to requirements of State law, the District establishes an operating budget on an annual basis. The District's fiscal year 2026-27 (March 1, 2026, to February 28, 2027) budget was reviewed for this report. A summary of the general expenses by major categories is shown in **Table 3-1**. All expenditures and projects must have Board approval to be funded by the designated funds. The District's adopted budget shows total estimated expenditures of $217,130,100 for FY 2026-27

Table 3-1 Fiscal Year 2026-27 Expense Summary Budget

Expense	2026-2027 Adopted Budget
Variable O&M	$169,613,000
Fixed O&M	$34,247,200
Debt Repayment	
SLDMWA DHCCP 2021B	$1,641,800
2020A BONDS	$11,628,100
Total	**$217,130,100**

3.2 DISTRICT RATE INFORMATION

District costs are currently allocated to landowners and/or water users through assessments, land based charges, and/or volumetric charges. The different categories represent different levels of water service, water supplies, and/or legal settlements.

3.2.1 DESCRIPTIONS OF EXISTING RATES AND CHARGES

The District water rates and charges are comprised of land based charges, Sustainable Groundwater Management Act (SGMA) charges, usage charges, Groundwater management program and temporary facilities, Account Monitoring Charges, and M&I Charges.

Table 3-2 Rate Classification and Charges

Agricultural Water Rates		
United States Bureau of Reclamation [1]		
Description	Cost of Service	
Water Rates	$36.06	
Restoration Fund	$13.64	
San Luis Delta Mendota Water Authority [2]		
Description	Cost of Service	
Authority O&M – Actual 25%	$75.32	
Westlands Water District [3]		
Description	Cost of Service	
District O&M	$42.02	
Water Exchange Obligation [4]	$4.02	
SWRCB Water Rights Fee	$7.53	
Total Agricultural Water Rate	**$178.59**	
Transfer Out O&M Credit	($14.85)	
Municipal and Industrial Water Rates		
Description	Cost of Service	
Acquired Supply	$233.44	
Acquired Supply -NASL	$908.72	
Land Based Charges		
Description	Amount	Unit
District Water Supply D.S. – Area 1	$ –	AC
District Water Supply D.S. – Area 2	$ –	AC
Extraordinary Repairs of Pipe – Area 1 and Area 2	$3.00	AC
Drainage Service Area	$ –	AC
Westlands Water Quality Coalition	$3.73	AC
Sustainable Groundwater Management Act	$2.50	AC
USBR Capital Repayment Debt Service	$12.66	AC
Benefit Assessment Charges [5]		
Description	Amount	Unit
Eligible for Other Water Supply	$13.19	AC
Eligible for CVP Allocation [6]	$45.30	AC
Sustainable Groundwater Management Act		
Description	Amount	Unit
Service Charge Per Groundwater Well Location	$2,750.00	EA
Usage Charges		
Description	Amount	Unit
Overuse of Water Supply	$718.00	AF
Administrative Fee [7]	$388.37	Mile

Groundwater Management Program & Temporary Facilities		
Description	Amount	Unit
Groundwater Management Program	Varies by Facility	AF
Temporary Facilities Surcharge	Varies by Facility	AF
Temporary Facility Credit [8]	($16.18)	AF
Account Monitoring Charges		
Description	Amount	Unit
Overuse Monitoring	$5,543.00	EA
Delinquent Payment Monitoring	$73.00	EA
Advanced Payment Monitoring	$280.00	EA
Meter Turn Off for Use Without Order	$1,055.22	Per Lateral
Municipal and Industrial		
Description	Amount	Unit
M&I Inspections [9]	$79.87	EA
Acquired Supply Advance [10]	$233.44	EA

[1] – U S Bureau of Reclamation rates calculated the Districts rates on the basis of a 42.28% CVP water supply

[2] – San Luis Delta Mendota Water Authority rates are on the basis of 25% CVP supply and estimated water use

[3] – Westlands Water District rates are calculated on the basis of 20% CVP Supply plus Other Water resulting in 398,220 AF Total Estimated Supply

[4] – Water Exchange Obligation rate is not paid by Pre-Merged or Annexed lands

[5] – As listed in the 2017 Benefit Assessment Engineer's Report

[6] – Land eligible for CVP Allocation are also eligible for other water delivery; therefore the rate is the sum of both category assignments.

[7] – Charged per mile of lateral drained for each delivery point

[8] – Temporary Facility Credits are billed on a per acre-foot basis for water delivered through temporary facilities

[9] – M&I Backflow Inspection costs are billed annually to each non-agricultural connection

[10] – Advance requirement doubles if prior year annual use is greater than one acre-foot. Based on adopted Acquired Supply rate.

4 PROPOSED EXPENDITURES TO RECOVER

4.1 GENERAL

The District proposes to convert components of its fixed O&M and certain bond debt payments to a benefit assessment and correspondingly reduce the amounts of these costs recovered from other revenue sources. As a result, the total revenue to the District would remain unchanged.

4.2 EVALUATING BENEFIT ASSESSMENT APPLICABILITY

The 2026-27 budget was reviewed with District staff to identify the expenses to include in the assessment and identify items not to include. The following identifies the expenses that were reviewed for the assessment.

4.2.1 EXPENSES INCLUDED IN THE PROPOSED ASSESSMENT

The following expenses were reviewed and included in the proposed assessment:

- *SWRCB Water Rights Fees*
  - The Water Purchases expense in the District budget includes multiple items including the SWRCB Water Right Fees. The State Water Resources Control Board (SWRCB) sets fees to cover regulatory and administrative costs associated with managing water resources at the state level. These fixed SWRCB fees will move from the water rates to the 218 assessment.
- *Fixed O&M*
  - The majority of the assessments consist of fixed O&M costs. Most O&M expenses are funded completely through the assessment unless there are other funding sources available such as grant funding or extraordinary pipe repair costs that are part of land based charges. The other exception is wages and benefits, which are allocated equally between assessments and general fund after accounting for any other applicable funding sources within the budget.
- *Capital Improvement Plan*
  - A Capital Improvement Plan (CIP) for a water district is a strategic, long-range blueprint for funding, building, and maintaining vital infrastructure. A CIP acts as the bridge between a water district's long-term physical master plan and its annual operating budget. The District's draft CIP budget included 10 years of projected costs for proposed projects. Although these costs are already incorporated into the Fixed O&M budget, they were reviewed to confirm that sufficient funding has been allocated to support the planned projects.
- *Golden Mussel Maintenance*
  - The invasive golden mussel (Limnoperna fortunei) is a highly destructive freshwater bivalve native to Asia that was first discovered in North America in October 2024 within California's Sacramento-San Joaquin Delta. They pose a massive threat to the state's water infrastructure, native fish, and agriculture. Estimated costs for maintenance to manage the Golden Mussels are included in the 218 assessment.
- *Debt Service*
  - The District's budget includes funding for debt service associated with the Westlands Water District Financing Authority Revenue Bonds, Series 2020A. These bonds were issued to finance the prepayment of the District's remaining obligation for construction costs related to the Central Valley Project (CVP).
  - Debt service payments for the Series 2020A Bonds are currently funded through land based charges. Moving forward, repayment obligations will be funded through assessments established pursuant to Proposition 218. This accounts for $19.83 of the CVP users assessment and $5.23 of the other water users assessment. As a result, land based

charges will be reduced following implementation and collection of the Proposition 218 assessment. A public meeting will be held to adopt the revised lower land-based charge following the first collection of the Proposition 218 special benefit assessment.

4.2.2 EXPENSES NOT INCLUDED IN THE PROPOSED ASSESSMENT

The following expenses were reviewed and are not included in the proposed assessment:

- *Legal and Consultant fees*
  - The District's budget includes legal and consultant fees. These expenses were reviewed to evaluate whether they could appropriately be allocated to the assessment. Following the review, it was determined that these costs are variable rather than fixed in nature and, therefore, should remain categorized as land based charges and not part of the proposed assessment.
- *Extraordinary Pipe Repair*
  - The Extraordinary Pipe Repair Land Based Charge was developed to collect funds for pipe repair failures that require immediate action at any point along the District's distribution system as well as large pipeline replacements that affect the entire District. The Extraordinary Pipe Repair is governed by the Sagouspe Agreement. This fee will stay under the land based fees and will not be included in the proposed 218 assessment.
- *SGMA Charges*
  - The District serves as the Groundwater Sustainability Agency (GSA) for the San Joaquin Valley Basin Westside Subbasin, Department of Water Resources Bulletin 118 Basin No. 5-022.09 (Basin). The GSA adopted the Basin Groundwater Sustainability Plan (GSP) on January 23, 2020, and further amended on December 17, 2024. The purpose of the SGMA land based charge is to fund ongoing GSA administration and implementation costs of the GSP. This fee will stay under the land based fees and will not be included in the 218 assessment.

4.3 EVALUATING EXPENSES TO INCLUDE IN AN ASSESSMENT

The assessment is based on long-term water entitlement, system access, and operational readiness. Based on the review of expenses and applying the criteria in Section 4.2, expenses were identified as appropriate for recovery through the proposed assessment. Table 4-1 shows the expenses to be recovered through the proposed assessment and through other, existing rates and charges, based on the adopted 2026-27 budget. The expenses to be recovered from the assessment total roughly $37.8 Million in 2026-27.

Table 4-1 2026-27 Expenses for Proposed Assessment

Expense	2026-2027 Adopted Budget	Recovered from Existing Rates and Charges	Proposed 26-27 Assessment Allocation	Proposed 27-28 Assessment Allocation [2]
Variable O&M	$169,613,000	$167,813,000		
SWRCB Water Rights Fees			$1,800,000 [1]	$1,868,400
Fixed O&M	$34,247,200	$11,351,750	$22,895,450	$23,765,477
Golden Mussels Maintenance			$1,500,000	$1,557,000
Debt Repayment				
SLDMWA DHCCP 2021B	$1,641,800	$1,641,800		
2020A BONDS	$11,628,100		$11,628,100	$11,628,100
Total	**$217,130,100**	**$180,806,550**	**$37,823,550**	**$38,818,977**

[1] The fixed cost of SWRCB Water Rights Fees will be moved from water rates to the Proposed Assessment

[2] Escalation factor applied to 26-27 proposed assessment allocation to get 27-28 proposed assessment allocation

The Board will have authority to move funding to sub-categories needing additional funding or to offset additional costs within the major categories with grants or other funding that may become available to the District, as long as the total costs do not exceed the maximum assessment proposed in this report. Additionally, if funds are available from the levied assessment that are beyond the immediate needs of the District, the Board may choose to establish prudent reserves for anticipated costs within these major cost categories.

It will be up to the Board to set the annual assessment rate and the Board may choose to set the rate lower than the maximum rate described in this report and approved by the landowners. The proposed maximum annual rate gives the Board flexibility to address increases in operating costs without the need to incur the expense of routinely repeating the Proposition 218 process.

4.3.1 TERM AND ESCALATION OF ASSESSMENT TO COVER FUTURE COST INCREASES

Any new or increased assessment requires certain noticing and public meeting requirements by law. Prior to the passage of Proposition 218 (California Constitution Articles XIIIC and XIIID), legislative changes in the Ralph M. Brown Act defined a "new or increased assessment" to exclude certain conditions. These conditions included any assessment that does not exceed an assessment formula or range of assessments previously adopted by the agency or approved by the voters in the area where the assessment is imposed. This definition and condition were later confirmed through Senate Bill 919 (Proposition 218 implementing legislation).

The purpose of establishing an assessment range formula is to provide for reasonable and predictable annual adjustments to the maximum assessment without requiring costly noticing and mailed ballot procedures each year. Commencing with Fiscal Year 2028-2029, the maximum assessment may be increased annually to account for rising labor and material costs. The escalation formula is designed to maintain the proportionality of the special benefit conferred on each parcel by tracking increases in the costs of providing the assessable services. Because the escalation applies uniformly to all assessed parcels based on the same cost categories identified in this Report, the proportional relationship between the assessment and special benefits received is preserved in each adjusted year.

The annual adjustment will occur every May when the parcels are assessed. The annual adjustment shall be equal to the greater of three percent (3%) or the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U), All Items, West Region as published by the U.S. Department of Labor, Bureau of Labor Statistics (or its successor). In no event shall the annual increase exceed six percent (6%) without conducting a new mailed ballot proceeding. The maximum assessment establishes the legal upper limit that may be levied in any fiscal year, and it is independently recalculated each year to reflect the adjustment formula. The actual assessment levied may be set at or below this maximum, depending on the District's budgeted costs, and may remain unchanged in years when additional revenue is not required.

Any levy established at or below the adjusted maximum is not considered an increased assessment, even if it is higher than the levy imposed in the prior year. Only if the District's budget requires an amount greater than the adjusted maximum would the levy be deemed an increased assessment, in which case mailed balloting would be required in compliance with Proposition 218.The factor is not applied to the portion of the proposed assessment for the 2020A Bond repayment as those costs are fixed.

5 BENEFIT DETERMINATION

5.1 GENERAL

Proposition 218 makes a distinction between general and special benefits provided by a project or service. A general benefit is defined as something that benefits the general public. A special benefit is defined as a particular benefit to land and buildings. The District's purpose as a special district is to provide the special benefit of water supply and associated water-related services to the lands within the District. These services do not accrue to the public at large and are not considered general benefits.

Proposition 218 also requires that assessments not "exceed the reasonable cost of the proportional special benefit conferred on that parcel." This Engineer's Report proposes the implementation of special benefit assessments. Therefore, this report must identify all parcels that will have a special benefit conferred upon them, and the proportional special benefit to those parcels. The parcels that have been identified as being assessable are shown in **Figure 5-1.** Assessable District Parcels are reflected in the proposed assessment roll in **Appendix A**. The assessment shall continue to apply to successor parcels.

Because the District water supply, water conveyance, and related services are delivered exclusively through a closed, buried pipeline system accessible only to lands with physical connections to the system, and because no member of the general public may access or use these facilities, the services funded by this assessment confer no general benefit to the public at large. The District services are distinguishable from public amenities such as parks or open spaces (cf. Silicon Valley Taxpayers Assn v. Santa Clara County Open Space Authority (2008) 44 Cal. 4th 431; Beutz v. County of Riverside (2010) 185 Cl. App 4th 1516), which by their nature are accessible to the general public. Accordingly, 100% of the costs included in the proposed assessment are attributable to special benefits, and no deduction for general benefits is required.

The District owns 64, 968.27 acres within the special benefit assessable boundaries. District-owned lands are not eligible to receive surface water from any source (CVP or Other Water) or groundwater. Because these lands do not receive any of the special benefits included in the special benefit assessment, they are not assessed.

In addition to the District-owned lands described above, other lands excluded from the assessment include certain federally and state-owned parcels, such as those owned by the USBR, the State of California, and other public agencies that are not eligible to receive surface water or groundwater service. Also excluded are Class 6 lands and a small number of parcels subject to restrictive covenants prohibiting surface water rights. Together with the 64,968.27 acres of District-owned lands, these exclusions account for the approximately 92,000 acres within the District's boundaries that do not receive the special benefits provided by the assessment and therefore are not assessed.

5.2 SPECIAL BENEFITS CONSIDERED AS THE BASIS FOR AN ASSESSMENT

The District's primary responsibility and purpose is to deliver CVP water supply to lands eligible to receive an annual allocation of CVP water. For the purposes of a benefit assessment, this is a special benefit to those lands, because not all lands within the District are eligible to receive such an allocation. The District also provides supplemental water (including to lands without a CVP allocation), conveys (wheels) water for individual landowners, and provides other, water-related services to lands within its boundaries. Although Other Water Benefit lands do not receive the benefit of a Priority CVP water allocation, they are able to utilize the District's facilities to convey and receive water from other sources. In addition, they may be eligible to receive secondary CVP water allocations when available. These are also special benefits that do not accrue to the public at large, but only to lands having access to and ability to make beneficial use of the District's distribution system and/or water supplies. The expenses included in the proposed assessment provide the necessary special benefits to maintain the system and ensure the continued delivery of water.

5.2.1 LANDS ELIGIBLE TO RECEIVE CVP ALLOCATION

The District has a CVP water service contract with USBR for water supply. The District's contracting and delivery of this water to lands eligible to receive it constitute the most significant special benefit provided to lands in the District. The large majority of the water delivered by the District is CVP water, which on average represents three-quarters of the delivered water. This average is based on water supply data for water years 2017 through 2026.

Most, but not all, of the lands eligible for water provided by or wheeled by the District are also eligible to receive the benefit of a Priority CVP water allocation. Lands eligible to receive CVP irrigation water are offered a per-acre allocation of available CVP supply. In years when the District receives its full contract amount, each eligible acre is entitled to receive up to 2.6 acre-feet per acre. During shortage years, CVP water allocated to eligible lands is reduced proportionately. Some Other Water Benefit lands that are not eligible for a Priority CVP water allocation, may be eligible for a Secondary CVP water allocation.

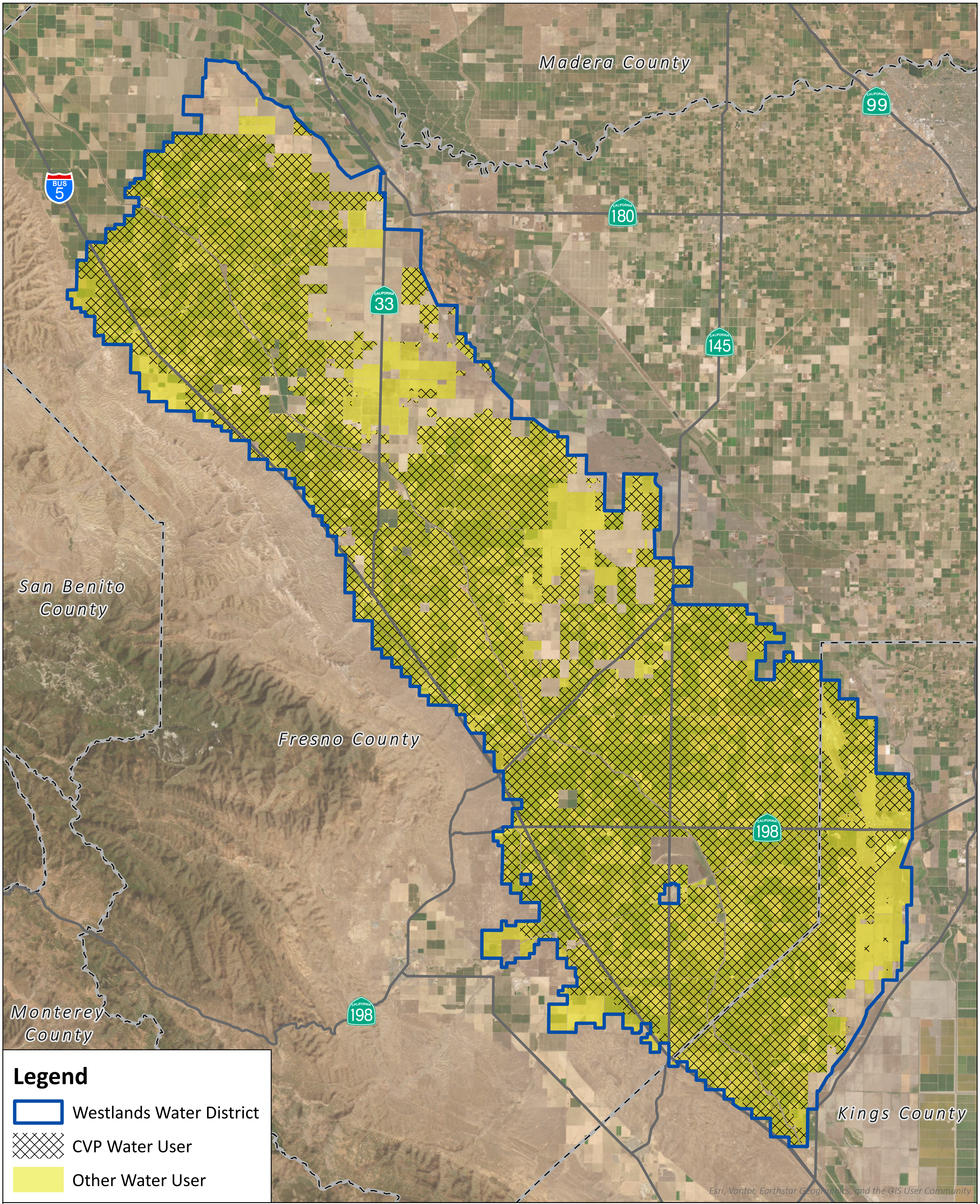
5.2.2 LANDS ELIGIBLE TO RECEIVE DISTRICT WATER SUPPLY

The District provides water, drainage, and groundwater management services to landowners and water users within the District. In addition, all properties within the District that are eligible to use District facilities to convey water purchased elsewhere when facilities are available receive this benefit. Additional special benefits considered, but ultimately not included, were access to the District's power program and being part of the Groundwater Sustainability Agency.

5.2.3 LANDS ELIGIBLE TO RECEIVE OTHER WATER SUPPLY.

These are special benefits that accrue to any lands that are within the District's distribution system service area and that can make beneficial use of the delivered water. The District provides supplemental water supplies and water conveyance services for both lands that are eligible to receive a Priority CVP water allocation and lands that do not. These benefits include access to supplemental water supplies purchased by the District and the ability to convey ("wheel") water obtained from other sources (surface water).

Some lands within the District do not receive this special benefit. In addition, the District has purchased the water rights for certain properties within its boundaries for drainage management and other purposes. These lands no longer receive special benefit from the District's CVP water entitlement, or cannot receive other water supply, are non-irrigable, or retired lands.



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Assessable District Parcels

Westlands Water District

Figure 5-1

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5.3 SPECIAL BENEFITS VS. GENERAL BENEFITS

Article XIII D Section 4 of the California Constitution requires that, for purposes of a benefit assessment, special benefits must be distinguished from any general benefits that the funded services may provide to all lands or residents within the District. The assessment may only be imposed for special benefits, defined as "a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large". These are special benefits that accrue to any lands that are within the District's distribution system service area and that can make beneficial use of water conveyed through District facilities. For this proposed assessment, the District provides special benefits of access to water supply, water conveyance and delivery facilities, and other water-related benefits to identified categories of land within District boundaries. Some lands within the District do not receive these special benefits due to their inability to make beneficial use of water supply. These include so-called Class 6 lands that are unsuitable for irrigation, and drainage-impaired lands not in production because the District has purchased their CVP allocable entitlement.

5.3.1 PROPORTIONATE SPECIAL BENEFITS

Article XIII D Section 4 of the California Constitution also requires that the proposed annual assessment on each parcel must be based on the proportionate special benefits conferred on that parcel, in relation to (multiplied by) the total annual cost to be recovered through the assessment. The District's overriding purpose is to deliver water to its customers. Therefore, the most appropriate way to measure the special benefit provided by the District is by the amount of water delivered by the District to the different lands within its boundaries. CVP contract deliveries and other water deliveries vary substantially from year to year based on hydrologic variability and regulatory conditions, so delivery over a span of the most recent years is the most appropriate way to measure special benefits going forward. On average, Other Water users receive lower water deliveries than CVP water users, while continuing to rely on the same facilities to convey and receive these alternative water supplies. Delivery to a set of identified land use categories over a number of years, as a proportion of total delivers to all lands, is determined to be the best way to apportion the costs. The District provided 10 years of historical delivery data for this analysis, **Table 5-1**. The next section describes the land use categories.

Table 5-1 Historical Water Deliveries

Total Water Deliveries per water year		
	Total Deliveries	
Water Year	CVP	Other
2016-2017	(32,520)	(242,139)
2017-2018	(828,335)	(181,943)
2018-2019	(538,493)	(122,862)
2019-2020	(839,177)	(75,621)
2020-2021	(267,672)	(139,638)
2021-2022	(45,466)	(142,504)
2022-2023	(3,763)	(137,949)
2023-2024	(891,608)	(154,595)
2024-2025	(639,990)	(110,680)
2025-2026	(629,011)	(138,096)
Total	**(4,716,035)**	**(1,446,027)**
Average	**(471,604)**	**(144,603)**

Note: Priority CVP Benefit lands are eligible for both Priority CVP water allocations and supplemental water supplies. Other Water Benefit lands primarily receive supplemental water supplies and water conveyed through the District's system, although some may also be eligible to receive a secondary CVP water allocations when available.

5.4 LAND USE CATEGORIES

The benefit assessment will be charged to each parcel based on its irrigable acreage and land use category. Land use categories are groupings of parcels receiving the benefit of access to water supply provided by the District. Therefore, the land use categories correspond to different levels of special benefits received. There are two land use categories in the District that are proposed for a benefit assessment: land eligible for Priority CVP Benefit and land eligible for Other Water Benefit. The average water supply delivered to each of the land use categories is the measure of the proportionate special benefit received by the category. The category-level special benefit is converted to a parcel-level benefit by considering the eligible acreage of each parcel. The two land use categories are shown in **Figure 5-1** and identified below:

Lands eligible for Priority CVP Benefit. These lands receive the benefit of the District's Priority CVP water service contract and are also eligible to receive other water supplies provided by or conveyed through the District's System. There are 448,664 acres in this category.

Lands eligible for Other Water Benefit. These lands primarily receive the benefit of other water supplies provided by or conveyed through the District's system. Some may also be eligible to receive secondary CVP water allocations when available. There are 521,827 acres in this category. This total acreage does not include de minimis landowners, District owned lands, and solar.

The special benefit received by these land uses is measured by the average water supply delivered to them in recent years. In order to capture a range of years, the District provided ten years of water delivery information for the two land use categories. The categories, their acreages, and average water deliveries are summarized in **Table 5-2.**

Table 5-2 Acreage and Average Annual Water Use by Land Use Category, 2017-2026

Land Use Category	Acreage in User Class	2016-2026 Average Water Delivery (AF)	Percent of AF Delivered
CVP water use	448,664	471,604	76.53%
Other water use	521,827	144,603	23.47%

5.5 CALCULATION OF ASSESSMENTS PER ACRE BY LAND USE CATEGORY

The proposed total assessment for fiscal year 2027–2028 is $38,818,977.10, representing the aggregate amount to be collected across the two land use categories. The proposed 2027–28 assessment was developed using the 2026–27 budget, as presented in **Table 4-1**, with a 3.8% escalation factor applied for the 2027–28 budget. The allocation for each category is proportional to the special benefit received, as measured by the average annual water delivery presented in **Table 5-2**.

To determine the assessment applicable to each parcel, the total dollar amount assigned to each category is divided by the total acreage within that category, resulting in a per-acre assessment rate. Lands eligible for the Priority CVP Benefit are also eligible to receive other water deliveries; therefore, the total assessment for these properties reflects the combined total of the two applicable category assessments.
Table 5-3 summarizes the proposed per-acre assessments for the 2027–2028 fiscal year.

Table 5-3 Proposed per-acre Assessments for 2027-2028 fiscal year

Land Use Category	2016-2026 Average Water Delivery (AF)	Percent of Average AF Delivered	Proposed Assessment Total	Acreage Applied to **Land** Class 2026-2027	Proposed Assessment per Acre	Total Assessed Per Acre
Priority CVP Benefit	471,604	76.53%	$29,709,479.50	448,664.05	$66.22	$83.68
Other Water Benefit	144,603	23.47%	$9,109,497.60	521,826.88	$17.46	$17.46
Total	616,207	100.00%	$38,818,977.10			

Table 5-4 presents the maximum assessment rates the District may impose based on the Consumer Price Index (CPI) inflation factor of 3.8% as of May 2026. The annual adjustment will occur every May when the parcels are assessed. The annual adjustment shall be equal to the greater of three percent (3%) or the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U), All Items, West Region as published by the U.S. Department of Labor, Bureau of Labor Statistics (or its successor). In no event shall the annual increase exceed six percent (6%) without conducting a new mailed ballot proceeding. The CPI factor does not apply to the 2020A Bond. **The Board of Directors retains the discretion to establish assessment rates below these maximum levels, if deemed appropriate.**

Table 5-4 Maximum Assessment Rate per Acre

Fiscal Year	Annual Assessment	CVP Water Use	Other Water Use
2026-27 [1]	$37,823,550.00	-	-
2027-28	$38,818,977.10	$66.22	$17.46
2028-29	$39,852,230.43	$67.98*	$17.92*
2029-30	$40,924,747.39	$69.81*	$18.40*
2030-31	$42,038,019.99	$71.71*	$18.90*
2031-32	$43,193,596.95	$73.68*	$19.42*
2032-33	$44,393,085.83	$75.73*	$19.96*
2033-34	$45,638,155.29	$77.85*	$20.52*
2034-35	$46,930,537.39	$80.05*	$21.10*
2035-36	$48,272,030.01	$82.34*	$21.71*
2036-37	$49,664,499.35	$84.72*	$22.33*

[1] Fiscal Year 2026-27 is the baseline budget for projections. Proposed assessments begin with Fiscal Year 2027-28.

* Values past Fiscal Year 2027-2028 are estimated by applying the May 2026 CPI of 3.8% to the previous Fiscal Year rate. The actual values are expected to vary each year based on the rate calculation using the escalation formula to determine an annual adjustment as described in Section 4.3.1 (page 4-3)

6 IMPLEMENTATION PROCEDURES

6.1 PROCEDURAL BASIS

In 1996, the District adopted Resolution No. 108-96 electing to utilize the alternative benefit valuation methodology authorized by California Water Code Sections 36577 through 36579. The resolution determined that District assessments would be based on benefit valuations established by the Board rather than actual cash value or county assessed values. The resolution also recognized that different classes of land may receive different benefits and authorized the use of separate valuation schedules and assessments corresponding to those benefits. Since that time, the District has continued to employ a benefit-based assessment methodology consistent with the authority provided under the California Water Code.

Based on an evaluation of the procedural options available to the Board, it is the Engineer's opinion that the proposed assessment structure provides an equitable mechanism for the District to generate revenues necessary to support its operations. The District intends to proceed with an election process in compliance with the provisions of Proposition 218 and Article XIII D of the California Constitution to authorize the collection of a special benefit assessment

Implementation of this assessment framework would enable the District to continue providing surface water deliveries to property owners within the District, protect existing water entitlements, and ensure the beneficial use of the surface water supplies allocated to the District.

The procedural steps required to implement the assessment were previously discussed in Section 1.2. If a majority of ballots received, weighted by the parcel's proportional financial obligation, are in favor of the assessment, the District Board may adopt the assessment. In this approval scenario, the District intends to collect the new assessment with the first installment of the 2027 assessments that are assessed in May 2027 (bills sent out in June 2027), with the assessment due no later than November 2027, for those assessments collected by Westlands Water District.

6.2 PROPOSITION 218 PROTEST HEARING

The District has scheduled a Proposition 218 public hearing (also called a protest hearing) for December 15, 2026 at 9:00 a.m. at its Fresno office located at 286 W. Cromwell Ave., Fresno, CA 93711.

7 BIBLIOGRAPHY/REFERENCES

Westlands Water District Website. https://wwd.ca.gov/

Westlands Water District. (2023). Water management plan 2023. https://wwd.ca.gov/wp-content/uploads/2025/05/wwd-water-management-plan-2023-final.pdf

Westlands Water District. (2025, January 6). Proposed water rates, land-based charges, and SGMA charges. https://wwd.ca.gov/wwd-notice/notice-of-public-hearing-766/

California Constitution, Article XIII D (Proposition 218)

Proposition 218 Omnibus Implementation Act (Gov. Code sec. 53750-53758)

AB 2257 (Gov. Code sec. 53759.1-53759.2)

CH2M Engineers, Inc. (2017). Engineer's report in support of the Proposition 218 assessment ballot proceeding for Westlands Water District. Westlands Water District. https://wwd.ca.gov/wp-content/uploads/2017/07/WWD_Engineers_Rpt_revised-7-21-17.compressed.pdf

Westlands Water District is holding a Proposition 218 election to fund core District functions including managing its Central Valley Project and other surface water supply contracts, maintaining and operating infrastructure, and ultimately ensure landowners' potential to receive surface water on their lands. The current assessment, approved in the 2017 election, is nearing its 10-year term. Without a new funding mechanism, the District's ability to operate and maintain its system and continue providing surface water deliveries would be at risk.

Prop 218 Timeline

May 2026	September 2026	September 15, 2026	October 7 & 21, 2026	December 15, 2026
Develop Budget and Assessment Methodology	Engineer's Report Finalized	Board of Directors' Adopts Engineer's Report	Public Workshops	Public Hearing

What is Proposition 218?

Proposition 218 is a constitutional initiative which requires new or increased assessments to be approved by affected landowners.

Why is Westlands Water District holding a Prop 218 election?

The District's current assessment is set to expire, which would significantly reduce revenue needed for core operations. The proposed assessment would renew this existing funding mechanism to reflect current costs and provide stable, long-term funding for essential District operations and services.

How do I vote in the Prop 218?

Landowners will receive a public notice and ballot a minimum of 45 days prior to the Public Hearing. To vote, complete your Prop 218 ballot and submit in one of three ways:

1. Mail your ballot in the postage paid envelope provided in the ballot packet.
2. Hand deliver your ballot to the Westlands Water District office at 286 W. Cromwell Ave, Fresno, CA 93711.
3. Bring your ballot to the Public Hearing on December 15, 2026.

All ballots will be handled and counted by a third-party election service to ensure a fair and transparent process, and in accordance with Prop 218 requirements.

How long will the proposed assessment last?

If approved, the proposed assessment would remain in place for the next ten years, with scheduled escalation increases through 2037. After that, any new or extended assessment would require landowner approval through a future Proposition 218 process.

What is the value of the proposed assessment for landowners?

The assessment helps ensure that landowners continue to benefit from:

- Ongoing access, or potential access, to **surface water supplies**.
- Continued reliability of water deliveries through a **maintained and functional system**.
- **Protection of long-term land value** across the District, as access to surface water, including through maintained water supply agreements, is an important factor in property value – even for parcels not currently receiving deliveries.

How do items funded under this election differ from the one held in 2017?

Unlike the 2017 Prop 218, the proposed assessment includes funding for additional obligations and emerging needs:

- Debt service associated with Central Valley Project (CVP) construction costs, currently funded through land-based charges.
- Fixed State Water Resources Control Board water rights fees, currently funded through water rates.
- Ongoing maintenance to address Golden Mussels and reduce risks to water supplies and farmland.

What happens if the Prop 218 election passes?

If approved, the assessment would take effect in fiscal year (FY) 2027-28. Approval would also establish how the assessment is calculated based on the benefits each parcel receives, as well as how the maximum assessment may be adjusted annually beginning in FY 2028-29.

Certain Fixed Costs Collected Through:

- Land-Based Charges
- Variable Water Rates

Are Moving →

Under the Proposed Assessment:

- State Water Resources Control Board Water Rights Fees
- Fixed Operations & Maintenance Costs
- Golden Mussel Maintenance
- Debt Service associated with CVP Construction Costs

Westlands Water District

Maintaining access to surface water to protect the long-term value of farmland for all Westlands Water District landowners.

Attend Prop 218 Workshops and Public Hearing

Join us at a workshop to learn more about the Prop 218 and have your questions answered. The workshops will be hybrid in person in our board room and online.

Visit *wwd.ca.gov/news-and-reports/notices/prop-218-proposed-assessment* or scan the QR code to join.

Workshop #1 - In-Person & Online
Wednesday, October 7, 2026
at 9:00 AM

Workshop #2 - In-Person & Online
Wednesday, October 21, 2026
at 9:00 AM

Public Hearing

Landowners are invited to attend to the public hearing to provide comments and submit ballots in person before the hearing is closed. The public hearing will take place at the Westlands Water District office.

Public Hearing
Tuesday, December 15, 2026 at 9:00 AM

Westlands Water District office
286 W. Cromwell Ave, Fresno, CA 93711

VISIT OUR WEBSITE TO JOIN THE WORKSHOPS AND TO LEARN MORE ABOUT THE PROP 218 AND WHAT IT MEANS FOR LANDOWNERS AND LOCAL FARMLAND.

wwd.ca.gov/news-and-reports/notices/prop-218-proposed-assessment

Proposed Assessment Rates

The proposed assessment is not designed to increase total District revenue. It would change how certain District costs are collected by shifting costs currently collected through other rates and charges into the assessment. This shift would reduce corresponding amounts collected through other rates and charges while providing more stable, long-term funding for District operations.

LAND USE CATEGORY	PROPOSED MAX ASSESSMENT (FY 2027 - 2028)
Priority CVP Benefit	$83.68 / acre*
Other Water Benefit	$17.46 / acre

Beginning with fiscal year 2028-29, the maximum rate may increase annually by 3% or the annual change in the regional Consumer Price Index, whichever is greater (capped at 6% per year). The Board may adopt a rate below the authorized maximum if the full amount is not needed.

Priority CVP Benefit: Land eligible to receive water through the District's Priority Central Valley Project (CVP) water service contract. These lands are also eligible to receive other water supplies provided by or conveyed through the District.

* Land eligible for CVP Allocation are also eligible for other water delivery; therefore, the rate is the sum of both category assignments.

Other Water Benefit: Land primarily eligible to receive other water supplies provided by or conveyed through the District. Some lands may also be eligible for secondary CVP water allocations when available.

Westlands Water District Board of Directors

Regular Board Meeting of September 15, 2026

Item 7d

Subject:
Board of Directors to Consider Accepting the Westlands Water District Fiscal Year 2025-2026 Annual Comprehensive Financial Report and Financial Statements

Strategic Plan Key Strategies:
5. Manage Finances Effectively

Discussion:
The purpose of this item is for the Board of Directors to consider accepting the Westlands Water District Fiscal Year 2025-2026 Annual Comprehensive Financial Report (ACFR) and audited financial statements. The financial statements covering the period from March 1, 2025, through February 28, 2026, are included within the ACFR and are attached for the Board's review. Richardson & Company LLP, the District's independent auditors, issued an unmodified (unqualified) opinion on the District's Fiscal Year 2025-2026 financial statements.

Annual Comprehensive Financial Report (ACFR)
Fiscal Year 2025-2026 marks the first year that District staff issued an Annual Comprehensive Financial Report. While the District has historically prepared audited financial statements, the ACFR provides substantially expanded financial, statistical, demographic, and operational information beyond the basic financial statements required for the annual audit. As this is the District's inaugural ACFR, the report includes audited financial statement information for both Fiscal Year 2025 (March 1, 2024, through February 28, 2025) and Fiscal Year 2026 (March 1, 2025, through February 28, 2026), providing readers with comparative financial information and enhanced historical context. Preparation of an ACFR demonstrates the District's commitment to transparency, accountability, and best practices in governmental financial reporting by providing landowners, creditors, rating agencies, and other stakeholders with a more

comprehensive understanding of the District's financial condition, operations, and long-term trends.

The auditor presented the results of the Fiscal Year 2025-2026 financial statement audit, together with the ACFR, Independent Auditor's Report, Governance Letter, and Management Letter at the September 15, 2026 Finance Committee meeting.

Fiscal Year 2025-26 Highlights - Financial Position Summary

In Fiscal Year 2025-2026, Total Assets increased 14% (approx. $118.6 million), while Total Liabilities decreased 9.1% (approx. $31 million), contributing to an increase in Total Net Position of $152.9 million. This increase was primarily attributable to significant non-operating revenues recognized during the year, including gains from the sale of District-owned land and other non-operating revenues. In addition, the District's net investment in capital assets increased by approximately $28.8 million, largely due to the reduction of outstanding capital-related debt through scheduled debt service payments and debt defeasance activities. A summary of this year's results is shown below:

Condensed Statement of Net Position	Fiscal Year 2026	Fiscal Year 2025	Increase/Decrease	
Current and non-current assets	$ 483,068,497	$ 360,569,788	$ 122,498,709	33.97%
Capital Assets, net	481,370,866	485,362,666	(3,991,800)	-0.8%
Total Assets	**964,439,363**	**845,932,454**	**118,506,909**	**14.0%**
Deferred Outflows of Resources	**13,828,021**	**9,130,881**	**4,697,140**	**51.4%**
Current liabilities	72,866,009	76,733,928	(3,867,919)	-5.0%
Long-term liabilities	234,859,494	261,979,773	(27,120,279)	-10.4%
Total Liabilities	**307,725,503**	**338,713,701**	**(30,988,198)**	**-9.1%**
Deferred Inflows of Resources	**4,647,285**	**3,431,824**	**1,215,461**	**35.4%**
Net investment in capital assets	292,670,437	263,785,297	28,885,140	11.0%
Restricted	127,268,910	90,248,086	37,020,824	41.0%
Unrestricted	245,955,249	158,884,427	87,070,822	54.8%
Total Net Position	**$ 665,894,596**	**$ 512,917,810**	**$ 152,976,786**	**29.8%**

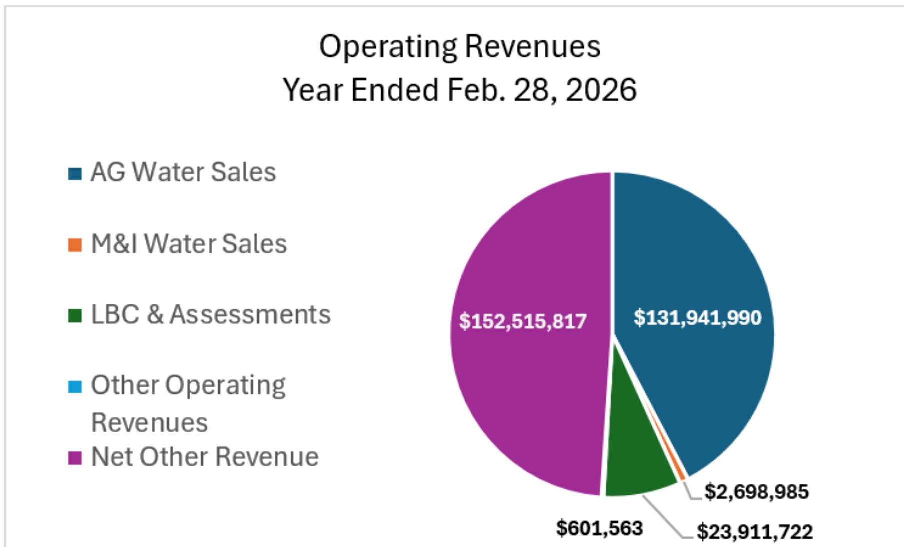
Capital Assets

Net investment in Capital Assets increased in Fiscal Year 2025-2026 by approximately $28.8 million. Although capital assets declined by about $4 million (depreciation exceeded capital additions, asset disposals, etc.), the District's capital-related debt declined by more than $32 million, primarily due to scheduled debt service payments and the defeasance/refunding activity discussed in the MD&A. Some notable projects were:

- Pasajero Groundwater Recharge Project - $5,945,000
- Pleasant Valley Reactance Controls - $547,000
- Primary Cable 12KV High Voltage Wire Replacement - $1,559,000

Revenues

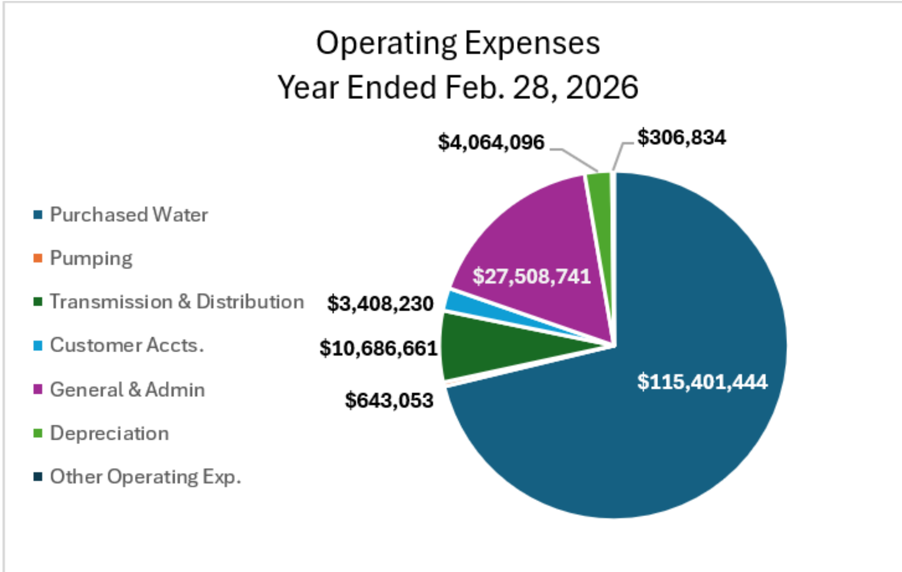
District operating revenues increased in Fiscal Year 2025-2026 by approximately 2%. District operating revenues are highly dependent upon annual allocations and supplemental water market pricing.



District non-operating revenues increased by more than $100 million, mostly related to sales of District land, increased investment income, and other non-operating revenues. Non-operating revenues fluctuate significantly from year to year and are not guaranteed to be residual.

Expenses

Operating expenses are similarly dependent upon annual allocations and supplemental water market pricing. In Fiscal Year 2025-2026 operating expenses were 16% higher than in the previous fiscal year.



The majority of this change was related to higher purchased water expenses, which were a result of other water deliveries and pricing in Fiscal Year 2025-2026 that was significantly greater than the prior fiscal year. Non-operating expenses were approximately $2.7 million lower, mostly related to lower refunds in Fiscal Year 2025-2026 versus the prior fiscal year. Non-operating expenses normally consist of interest expense related to District debt and refunds to water users for prior year reconciliations.

Proposed Motion:

Move that the Board of Directors Accepts the Westlands Water District Fiscal Year 2025-2026 Annual Comprehensive Financial Report and Financial Statements.

Recommendation:

Approve the proposed motion and accept the Fiscal Year 2025-2026 Annual Comprehensive Financial Report and Financial Statements.

Attachments:

1. Westlands Water District Draft Fiscal Year 2025-2026 Annual Comprehensive Financial Report and Financial Statements

Westlands Water District

A California Water District

Fresno, California

2025-2026 ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Years Ended
March 1, 2025 – February 28, 2026 and
March 1, 2024 – February 28, 2025

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WESTLANDS WATER DISTRICT
FRESNO, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Years Ended February 28, 2026 and 2025

Prepared by the Finance and Administration Division

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INTRODUCTORY SECTION

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Westlands Water District

286 W. Cromwell Ave
Fresno CA 93711

August 31, 2026

To the President of the Board, Members of the Board of Directors and Landowners of Westlands Water District:

State law requires special districts to prepare and submit audited financial statements following the close of each fiscal year. This report is published to fulfill that requirement for Westlands Water District for the year ended February 28, 2026.

The District has elected to present those financial statements as part of an Annual Comprehensive Financial Report (ACFR). The ACFR is widely recognized as a governmental finance best practice that promotes transparency, accountability, and excellence in financial reporting by providing readers with additional operational, financial, and statistical information beyond that included in the audited financial statements alone. This broader reporting framework provides landowners, bondholders, regulators, and other stakeholders with enhanced context regarding the District's financial condition, operations, and long-term trends.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control 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.

Richardson & Company LLP, Certified Public Accountants, has issued an unmodified opinion on Westlands Water District's financial statements for the year ended February 28, 2026. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's discussion and analysis complements this letter of transmittal and should be read in conjunction with it.

DISTRICT PROFILE

Westlands Water District is the largest agricultural water district in the United States, encompassing over 1,000 square miles of prime farmland in western Fresno and Kings Counties. Stretching approximately 70 miles from Firebaugh in the north to Kettleman City in the south, the District provides water to around 700 family-owned farms, each averaging 875 acres in size. Its advanced water delivery system includes more than 1,000 miles of fully enclosed buried pipes and thousands of water meters, ensuring efficient distribution with minimal losses from seepage or evaporation.

The District’s growers produce over sixty varieties of high-quality food and fiber crops, generating more than $1 billion in annual agricultural output and supporting approximately $3.5 billion in related economic activity for local communities. More than 50,000 people live and work in areas dependent on Westlands’ agricultural economy.

Formed in 1952 under California Water District Law, Westlands was established by farmers and landowners seeking a reliable surface water supply to supplement severely over-drafted groundwater. Today, the District receives its water allocation through a joint venture between the federal government and the State of California, as part of the San Luis Unit of the Central Valley Project—one of the nation’s largest public works projects. The District’s mission remains focused on providing reliable water supplies to landowners and water users in an efficient and cost-effective manner.

The District’s Board of Directors are elected by landowners to serve overlapping four-year terms. The President of the Board and other District officers are then chosen by a majority vote of the Board. The Board sets policy and exercises legislative authority over the District. The Board delegates authority to the District General, or designee, to appoint District personnel and conduct daily operations.

MISSION AND GOALS

Since its formation in 1952, the mission of Westlands Water District has been to provide timely, reliable and affordable water services to landowners and water users in western Fresno and Kings Counties. These water services include the sustainable management and delivery of water supply, ongoing education, advanced technology, and innovative methods that support environmental conservation and long-term water reliability.

To advance this mission, Westlands has adopted the following goals:

- Preserve and restore the federal contract water supply.
- Obtain supplemental water supplies through short- and long-term purchases and transfers.
- Evaluate and implement options for supply enhancement and drainage mitigation.
- Support timely construction of cost-effective facilities that enhance the quality and reliability of water supplies.
- Conduct the maintenance, operational, financial and administrative functions of Westlands in an efficient and effective manner.
- Implement and maintain an effective Water Conservation Program by providing growers with accurate and current information and technical assistance to aid with water management planning.

ORGANIZATIONAL STRUCTURE AND DIVISIONS

Westlands Water District operates under the direction of a Board of Directors, with day-to-day management delegated to the General Manager and a team of division leaders. The District is organized into several key divisions, each handling distinct operational areas:

General Manager’s Office: Oversees executive administration and public information, ensuring that Board policies and strategic objectives are implemented effectively. This office coordinates district-wide activities and supervises division leaders.

Finance & Administration Division: Manages financial operations, including purchasing, general accounting, customer accounting, and human resources. This division ensures fiscal responsibility, oversees budgeting, and supports administrative functions essential to district operations. Additionally, it manages District reserves through a dedicated Division (8), ensuring proper stewardship and accountability of these resources.

Resources Division: Focuses on water resource management and related activities. This division is responsible for securing, allocating, and conserving water supplies, as well as implementing regulatory programs and sustainability initiatives. Additionally, the division manages the Bollibokka property and its recreational operations through a separate Division (10).

Operations & Maintenance Division: Handles the operation and maintenance of the District's extensive water delivery infrastructure. This includes mechanical and electrical maintenance, field engineering, planning, fleet services, and civil and preventative maintenance. The division ensures reliable water delivery and system integrity across the district's service area.

Additionally, the District employs specialized staff for legal counsel and external affairs and maintains collaborative relationships with labor unions and employee associations to support its workforce.

FINANCIAL PLANNING AND POLICIES

The Westlands Water District Board of Directors adopted its current Strategic Plan in September 2024 to provide a long-term framework for achieving the District's mission of securing reliable and affordable water supplies, maintaining critical infrastructure, managing financial resources, and addressing emerging challenges facing the District and its landowners. The Strategic Plan establishes seven key strategies and associated activities that guide District operations, capital planning, and policy development. The District’s annual budget includes funding and work programs that support implementation of the Strategic Plan, and budget priorities are evaluated in relation to the goals, objectives, and activities identified therein.

Westlands adopts an annual balanced budget and maintains a multi-year financial planning approach to evaluate revenues, expenditures, capital needs, water supply investments, and reserve requirements. Budget development is based on financial assumptions, operational needs, anticipated water supply conditions, infrastructure requirements, and strategic priorities. This planning process enables the District to address both current operational demands and long-term obligations while maintaining financial stability. The Board of Directors adopts the budget and appropriates funds in advance of the District’s fiscal year, which begins on March 1. Long-range planning, prudent reserve management, and preparation for future water supply and infrastructure needs remain key principles guiding Board policy and financial decision-making.

FINANCIAL OUTLOOK

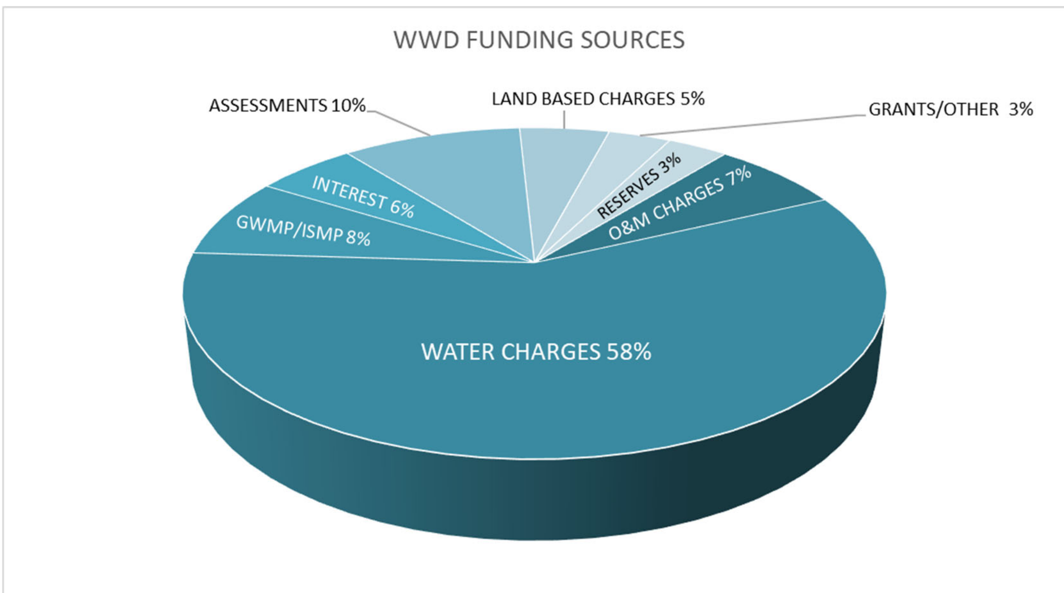
Westlands Water District's long-term financial outlook remains closely tied to water supply reliability, groundwater sustainability, and the continued productivity of the agricultural economy it serves. The District operates in an environment characterized by hydrologic variability, evolving regulatory requirements, and increasing demands for long-term water resource management. Despite these challenges, the District continues to maintain a stable financial position supported by prudent reserve management, diversified revenue sources, and a financial structure that adapts to changing water supply conditions. Over the past decade, annual budgets have generally remained above $200 million, with year-to-year fluctuations driven primarily by the volume and cost of water available for delivery. A substantial portion of annual expenditures consists of pass-through water acquisition and delivery costs. Excluding those direct water costs, District expenditures have historically represented a relatively modest share of total spending (under 20%), reflecting the District's ability to efficiently manage operations while supporting one of the largest agricultural water districts in the nation.

The District continues to invest in groundwater sustainability through recharge facilities, groundwater credit programs, and implementation of the Westside Subbasin Groundwater Sustainability Plan. Recent efforts have expanded opportunities for groundwater replenishment through recharge basins, aquifer storage and recovery wells, dry well injection, and other recharge methods designed to enhance long-term groundwater reliability. In addition, the District has secured approximately $8.9 million in grant funding through the Westside Subbasin Multibenefit Land Repurposing Program to support projects that provide measurable groundwater benefits and expand recharge capacity within the subbasin.

Adaptive land use and land repurposing initiatives are also expected to contribute to the District's long-term financial sustainability. Through implementation of the Valley Clean Infrastructure Plan (VCIP) and related programs, the District is pursuing strategies that direct limited water resources to the most productive agricultural lands while creating alternative uses for drainage-impaired and other lands facing long-term water supply constraints. These efforts are intended to support groundwater sustainability, reduce subsidence risks, improve drought resilience, and enhance long-term water supply reliability throughout the Westside Subbasin.

Although the number of irrigated acres within the District has declined over the past decade as a result of water supply limitations and regulatory requirements, the value of agricultural production has remained relatively stable and, in some years, increased as growers have adapted through changes in cropping patterns, improved water management practices, and continued investment in high-value permanent crops. The District believes that groundwater sustainability initiatives, expanded recharge opportunities, and strategic land repurposing can work together to preserve the long-term value of agricultural land and concentrate finite water supplies on the highest and best agricultural uses. The continued financial strength of the District is fundamentally linked to maintaining reliable water supplies for lands that remain in production. By promoting water supply reliability, agricultural resiliency, and alternative economic opportunities on lands less suited for long-term irrigation, the District is positioning itself to support both a sustainable groundwater basin and a productive regional agricultural economy for decades to come.

DISTRICT REVENUES (SOURCES)



- **Water Charges:** Payments from growers for delivered water, representing the district's primary income stream and supporting reliable water supply across the service area. The revenues included are based on anticipated available supply when the District's CVP allocation is 20% of it's total contract multiplied by acquisition and delivery costs from USBR, SLDMWA and other supplemental vendors.
- **Land-Based Charges:** Assessments on acreage within the district, funding infrastructure maintenance and improvements.
- **Annual Assessments:** Contributions for debt service, reserve funds, and capital projects, ensuring financial stability and future investments.
- **Grant Funds:** External funding for sustainability initiatives, regulatory compliance, and infrastructure upgrades.

- **Groundwater Management Program:** Revenues dedicated to the district's groundwater management efforts, which include monitoring, conservation, and regulatory compliance activities. This program is essential for supplementing surface water supplies, protecting local aquifers, and ensuring long-term water sustainability for growers and communities.
- **Other Revenues:** Miscellaneous income from district operations, such as service fees and interest earnings.

This comprehensive revenue structure enables the District to fulfill its responsibilities and advance the district's strategic objectives.

NET POSITION AND RESERVES

The District's Designated Reserve Funds Policy is a key component of prudent financial planning, ensuring that sufficient funding is available for current operating, capital, and debt service needs, as well as for unforeseen events. The policy's primary objectives are to maintain financial sustainability, support stable customer rates, and enhance or maintain the District's credit ratings. Reserve funds are accumulated and maintained to meet these needs and to avoid significant rate fluctuations due to changes in cash flow requirements. The policy is reviewed annually during the budget process, and balances are updated quarterly to ensure compliance. The Board of Directors has the authority to amend the policy as needed, and any use of reserves typically requires Board authorization.

Operating Reserve Fund: To meet routine cash flow needs caused by unanticipated shortfalls in revenues or unexpected expenses exceeding budgeted amounts.
Target Level: $20,300,000
Current Level: $20,300,000

General Reserve Fund: For District activities, projects, and unanticipated operating or capital expenses. May also be used for credits to water rates or land-based charges.
Target Level: $7,500,000
Current Level: $7,500,000

Capital Fund: Used for funding new capital assets or replacing capitalized assets at the end of their useful lives.
Target Level: $18,000,000
Current Level: $18,000,000

Asset Replacement Fund: Used to fund certain administration and overhead projects, particularly those related to the replacement of assets.
Target Level: $3,000,000
Current Level: $5,778,054

Drought Reserve Fund: Used to offset financial impacts caused by extraordinary events (such as drought conditions), such as reduced water deliveries and increased O&M water rates.
Target Level: $14,400,000
Current Level: $14,357,778

Self-Insurance/Unemployment Fund: Used to fund certain administration and overhead projects, particularly those related to the replacement of assets.
Target Level: $100,000
Current Level: $100,000

Rate Stabilization Fund **(Bond Covenant)**: Used to stabilize rates in years with significant revenue or cost fluctuations, such as wet years with high water allocations or years with unexpected expenses.
Target Level: No Maximum
Current Level: $31,700,000

Special Purpose Fund **(Bond Covenant)**: Used to offset financial impacts caused by extraordinary events (such as drought conditions), such as reduced water deliveries and increased O&M water rates.
Target Level: No Maximum
Current Level: $16,842,000

DISTRICT ACCOMPLISHMENTS (Fiscal Year 2026)

Water Supply and Resource Management

- Achieved significantly improved water supply conditions during the 2025 water year by conjunctively using the available surface water and, reduced groundwater pumping. This approach reduced operating costs, improved groundwater conditions and supported groundwater sustainability efforts.
- Supported federal operational changes, referred to as Action 5, that produced approximately 75 TAF of additional export opportunities, improving water supply reliability for District landowners.
- Managed over 900,000 acre-feet of available water supply during the 2025 contract year while maintaining significant carryover and rescheduling flexibility for future years.

Sustainable Groundwater Management (SGMA)

- Continued implementation of the Westside Subbasin Groundwater Sustainability Plan, including groundwater monitoring, reporting, allocation administration, annual reporting, and compliance activities to achieve the sustainability objectives.
- Adopted and updated groundwater management regulations and funding mechanisms necessary to support long-term SGMA compliance.
- Advanced implementation of the Resolution No. 104-26, the District’s Subsidence Policy, recognizing the District’s role as a Groundwater Sustainability Agency (GSA) in managing and preventing subsidence through a wide policy initiative documenting Westlands' leadership role in SGMA implementation and efforts to address and reverse subsidence impacts affecting regional infrastructure.
- Continued implementation of conjunctive use strategies to balance surface and groundwater supplies while protecting aquifer conditions.

Infrastructure and Capital Improvements

- Advanced the Lateral 6 Capital Improvement Project, a major conveyance improvement expected to increase water supply reliability through a new pumping plant and force main capable of conveying approximately 70 cfs and increasing annual supply by roughly 5,150 acre-feet.
- Continued implementation of multiple operations and maintenance capital projects focused on distribution system reliability, pumping facilities, electrical infrastructure, and plant improvements.
- Approved participation in the Delta-Mendota Canal Subsidence Correction Project, including committing advance funding toward restoration of canal capacity impacted by subsidence.

Valley Clean Infrastructure Plan (VCIP)

- Advanced development of the Valley Clean Infrastructure Plan, including transmission planning, landowner outreach, easement planning, interconnection activities, and development of a Community Benefits framework.
- Conducted stakeholder and landowner engagement efforts related to transmission infrastructure and renewable energy development opportunities within the District.
- Established a framework for future local economic development, workforce development, local procurement, and energy affordability programs associated with VCIP revenues.

Financial Stewardship

- Maintained strong investment and financial performance throughout the fiscal year.
- Developed and adopted fiscal policies supporting reserve management, claims processing, credit card administration, and financial governance.
- Successfully prepared and adopted budgets, water rates, charges, and financial plans necessary to maintain long-term financial stability.
- Managed SGMA funding programs through adoption of annual maximum charge resolutions while maintaining flexibility for future rate-setting decisions.

Customer Service and Technology

- Implemented the Point & Pay online payment platform, providing expanded customer payment options, digital payment capabilities, and enhanced account management functionality for water users.
- Continued investment in cybersecurity assessments, IT infrastructure improvements, network upgrades, and technology modernization initiatives.

Operations and Maintenance

- Continued proactive management of District facilities, pumping plants, canals, laterals, and distribution infrastructure.
- Responded to emerging Golden Mussel threats through monitoring, agency coordination, evaluation of mitigation measures, and grower outreach efforts.
- Advanced critical electrical reliability projects and major equipment replacement initiatives identified in the District's capital improvement program.

Organizational Excellence

- Maintained exceptionally strong staffing levels, reporting 0% vacancies across bargaining units and implementing recruitment and retention strategies aligned with the District's Strategic Plan.
- Continued implementation of the District Strategic Plan, including initiatives focused on:
    - Supplemental and contract water supplies
    - Groundwater sustainability
    - Land use strategies
    - Critical infrastructure investment
    - Financial sustainability
    - Collaborative partnerships and stakeholder engagement.

The preparation of this report was made possible by the collaborative efforts of staff in the Administrative Services Department and other departments, as well as the District’s audit firm, Richardson & Company, LLP. A special thanks and acknowledgement goes to our Finance staff for their work on the audit. We would also like to recognize the Board of Directors for their guidance and support in the District’s pursuit of excellence in financial reporting.

Stephen Farmer
Chief Administrative Officer

WESTLANDS WATER DISTRICT
Organizational Chart

Westlands Water District
Principal Officers
Fiscal Year 2025/2026

President
Jeff Fortune

Vice President
Jim Anderson

Director William Bourdeau *Treasurer*	**Director** Frank Coelho, Jr.	**Director** Ernie Costamagna
Director Justin Diener	**Director** Donald Ross Franson III	**Director** Ryan Ferguson
	Director Jeremy Hughes *Secretary*	

Administration Personnel

General Manager	Allison Febbo
Chief Administrative Officer	Stephen Farmer
Deputy General Manager – Finance and Administration	Sherman Dix

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FINANCIAL SECTION

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RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Westlands Water District
Fresno, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of the Westlands Water District (the District), as of and for the years ended February 28, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Westlands Water District as of February 28, 2026 and 2025, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note O to the financial statements, the District reported a restatement for a change within the reporting entity to combine the Water District Fund and Other Fund as of March 1, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Directors
Westlands Water District

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 August 28, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 the District's 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.

Richardson & Company, LLP

August 28, 2026

The following management's discussion and analysis of Westlands Water District (the District) provides an overview of the financial activities and transactions for fiscal year 2025-2026 in the context of the requirements of the Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements; Management's Discussion and Analysis for State and Local Governments, as amended. This discussion and analysis should be read in conjunction with the District's audited financial statements and accompanying notes.

Financial Highlights

- Total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by $665.9 million (net position), representing $292.7 million in net investment in capital assets, $78.7 million restricted for specific purposes, $31.7 million for the rate stabilization fund, $16.8 million for the special purpose fund and $245.9 million unrestricted for operations. This represents an increase of $130.0 million, or 30% versus the prior year's net position of $512.9 million.

- In the fiscal year ending February 28, 2026, the District's operating revenues from all sources increased by $3.0 million or 2% from the prior year primarily due to an increase in agricultural water deliveries compared to fiscal year 2025, which was roughly 84k acre feet more.

- Total non-operating revenue (expenses) for the fiscal year increased by $106.4 million, primarily due to a $108.5 million gain on the sale of assets including approximately 10,872 acres of land. Additionally, increases in refund revenue ($3.3 million), other nonoperating revenues ($6.6 million) and a one-time gain on the refunding of the 2016A bonds contributed to the overall increase. These increases were partially offset by a decrease in grants and district water supply revenue.

- The District's outstanding long-term debt, net of current portion, was $207.9 million as compared to $238.5 million in the prior year. The decrease of $30.6 million or 13% was due to the District's scheduled annual payments for debt service and the defeasance of the 2016A Bonds, which resulted in a gain of $4.7 million to the District.

Financial Reporting and Explanation of Financial Statements

The District's accounting records are maintained in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The District's financial statements include the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows. The statement of net position provides information about assets and obligations of the District at a specific point in time. The statement of revenues, expenses and changes in net position provides information regarding the District's operations during the fiscal year indicated. The statement of cash flows reports cash sources and cash uses for operations, capital, and non-capital financing, and investing activities.

Statement of Net Position

The following is a condensed presentation of assets, deferred outflows, liabilities, and deferred inflows. The balances as of the last day of February 2026, 2025, and 2024 are:

Condensed Statement of Net Position

	2026	2025 As Restated	2026 / 2025 Variance	% Change	2024 As Restated	2025 / 2024 Variance	% Change
Assets							
Current assets	$ 388,868,972	$ 291,964,030	$ 96,904,942	33%	$ 256,865,901	$ 35,098,129	14%
Capital assets, net	481,370,866	485,362,666	(3,991,800)	-1%	462,437,749	22,924,917	5%
Other assets	94,199,525	68,463,458	25,736,067	38%	64,979,267	3,484,191	5%
Total Assets	964,439,363	845,790,154	118,649,209	14%	784,282,917	61,507,237	8%
Deferred Outflows of Resources	13,828,021	9,130,881	4,697,140	51%	12,924,474	(3,793,593)	-29%
Liabilities							
Current liabilities	72,866,009	76,733,928	(3,867,919)	-5%	69,725,427	7,008,501	10%
Long-term debt, net of current portion	207,870,158	238,548,816	(30,678,658)	-13%	249,271,507	(10,722,691)	-4%
Other long-term liabilities	26,989,336	23,288,657	3,700,679	16%	25,189,029	(1,900,372)	-8%
Total Liabilities	307,725,503	338,571,401	(30,845,898)	-9%	344,185,963	(5,614,562)	-2%
Deferred Inflows of Resources	4,647,285	3,431,824	1,215,461	35%	3,833,794	(401,970)	-10%
Net Position							
Net investment in capital assets	292,670,437	263,785,297	28,885,140	11%	232,467,695	31,317,602	13%
Restricted	127,268,910	100,248,086	27,020,824	27%	85,932,423	14,315,663	17%
Unrestricted	245,955,249	148,884,427	97,070,822	65%	130,787,516	18,096,911	14%
Total Net Position	$ 665,894,596	$ 512,917,810	$ 152,976,786	30%	$ 449,187,634	$ 63,730,176	14%

Current Assets

2025 to 2026: Current assets increased in fiscal year 2025-2026 by $96.9 million or 33%. Prepaid water and other current assets decreased by $7.5 million or 25%, due to the District receiving more water outside of its allocation that was prepaid and carried over into the following fiscal year. Receivables increased by $4.2 million or 38% primarily due to a $2.1 million increase in grants receivable, which was primarily due to a Proposition 68 grant received for the Westside Subbasin Recharge Optimization Study, and another $2.2 million increase in outstanding water user receivables at year end. Those increases were offset by a slight decrease of $205K in assessments receivable. Cash and cash equivalents increased by approximately $98.6 million primarily due to the conversion of receivables and unexpected non-operating revenue.

2024 to 2025: Current assets increased in fiscal year 2024-2025 by $35.1 million or 14%. During fiscal year 2024-2025 Prepaid water and other current assets increased by $17 million or 127% due to the District receiving more water outside of its allocation that was prepaid and carried over into the following year. Receivables decreased by $10 million or 47% primarily due to a $5 million decrease in grants receivable, a $2 million decrease in refunds receivable and another $2 million reduction in outstanding water user receivables at year end. Cash and cash equivalents increased by approximately $30.8 million primarily due to the conversion of receivables and recognition of non-operating revenue.

Noncurrent Assets

2025 to 2026: Noncurrent assets increased by $25.7 million or 38%. Restricted cash and cash equivalents increased by $28.1 million from the prior year, mainly due to additional land sales and an increase in investment income. This increase was partially offset by a $1.04 million decrease in the Land Flex restricted grant receivable and an approximately $1 million decrease in banked water inventory because the amount was moved to current assets due to the expectation it would be delivered during the next year. Capital assets decreased $4.0 million, which was mainly due to the sale of 10,872 acres of land, offset by an increase in non-depreciable assets of $5.3 million that was mostly due to transmission system improvements.

2024 to 2025: In fiscal year 2024-2025 Noncurrent assets increased by $26.4 million or 5%. In fiscal year 2024-2025, restricted cash and cash equivalents increased $4.0 million from the prior year due to additional land sales and the Land Flex grant receivable increased by $306K. Non-depreciable assets increased by $18.7 million due to land purchases throughout the year, and depreciable assets increased by $4.2 million mostly due to transmission improvements during fiscal year 2024-2025.

Deferred Outflows of Resources

Deferred outflows of resources increased by $4.7 million or 51% in 2026 and decreased $3.8 or 29% in 2025. These amounts represent changes in the assumptions used in the actuarial valuation that are amortized over the service life of the participants or, for the difference between the expected and actual investment earnings, over five years.

Current Liabilities

2025 to 2026: Current liabilities decreased by $3.9 million or 5%. Unearned revenue increased by $9.0 million primarily due to water delivery proceeds collected in fiscal year 2025-26 that were considered unearned and will be recognized in fiscal year 2026-27 when the water is delivered. The current portion of long-term debt decreased by $2.8 million primarily due to the reduction in outstanding principal resulting from the defeasance of the 2016A Bonds. Accounts payable decreased by $9.5 million, which includes a decrease in refunds payable to water users of $7.7 million and a decrease in trade payables of $1.7 million.

2024 to 2025: In fiscal year 2024-2025 Current liabilities increased by $7 million or 10%. The increase in fiscal year 2024-2025 can be primarily attributed to a $9 million increase in unearned revenue due to land-based charges for extraordinary pipe repair.

Noncurrent Liabilities

2025 to 2026: Noncurrent liabilities decreased by $27.0 million or 10.3%. The noncurrent portion of long-term debt decreased $30.7 million and is attributable to the scheduled payments made on bonds, the defeasance of the 2016A Bonds and the completion of payments on the 2020B Bonds. The net pension liability decreased by $2.7 million due to recognizing positive investment earnings. More information on the District's pension plan can be found in Note H. The net OPEB liability increased by $6.4 million due to changes in actuarial assumptions. More information on the District's Other Post-Employment Benefits can be found in Note I.

2024 to 2025: During fiscal year 2024-2025 noncurrent liabilities decreased by $12.6 million or 5%. The noncurrent portion of long-term debt decreased $10.7 million and is attributable to the payments made on bond issuances. The net pension liability decreased by $66K due to the District's share of the miscellaneous risk pool decreasing and recognizing positive investment earnings. More information on the District's pension plan can be found in Note H. The net OPEB liability decreased by $1.7 million due to positive investment earnings and changes in actuarial assumptions. More information on the District's Other Post-Employment Benefits can be found in Note I.

Deferred Inflows of Resources

Deferred inflows of resources increased $1.2 million or 35% in 2026 and decreased $0.4 million in 2025 or 10% in 2025 related to pensions and other post-employment benefits due to the amortization of actuarial changes.

Net Position

Net position is the residual of all other elements. Net position increased during fiscal year 2025-2026 by $153.0 million or 30% and increased during fiscal year 2024-2025 by $63.7 million or 14%. Net position is classified into three categories: 1) net investment in capital assets; 2) restricted for specific purposes; and 3) designated and unrestricted net position.

Net investment in capital assets – This is the carrying amount of capital assets less accumulated depreciation and less any liability outstanding related to the capital assets. This amount increased by $28.9 million or 11% during fiscal year 2025-2026 , which is mainly due to a reduction in long-term capital debt of $32.4 million offset by a decrease in the net carrying value of capital assets of $4.0 million. This amount increased by $31.3 million or 13% during fiscal year 2024-2025 , which is mainly due to a reduction in long-term capital debt of $9.8 million offset by an increase in the net carrying value of capital assets of $22.9 million. Changes to the carrying value of capital assets included assets sold, assets acquired and depreciation.

Restricted for specific purposes – Items are considered restricted when constraints for their use have been imposed externally by creditors or imposed by law through constitutional provisions or enabling legislation. Included in this category is the Section 125 trust account, the debt service accounts held by the bond trustee and the land and water fund, WINN credit receivable held by Reclamation for Folsom Dam improvements and funds receivable for the Land Flex grant. This category increased by $27 million or 27% during fiscal year 2025-2026, primarily due to current year land sales and investment earnings on sales of land whose proceeds were deposited into the land and water fund that are restricted under bond covenants for the purchase of land or the repayment of debt. This category increased by

$14.3 million or 17% during fiscal year 2024-2025, primarily due to $3.1 million of gains on sale of land and investment earnings and the board approving a $10 million addition to the Rate Stabilization Fund during the year.

Unrestricted net position – The unrestricted amount of net position is the portion that is not already classified in the above categories. As a result of the net increase in assets over liabilities that was not attributable to the other net position categories, this category increased $97.1 million or 65% during fiscal year 2025-2026 and $18.1 million or 14% during fiscal year 2024-2025.

Statement of Changes in Net Position

The following is a condensed presentation of the revenues, expenses, and changes in net position for the fiscal years ending the last day of February 2026, 2025, and 2024:

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2026	2025	2026 / 2025 Variance	% Change	2024 As Restated	2025 / 2024 Variance	% Change
Revenues and Expenses							
Operating revenues	$ 159,154,260	$ 156,187,966	$ 2,966,294	2%	$ 181,258,080	$ (25,070,114)	-14%
Operating expenses	(162,019,059)	(139,751,316)	(22,267,743)	16%	(188,309,648)	48,558,332	-26%
Net (loss) income from operations	(2,864,799)	16,436,650	(19,301,449)	-117%	(7,051,568)	23,488,218	-333%
Nonoperating revenues and expenses	152,515,817	46,096,482	106,419,335	231%	35,281,608	10,814,874	31%
Capital Contributions	3,325,768	1,197,044	2,128,724	178%	7,284,056	(6,087,012)	-84%
Change in Net Position	152,976,786	63,730,176	89,246,610	140%	35,514,096	28,216,080	79%
Net position at beginning of year, as previously report	512,917,810	449,187,634	63,730,176	14%	414,191,993	34,995,641	8%
Restatement					(518,455)	518,455	
Net position at beginning of year - as restated	512,917,810	449,187,634	63,730,176	14%	413,673,538	35,514,096	9%
Net Position - End of Year	$ 665,894,596	$ 512,917,810	$ 152,976,786	30%	$ 449,187,634	$ 63,730,176	14%

Operating Revenues

2025 to 2026: Operating revenues increased by $3.0 million or 2%, compared to fiscal year 2024-2025. Revenues from water sales increased by $4.0 million, primarily due to a $5.3 million increase in irrigation water sales, partially offset by a $1.3 million decrease in municipal & industrial (M&I) water sales. The increase in irrigation water sales was driven by slightly higher deliveries, which resulted in $2.8 million in additional fees, $2.2 million from the collection of water overuse penalties, and $0.3 million from other irrigation water sales transactions. The $1.3 million decrease in M&I water sales was related to lower capital cost pass-through charges to M&I users.

2024 to 2025: In fiscal year 2024-2025 Operating revenues decreased by $25.1 million or 14% compared to fiscal year 2023-2024. Revenues from water sales decreased by $30.1 million, primarily due to decreases in irrigation water sales of $17.4 million, O&M reserve charges of $1.8 million, temporary facilities power charges $1.8 million, restoration fund charges of $5.7 million and finally $6.1 million in USBR debt repayment was moved to a land-based charge. The decreases were offset by an increase in groundwater pumping power charges of $4.2 million. Water sales to municipal & industrial (M&I) users increased $1.9 million. Land based charges increased by $1.6 million because of increases in the extraordinary pipe repair fees and District assessments and Other Operating revenues increased by $1.5 million due to increased transportation charges.

Operating Expenses

2025 to 2026: Operating expenses increased by $22.3 million or 16% from the prior fiscal year. Purchased water expenses increased by $20.7 million due to recognition of higher dollar value water supplies being delivered to users. General and administrative expenses increased by $680K due to higher pension expenses, land clearing costs, and project consultant costs. Transmission and distribution expenses increased by $306K due to higher salaries and wages and system repair costs. The remaining increase was attributable to higher depreciation and amortization expenses and other administrative costs.

2024 to 2025: During fiscal year 2024-2025 Operating expenses decreased by $48.6 million or 26% from the prior fiscal year. Purchased water expenses decreased $54.1 million mainly due to decreased water costs from the prior year's 100 percent CVP contract water allocation. General and administrative expenses increased by $3 million due to increases in pension expenses, land clearing expenses, and project consultant costs. Operational expenses related to transmission and distribution increased $2.3 million due to increases in salaries and wages and system repairs.

Non-Operating Revenues and Expenses

2025 to 2026: Non-operating revenues and expenses increased $106.4 million or 231% from fiscal year 2025-2026. Net gains from the disposal of capital assets increased by $90.9 million from fiscal year 2024-2025 due to the sale of 10,872 acres during the year. Refund revenues increased by $3.3 million due to a refund for AAA surplus water costs received from Reclamation, grant revenues decreased by $1.7 million due to a reduction of activity on the Land Flex grant and investment income increased by $263K due to higher invested funds after the land sale while other non-operating revenues increased by $6.6 million mostly due to the recognition of option payments as revenue upon completion of the related land sales. Non-operating water user refund expenses decreased by $3.6 million due to a reduction in the size of refunds received from Reclamation . Other non-operating expenses increased by $874K, including interest expense, which was mainly the purchase of equipment related to irrigation system improvement loans, which increased during the year.

2024 to 2025: In fiscal year 2024-2025 Non-operating revenues and expenses increased $10.8 million or 31% from fiscal year 2023-2024. Net revenues from the disposal of capital assets increased by $4.8 million from fiscal year 2023-2024. Refund revenues decreased by $8.8 million, grant revenues decreased by roughly $1.5 million and investment income increased by $555K while other non-operating revenues increased by $6.5 million mostly due to the inclusion of 100% of debt repayment being collected via fees. Non-operating water user refund expenses decreased by $8.8 million. Other non-operating expenses decreased by $1 million, including interest expense.

Capital Assets

The District's investment in capital assets (net of accumulated depreciation) as of the last day of February 2026 and 2025 are discussed below . This investment includes land, water rights, distribution and drainage system, buildings, vehicles, and equipment, and includes properties acquired under certain land and water acquisition programs. The total change in the District's investment in capital assets was a decrease approximately 1% in 2026 and an increase of approximately 5% in 2025.

	2026	2025 As Restated	2026 / 2025 Variance	% Change	2024 As Restated	2025 / 2024 Variance	% Change
Land	$ 5,184,136	$ 5,184,136		0%	$ 5,756,382	$ (572,246)	-10%
Other land held	96,793,877	104,214,083	$ (7,420,206)	-7%	96,889,595	7,324,488	8%
Water rights - CVP	267,739,715	267,739,715		0%	255,008,491	12,731,224	5%
Construction in progress	10,741,067	12,667,664	(1,926,597)	-15%	13,438,960	(771,296)	-6%
Land improvements	582,878	463,096	119,782	26%	13,702	449,394	3280%
Distribution system	197,452,574	189,272,465	8,180,109	4%	182,337,450	6,935,015	4%
Buildings	14,000,344	13,645,926	354,418	3%	12,694,639	951,287	7%
Furniture and fixtures/informtion systems	3,054,997	2,922,136	132,861	5%	2,917,742	4,394	0%
Equipment	2,450,372	2,418,519	31,853	1%	2,231,723	186,796	8%
Autos/trucks	4,680,178	4,533,041	147,137	3%	4,024,784	508,257	13%
Fishing club assets				0%	2,770,176	(2,770,176)	-100%
	602,680,138	603,060,781	(380,643)	0%	578,083,644	24,977,137	4%
Less accumulated depreciation	(121,309,272)	(117,698,115)	(3,611,157)	3%	(115,645,895)	(2,052,220)	2%
Capital Assets, Net	$ 481,370,866	$ 485,362,666	$ (3,991,800)	-1%	$ 462,437,749	$ 22,924,917	5%

Capital asset events during the 2025-2026 fiscal year included the following:

- Improvements to Pleasant Valley Reactance Controls worth $547K
- Improvements to the Distribution system worth $7.63 million
- Purchase of new fleet vehicles worth $608K
- Retirement of multiple fleet vehicles worth $461K
- Sale of 10,872 acres for a gain on sale of roughly $108.5 million

Capital asset events during the 2024-2025 fiscal year included the following:

- Completion of AMI Groundwell Meters worth $3.62 million
- Improvements to Pleasant Valley Reactance Controls worth $1.28 million
- Improvements to the Subline Division Valve worth $922k
- Purchase of 837.52 acres at a cost of $9.81 million
- Purchase of 1,094 acres at a cost of $10.47 million
- Sale of 1,388.13 acres for a gain on sale of roughly $16.2 million
- Sale of the District's Fresno Street office for a gain of $1.31 million

Additional information on the District's capital assets may be found in Note E in this report.

Long-term Debt

On February 28, 2026, the District's long-term debt outstanding, net of current portion, totaled $207.9 million compared to $238.5 million for the fiscal year ended February 28, 2025. This $30.7 million decrease is attributable to the annual debt service payments on outstanding bond issuances in addition to the defeasance of the 2016A bond.

Details of the District's long-term debt may be found in Note F in this report.

Economic Factors and Next Year's Budget and Rates

The District, under its 9(d) contracts, is entitled to receive up to 1,195,383 acre-feet of water per fiscal year when the CVP allocation for south of delta agricultural contractors is 100%. The District received 55% of its entitlement in the 2025-2026 fiscal year. On February 17, 2026, the Board of Directors approved the budget and rates for fiscal year 2026-2027 based upon a 20% allocation of CVP water. The budget totaled $217,130,100, an overall decrease of $12,620,000 million from the prior year.

The District collects fixed operations and maintenance charges through assessments of landowners and variable operations and maintenance charges through the water rate. In fiscal year 2017-2018, the District adopted a benefit assessment methodology based on categories of land eligible for other water and eligible for CVP allocation. The methodology was adopted for a ten-year period and fiscal year 2025-2026 was the tenth and final year of existing benefit assessment. The District is in the process of renewing the benefit assessment and will complete an engineer's report, mail notices, and ballots to affected landowners, and hold a public hearing in accordance with Proposition 218 requirements. The public hearing and ballot tabulation are scheduled for December 15th, 2026. At this time, the District does not have plans to change the benefit assessment methodology and will continue to use the same assessment land categories: lands eligible for other water wand lands eligible for CVP allocation.

In addition to water rates and benefit assessments, the District collects separate land-based charges for certain property-related costs or obligations that are allocated to the lands or users associated with those costs. With the defeasance of the 2016A Bonds, the District Water Supply land-based charge is no longer collected. Other land-based charges continue to be collected, as applicable, to fund extraordinary pipe repair, USBR capital repayment, Sustainable Groundwater Management Act (SGMA) compliance, and Irrigated Lands Regulatory Program (ILRP) compliance. These charges are assessed based on the applicable land characteristics or landowner participation related to each charge.

A comparison of these rates between 2024-2025 and 2025-2026 is detailed below:

Land-Based Charges	2025-2026	2026-2027	Change
District Water Supply Rate – Pre-Merger	$ 2.10	$ 0.00	$ (2.10)
District Water Supply Rate – Merged	$ 4.88	$ 0.00	$ (4.88)
Extraordinary Pipe Repair	$ 2.91	$ 3.00	$ 0.09
USBR Capital Repayment Debt Service	$ 26.16	$ 12.66	$(13.50)
Sustainable Groundwater Mgmt. Act	$ 1.41	$ 2.50	$ 1.09
Westlands Water Quality Coalition	$ 2.81	$ 3.73	$ 1.12

The agricultural water rate for 2026-2027 is $178.59 per acre foot. This rate includes pass-through rates from the United States Bureau of Reclamation and the San Luis and Delta-Mendota Water Authority. The District's municipal and industrial water supply rate is $233.44 per acre foot.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If you have any questions about the information contained in this report or need additional financial information, contact the Finance and Administration Division at Westlands Water District, 286 W Cromwell, Fresno, CA 93711.

WESTLANDS WATER DISTRICT

STATEMENT OF NET POSITION

February 28, 2026 and 2025

	2026	2025 (as Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 344,562,371	$ 245,950,007
Receivables:		
Water and other users	10,220,203	8,069,454
Landowner assessments/land-based charges	476,760	681,955
Grants receivable	3,507,493	1,440,775
Interest receivable	80,095	44,927
Current portion of notes receivable	663,452	557,644
Supplies inventory	5,390,510	4,769,195
Banked water inventory	989,580	
Prepaid water and other current assets	22,978,508	30,450,073
Total current assets	388,868,972	291,964,030
Noncurrent assets:		
Restricted cash and cash equivalents	70,538,309	42,475,013
Restricted grants receivable - LandFlex program	335,960	1,378,432
Advances to water users	285,330	305,910
Deposits	50,305	126,399
Banked water inventory	11,099,874	12,089,454
Noncurrent portion of notes receivable	1,089,244	945,682
Restricted refund receivable held for Folsom Dam improvements	7,852,641	7,852,641
Prepaid expenses, net - debt insurance costs	2,947,862	3,289,927
Capital assets:		
Nondepreciable	380,458,795	389,805,598
Depreciable, net	100,912,071	95,557,068
Total capital assets, net	481,370,866	485,362,666
Total noncurrent assets	575,570,391	553,826,124
TOTAL ASSETS	964,439,363	845,790,154
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	92,662	98,453
Pension plan	5,059,890	6,747,048
Other postemployment benefits plan	8,675,469	2,285,380
TOTAL DEFERRED OUTFLOWS OF RESOURCES	13,828,021	9,130,881
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	9,125,164	10,862,986
Accounts payable - refunds to water users	12,162,816	19,883,107
Accrued interest payable	3,405,772	3,994,268
Unearned revenue	40,782,168	31,757,409
Current portion of long-term liabilities	7,390,089	10,236,158
Total current liabilities	72,866,009	76,733,928
Noncurrent liabilities:		
Noncurrent portion of long-term liabilities	207,870,158	238,548,816
Net pension liability	17,943,065	20,668,625
Net other postemployment benefits liability	9,046,271	2,620,032
Total noncurrent liabilities	234,859,494	261,837,473
TOTAL LIABILITIES	307,725,503	338,571,401
DEFERRED INFLOWS OF RESOURCES		
Debt refunding		753,730
Pension plan	3,218,284	1,191,136
Other postemployment benefits plan	1,429,001	1,486,958
TOTAL DEFERRED INFLOWS OF RESOURCES	4,647,285	3,431,824
NET POSITION		
Net investment in capital assets	292,670,437	263,785,297
Restricted:		
Restricted for specific purposes	78,726,910	51,706,086
Rate stabilization fund	31,700,000	31,700,000
Special purpose fund	16,842,000	16,842,000
Unrestricted	245,955,249	148,884,427
NET POSITION	$ 665,894,596	$ 512,917,810

The accompanying notes are an integral part of these financial statements.

WESTLANDS WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended February 28, 2026 and 2025

	2026	2025 Water District Fund (as Restated)	2025 Other Fund (as Restated)	2025 Total
OPERATING REVENUES				
Irrigation water sales	$ 131,941,990	$ 126,612,570		$ 126,612,570
Municipal and industrial water sales	2,698,985	4,020,179		4,020,179
Land-based charges and assessments	23,911,722	23,573,884		23,573,884
Other operating revenues	601,563	1,981,333		1,981,333
TOTAL OPERATING REVENUES	159,154,260	156,187,966		156,187,966
OPERATING EXPENSES				
Purchased water	115,401,444	94,702,563		94,702,563
Pumping	643,053	661,376		661,376
Transmission and distribution	10,686,661	10,381,113		10,381,113
Customer accounts	3,408,230	3,216,135		3,216,135
General and administrative	27,508,741	26,828,951		26,828,951
Depreciation and amortization	4,064,096	3,626,296		3,626,296
Other operating expenses	306,834	334,882		334,882
TOTAL OPERATING EXPENSES	162,019,059	139,751,316		139,751,316
NET INCOME (LOSS) FROM OPERATIONS	(2,864,799)	16,436,650		16,436,650
NONOPERATING REVENUES (EXPENSES)				
Refund revenue	8,069,296	4,783,297		4,783,297
Grant income	917,213	2,628,756		2,628,756
District water supply	1,761,581	2,174,379		2,174,379
Other nonoperating revenues	25,950,844	19,334,067		19,334,067
Investment income	14,311,484	14,047,649		14,047,649
Gain on disposal of capital assets	108,521,917	17,604,616		17,604,616
Gain on refunding	4,698,094			
Refunds to water users	(2,236,035)	(5,871,681)		(5,871,681)
Interest expense	(7,470,161)	(8,262,026)		(8,262,026)
Other nonoperating expenses	(2,008,416)	(342,575)		(342,575)
TOTAL NONOPERATING REVENUE (EXPENSES)	152,515,817	46,096,482		46,096,482
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	149,651,018	62,533,132		62,533,132
CAPITAL CONTRIBUTIONS				
Capital contributions				
State	3,325,768	1,119,537		1,119,537
Federal		77,507		77,507
TOTAL CAPITAL CONTRIBUTIONS	3,325,768	1,197,044		1,197,044
CHANGE IN NET POSITION	152,976,786	63,730,176		63,730,176
Net position at beginning of year, as previously reported	512,917,810	447,692,748	$ 1,494,886	449,187,634
Restatement - change within reporting entity		1,494,886	(1,494,886)	
Net position at beginning of year, as restated	512,917,810	449,187,634		449,187,634
NET POSITION AT END OF YEAR	$ 665,894,596	$ 512,917,810	$ -	$ 512,917,810

The accompanying notes are an integral part of these financial statements.

WESTLANDS WATER DISTRICT

STATEMENT OF CASH FLOWS

For the Years Ended February 28, 2026 and 2025

	2026	2025 (as Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	$ 166,423,478	$ 155,107,396
Cash paid for water purchases	(115,401,444)	(94,936,229)
Cash paid to suppliers for goods and services	(26,381,450)	(30,631,556)
Cash paid to employees for services	(17,539,166)	(14,067,339)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	7,101,418	15,472,272
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants	2,248,092	10,648,505
Proceeds from other nonoperating activities	31,537,270	20,077,487
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	33,785,362	30,725,992
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants	970,643	(1,831,624)
Interest payments on long-term liabilities	(13,589,329)	(8,845,023)
Principal payments on long-term liabilities	(28,767,095)	(9,276,726)
Debt refunding to net escrow	4,698,094	
Purchases of capital assets	(7,606,079)	(28,156,964)
Proceeds from disposal of capital assets	116,055,700	19,210,367
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	71,761,934	(28,899,970)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	14,276,316	14,043,580
Principal payments received on notes receivable	(249,370)	333,112
NET CASH PROVIDED BY INVESTING ACTIVITIES	14,026,946	14,376,692
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	126,675,660	31,674,986
Cash and cash equivalents, beginning of year	288,425,020	256,750,034
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 415,100,680	$ 288,425,020
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and cash equivalents	$ 344,562,371	$ 245,950,007
Restricted cash and cash equivalents	70,538,309	42,475,013
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 415,100,680	$ 288,425,020

WESTLANDS WATER DISTRICT

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended February 28, 2026 and 2025

	2026	2025 (as Restated)
RECONCILIATION OF NET INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net income (loss) from operations	$ (2,864,799)	$ 16,436,650
Adjustments to reconcile net income from operations to net cash provided (used) by operating activities:		
Depreciation and amortization	4,064,096	3,626,296
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Receivables:		
Water and other users	(2,150,749)	2,156,516
Refund receivable		2,286,942
Landowner assessments	205,195	(235,994)
Supplies inventory	(621,315)	80,101
Prepaid water and other current assets	7,471,565	(17,040,079)
Advances to water users	20,580	88,500
Deposits	76,094	356,954
Banked water inventory		(233,666)
Prepaid expenses, net - debt issuance costs	342,065	222,783
Pension and OPEB deferred outflows of resources	(4,702,931)	3,787,802
Accounts payable and accrued expenses	(1,737,822)	(5,009,387)
Accounts payable - refunds to water users	(7,720,291)	1,932,812
Unearned revenue	9,024,759	9,150,996
Compensated absences	25,101	12,245
Net pension and OPEB liabilities	3,700,679	(1,809,887)
Pension and OPEB deferred inflows of resources	1,969,191	(337,312)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 7,101,418	$ 15,472,272
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:		
Change in unrealized gains/losses on investments	$ 605,497	$ 1,262,576

The accompanying notes are an integral part of these financial statements.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Westlands Water District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted accounting standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

Organization: Westlands Water District (the District) was organized under Division 13 of the California Water Code in 1952 as a California water district. The District administers delivery of water from the United States Bureau of Reclamation's (Reclamation) Central Valley Project (CVP) to water users primarily consisting of water users involved in the Central California agriculture industry within the District's boundaries encompassing approximately 614,700 acres in Fresno and Kings Counties, of which approximately 564,000 acres are irrigable and approximately 467,000 acres are entitled to receive contract water from the District. The water is purchased from Reclamation and sold to water users at prices designed to cover the cost of purchasing the water, plus the administrative, operating and maintenance expenses of the District. In addition to administering water delivery, the District also implements state and federal regulations, is a member of a power utility, manages District owned land, maintains distribution and conveyance infrastructure.

Reclamation constructed a distribution and drainage system in the 1960s and 1970s to convey water within the District's boundaries. This system provides water service to all but approximately 70,000 acres of District land. The District currently provides agricultural water service to approximately 642 water user accounts through over 2,668 meters and municipal and industrial water to approximately 194 water user accounts. The District had two separate contracts, a 20-year and a 40-year contract with Reclamation to repay the construction costs. The obligation for the 20-year contract was completed in December 2000 and the obligation for the 40-year contract was completed in 2018. During the 2019-20 fiscal year, the District operated under IRCs. The IRCs were renewed on or about February 29, 2020 and continued to provide the terms for water service until the IRCs were converted to repayment contracts (referred to individually as "9(d) Contract" or collectively as "9(d) Contracts". The 9(d) Contracts are perpetual contracts for water service from the CVP that provides up to 1,150,000 acre-feet of CVP water to the District, subject to "conditions of shortage" described in the 9(d) contract. The following table provides the effective date for conversion of each of the IRCs:

Contract	9(d) Contract Number	Effective Date
Westlands Water District	14-06-200-495A-IR1-P	June 1, 2020
Centinella Assignment (DD1)	07-07-20-W0055B-IR5-P	June 1, 2020
Broadview Assignment (DD1)	14-06-200-8092-IR5-P	June 1, 2020
Widren Assignment (DD1)	14-06-200-8018B-IR5-P	June 1, 2020
Mercy Springs 2-way Partial Assignment (DD1)	14-06-200-3365AB-IR5-P	June 1, 2020
Mercy Springs Partial Assignment (DD2)	14-06-200-3365AC-IR5-P	July 1, 2020
Oro Loma Partial Assignment	14-06-200-7823J-LTR1-P	October 1, 2020

State law provides for the election of a nine-member governing Board of Directors (the Board) by District landowners, or their representatives, each voting according to the District's assessed value of the landowner's land within the District. The District is not subject to state or federal income taxes.

Reporting Entity: GASB Statement No. 61, *The Financial Reporting Entity,* amends GASB Statement No. 14, *The Financial Reporting Entity,* and GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis–for State and Local Governments.* Under GASB Statement No. 61, fiscal dependency alone no longer requires inclusion of a potential component unit. Instead, to justify inclusion, a financial benefit or burden relationship must also exist between the potential component unit and the primary government.

A primary government must be a legally separate entity, with a separately elected governing body, that is fiscally independent in its financial management. The District's blended component units, the Westlands Water District Financing Corporation and the San Luis Unit/Westlands Water Financing Authority, are included in these financial statements. GASB 85 reaffirms inclusion of component unit if paragraph 53 of GASB Statement No. 14, as amended, is met whereby the component unit has the same governing body and provides service entirely or almost entirely to the primary government. The financial statements include the activities of the Broadview Water District that was merged into and became a part of the District but has not been formally dissolved by the Local Agency Formation Commission.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation: The District's resources are accounted for in these basic financial statements using the enterprise fund type of the proprietary fund group. A fund is a self-balancing set of accounts. The District's activities are financed and operated in a manner similar to that of a private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to its customers on a continuing basis are financed or recovered primarily through user charges. Net position of enterprise funds represents the amounts available for future operations.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the District's activities are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recorded when earned while expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The District reports the following major proprietary fund:

> The Water District fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. As discussed in Note O, the District previously reported the Other Fund used to disclose the activities of a fishing club in Shasta County, California, which was combined with the Water District Fund as of March 1, 2024.

The District's funds distinguish between operating revenues and expenses and nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District's ongoing operations. The principal operating revenues of the District are irrigation water sales and land-based charges and assessments. Operating expenses include water purchases, pumping costs, transmission and distribution system costs, administrative expenses, depreciation and amortization on capital assets and water rights. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, including refunds received from Reclamation, the San Luis & Delta-Mendota Water Authority and others for previous year rate adjustments and related refunds to District water users.

Net position is reported in three components defined as follows:

- *Net Investment in Capital Assets* – This component of net position consists of capital assets, net of accumulated depreciation reduced by the outstanding debt and capital payables related to the capital assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the assets or debt are also included in this component.

- *Restricted* – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The District's restricted net assets are discussed in Note G.

- *Unrestricted* – This component consists of net position that does not meet the definition of restricted or net investment in capital assets.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Under GAAP, the Statement of Cash Flows is required to be presented using the direct method of presentation. The statement is also required to present a reconciliation of operating cash flows to operating income (loss).

Management's Discussion and Analysis: GASB requires the basic financial statements be supplemented by a narrative introduction and analytical overview of the District's financial activities in the form of a "Management's Discussion and Analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of organizations in the private sector.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Control: Annual budgets are approved and adopted each year by the District's Board. The budget is used to estimate annual revenues and expenditures and is amended primarily upon Board committee or Board approval. Budgeting control is maintained at the department level.

Cash and Cash Equivalents: Cash and cash equivalents include investments in highly liquid debt instruments, when present, with an original maturity of three months or less or subject to withdrawal upon request. The District's investment pool utilizes investments authorized by Section 53601 of the California Government Code and is further defined by the District's investment policy. Revisions, if any, to the District's investment policy are reviewed and approved by the Board in accordance with Section 53646(a)(2) of the California Government Code. Authorized investments include the following:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer	Minimum Rating
Local agency bonds	5 Years	None	None	N/A
U. S. Treasury obligations	5 Years	None	None	N/A
U.S. Agency securities	5 Years	None	None	N/A
California local agency obligations	5 Years	None	None	N/A
Bankers acceptances	180 Days	40%	30%	N/A
High grade commercial paper	270 Days	40%	10%	A-1
Non-negotiable certificates of deposits	5 Years	50%	30%	N/A
Medium term corporate notes	5 Years	30%	None	A
Money market mutual funds	N/A	20%	None	AAA
Repurchase agreements	7 Days	None	None	N/A
County pooled investments	N/A	None	None	N/A
Joint Powers Authority Pool	N/A	None	None	N/A
California Local Agency Investment Fund (LAIF)	N/A	None	None	N/A
Local government investments pools	N/A	None	None	N/A

*Excluding amounts held by bond trustees that are not subject to California Government code restrictions.

Allowable investments for bond proceeds are governed by the related bond trust agreement rather than the District's investment policy or the California Government Code. Investments authorized by the District's bond trust agreements are generally consistent with authorized investments under the California Government Code. However, the trust agreements add additional rating requirements by Moody's and Standard & Poor's, including the highest letter and number rating for municipal bonds and banker's acceptances, a rating of A2/A for state obligations and a rating of A1/A1+/P-1 on short term certificates of deposit of domestic commercial banks issuing banker's acceptances.

Fair Value Measurements: GASB Statement No. 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs, other than quoted prices; and Level 3 inputs are significant unobservable inputs.

Accounts Receivable: The District's management believes that all accounts receivable from water users and others are fully collectible for the years ended the last day of February 2026 and 2025. Accordingly, an allowance for doubtful accounts has not been recorded in these financial statements.

Inventory: Inventory consists of operating supplies used in the course of maintaining operations and are recorded on the basis of cost, determined by a weighted average which does not exceed net realizable value.

Prepaid Water and Other Current Assets: Prepaid water includes advance payments made for water, either rescheduled or supplemental, that have not been delivered to the user Payments received from water users for undelivered water with expenses reported as prepaid water are reported as unearned revenue until the water is delivered. Other current assets include prepaid insurance, employee benefits and bond debt service applicable to the next fiscal year.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Banked Water Inventory: The District operates a groundwater recharge program to generate groundwater credits to benefit groundwater users, minimize cap and rescheduling losses, ensure the groundwater subbasin achieves sustainability by 2040, maximize conjunctive uses and avoid concentrated pumping in the Westside Subbasin. Under the District's Policy for Allocating District Groundwater Recharge Credits, groundwater credits will be allocated by staff if the CVP allocation is 25% or less and the subbasin's groundwater levels are not within 15% or less of established minimum thresholds, unless otherwise directed by the Board. No more than one third of the groundwater credit inventory will be disposed of in any given year under the policy. Groundwater credits will be allocated on or before May 31 to groundwater users that submit a timely application for groundwater allocation and the user will pay for use of the groundwater credits according to Article 2 rules and regulations. As of the last day of February 2026 and 2025, the District had 71,564 and 73,300 acre-feet of shared groundwater credits.

Equipment Notes Receivable: The District provides financing of certain irrigation equipment to various water users under two loan programs. See Note C for the terms of the loan programs. The amounts are included on the statement of net position as notes receivable.

Restricted Refund Receivable: The District received a refund from Reclamation for an overpayment made when the District repaid its capital obligation for the CVP as described in Note E. However, Reclamation withheld part of the refund and is holding it for future Folsom Dam improvements. The amount will be considered collected when applied to the District's share of Folsom Dam improvement costs.

Prepaid Expenses – Debt Insurance Costs: Under GASB 65, *Items Previously Reported as Assets and Liabilities,* prepaid insurance costs related to debt issues are required to be amortized over the life of the related debt. Prepaid insurance costs associated with debt are amortized using the straight-line method over the life of the related debt.

Capital Assets: Capital assets are recorded at historical cost. Donated capital assets are recorded at their acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Capital assets are defined as assets with an initial individual cost of $5,000 or more and an estimated useful life in excess of one year. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 10 to 75 years for distribution, drainage and related facilities, 20 to 40 years for buildings and 2 to 25 years for other operating equipment. The cost of assets sold or retired (and the related accumulated depreciation) is eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized as a nonoperating revenue or expense. Expenditures for maintenance, repairs and renewals are charged to expenses as incurred, while expenditures for significant improvements that increase the value or extend the useful life of the asset are capitalized.

The District capitalizes water rights according to GASB Statement No. 51, *Intangible Assets*, as well as the construction costs for irrigation water distribution and drainage collector facilities which have been constructed by Reclamation and to which title is retained by the United States of America. A liability for repayment was recorded by the District. The obligation was relieved in 2018 and the District is working with Reclamation to facilitate transfer of title, which could take several years.

Land and Water Rights: The District's Board of Directors authorized a Land and Water Acquisition Program in 1998. When land and water rights are purchased together, the District values the land at 39% of the cost and the water rights at 61% of the cost. The value of the water rights was previously amortized using the straight-line method over what was the remaining life of the District's water service contracts with Reclamation, or up to 34 years, based upon the expiration of the contracts on December 31, 2007, and the guaranteed renewal for a minimum of 25 years as provided by the CVP Improvement Act. The IRCs were converted to the 9(d) Contracts, which are perpetual. The District reclassified the net unamortized water rights to non-depreciable capital assets on March 1, 2021. More information on the District's Land and Water Acquisition Program may be found in Note J to the financial statements.

Accounts Payable – Refunds to Water Users: Accounts payable – refunds to water users includes refunds of purchased water expenses from external parties that were approved to be refunded to water users by the Board of Directors as well as overpayments on water user accounts that are expected to be refunded.

Deferred Outflows/Inflows of Resources: Deferred outflows of resources represent a consumption of net position that applies to future periods. Deferred inflows of resources represent an acquisition of net position that is applicable

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earnings process is complete. Items in these categories include deferred outflows and inflows on debt refunding that are amortized over the life of the related debt and deferred outflows or inflows related to the District's pension and other postemployment benefits (OPEB) plans, including changes in assumptions or other differences that occurred during the fiscal year, as described in Notes H and I.

Compensated Absences: Under GASB Statement No. 101, a liability for compensated absences is recognized for unused leave for services already rendered if the leave accumulates and is more likely than not to be used for time-off or otherwise paid in cash or settled through noncash means. The District's policy allows employees to accumulate annual leave, capped at 240 hours, and an unlimited amount of medical leave. Upon termination, employees will be paid their accrued annual leave at the employee's rate of pay upon separation. Upon separation from the District, an employee who is eligible for retirement with California Public Employees Retirement System (CalPERS) shall have the remaining unused medical leave converted to service credit on an hour for hour basis, up to a maximum of six months additional service credit, subject to the rules and regulations of CalPERS. Up to 6 months of medical leave is included in the District's net pension liability and is excluded from the compensated absences liability according to GASB Statement No. 101.

Net Pension Liability: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS as described in Note H. 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.

Other Postemployment Benefits (OPEB): For purposes of measuring the net OPEB and deferred outflow/inflows of resources related to the OPEB and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes as described in Note I. Investments are reported at fair value.

Lease and Subscription Liabilities: Lease and subscription-based technology arrangement (subscription) liabilities represent the District's obligation to make lease and subscription payments arising from lease agreements and subscription contracts. Liabilities are recognized at the lease and subscription commencement date based on the present value of future payments expected to be made during the lease and subscription terms. The payments are discounted at the rate inherent in the lease agreement or subscription contract or, if not determinable, at an estimated incremental borrowing rate. The District considers all lease agreements and subscription contracts to be immaterial to the financial statements and have not recognized lease or subscription assets or liabilities in the statement of net position.

Property Assessments: The District levies an assessment on all landowners within the District's boundaries typically each fiscal year. After the assessment roll is completed and the District has made the roll available for public review, the District then equalizes the assessment roll. Liens are then placed on the land and assessments become due and payable within six months from the date of the lien. The assessments were levied on May 16, with a lien date of May 16. The assessments were due on November 16. Penalties and interest are assessed if payment is not received by the due date.

Land-Based Charges: Certain costs associated with improving or enhancing the water supply within the District and improving the distribution system are passed along to District landowners in the form of land-based charges. The payments are due in one or two installments depending on the type of charge and the location of the land within the District. The first installment was due on March 27, and the second installment was due on September 25.

Revenue Recognition: Water sales are recorded when water is delivered to the water user. Assessments are recorded when levied. When prepayments or deposits are received on future water deliveries, they are recorded as unearned revenue and recognized as revenue when the water is delivered to the water user. District land-based charges are recognized as revenue in the year the installments are due.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 102: In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes a primary government, or reporting unit that reports a liability for revenue debt, vulnerable to the risk of a substantial impact and to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to occur within 12 months of the date the financial statements are issued. If the criteria in the Statement have been met for a concentration or constraint, the government should disclose information in notes to financial statements in sufficient detail to enable users of financial statements understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The provisions of this Statement were implemented during the year ended February 28, 2026 and had no effect on the District's financial statements.

New Accounting Pronouncements Not Yet Adopted

Governmental Accounting Standards Board Statement No. 103: In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability, including 1) certain topics and disclosures in Management's Discussion and Analysis; 2) requiring the display of inflows and outflows of unusual and infrequent items to be reported separately as the last presented flow(s) of resources prior to the net change in resources flows in the government-wide, governmental fund, and proprietary fund statement of resources flows; 3) changing the definition of proprietary fund nonoperating revenues and expenses to include subsidies received and provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory and investment income and expenses and defines operating revenues and expenses as revenue and expenses other than nonoperating revenue and expenses; 4) requires major component units to be presented separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and 5) requires budgetary comparison schedules to be reported as Required Supplementary Information (RSI), requires the presentation of variances between original and final budget amounts and final budget and actual amounts in the RSI and requires the explanation of significant variances to be reported in notes to the RSI. The provisions of this Statement are effective for years beginning after June 15, 2025.

Governmental Accounting Standards Board Statement No. 104: In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires lease assets recognized in accordance with GASB Statement No. 87, Leases, right-to-use assets recognized in accordance with GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, subscription assets recognized in accordance with GASB Statement. No 96, Subscription-Based Information Technology Arrangements, and other intangible assets to be disclosed separately in capital assets footnote disclosures. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should disclose the ending historical cost and accumulated depreciation by major class of asset and the carrying amount of debt for which the assets are pledged as collateral by major class of asset held for sale under this Statement. The provisions of this Statement are effective for fiscal years beginning after June 15, 2025.

Governmental Accounting Standards Board Statement No. 105: In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued, requires the date through which subsequent events have been evaluated to be disclosed and provides other disclosure requirements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2026.

The District will fully analyze the impact of these new Statements prior to the effective dates listed above.

NOTE B – CASH AND INVESTMENTS

Cash and investments are classified in the accompanying financials statements as of the last day of February:

	2026	2025
Cash and cash equivalents	$344,562,371	$245,950,007
Restricted cash and cash equivalents	70,538,309	42,475,013
Total cash and cash equivalents	$415,100,680	$288,425,020

Cash and investments consisted of the following as of the last day of February:

	2026	2025
Cash on hand	$ 183	$ 175
Bank deposits	3,398,028	(4,992,134)
Total cash and deposits	3,398,211	(4,991,959)
Local Agency Investment Fund (LAIF)	6,706,152	6,446,270
Investment Trust of California (CalTRUST)	374,245,587	283,235,568
U.S. Treasury State and Local Government Series Securities (SLGS)	27,600,001	
Investments with fiscal agents - money market mutual funds	3,150,729	3,735,141
Total investments	411,702,469	293,416,979
Total cash and investments	$415,100,680	$288,425,020

Interest Rate Risk: In accordance with its investment policy, the District manages its exposure to changes in market interest rates by diversifying its investment in various security types and institutions. In addition, the maximum authorized term of maturity shall be five years unless authorized by the Board of Directors; provided, the weighted average maturity of all investments is 36 months or less.

The following table illustrates the distribution of the District's investments by maturity as of the last day of February:

	2026		
Investment Type	Total	12 Months or Less	25 to 60 Months
Local Agency Investment Fund (LAIF)	$ 6,706,152	$ 6,706,152	
Investment Trust of California (CalTRUST)	374,245,587	302,928,549	$ 71,317,038
U.S. Treasury SLGS	27,600,001	27,600,001	
Investments with fiscal agent - money market mutual funds	3,150,729	3,150,729	
Total Investments	$ 411,702,469	$ 340,385,431	$ 71,317,038

	2025		
Investment Type	Total	12 Months or Less	25 to 60 Months
Local Agency Investment Fund (LAIF)	$ 6,446,270	$ 6,446,270	
Investment Trust of California (CalTRUST)	283,235,568	215,314,149	$ 67,921,419
Investments with fiscal agent - money market mutual funds	3,735,141	3,735,141	
Total Investments	$ 293,416,979	$ 225,495,560	$ 67,921,419

Credit Risk: The District limits its exposure to credit risk, that is, the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment, by limiting its investments to instruments with the top ratings issued by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating for each investment type as of the last day of February:

NOTE B – CASH AND INVESTMENTS (Continued)

			2026			
		Minimum	Ratings as of Year-end			
Investment Type	Total	Rating	Aaa/AAA	AAf	AA-f	Not Rated
Local Agency Investment Fund (LAIF)	$ 6,706,152	N/A				$ 6,706,152
Investment Trust of California (CalTRUST)	374,245,587	AAA	$170,562,689	$ 132,365,860	$ 71,317,038	
U.S.Treasury SLGS	27,600,001	AAA	27,600,001			
Investments with fiscal agent:						
Money market mutual funds	3,150,729	(1)	3,150,729			
Total Investments	$411,702,469		$201,313,419	$ 132,365,860	$ 71,317,038	$ 6,706,152

			2025			
		Minimum	Ratings as of Year-end			
Investment Type	Total	Rating	Aaa/AAA	AAf	AA-f	Not Rated
Local Agency Investment Fund (LAIF)	$ 6,446,270	N/A				$ 6,446,270
Investment Trust of California (CalTRUST)	283,235,568	AAA	$ 91,420,737	$ 123,893,412	$ 67,921,419	
Investments with fiscal agent:						
Money market mutual funds	3,735,141	(1)	3,735,141			
Total Investments	$293,416,979		$ 95,155,878	$ 123,893,412	$ 67,921,419	$ 6,446,270

(1) Must be rated the highest rating by 2 of the 3 nationally recognized rating agencies.

Concentration of Credit Risk: The District's investment policy provides for diversification of investments by security type and institution. There are no investments in any one issuer, other than investment pools, that represent 5% or more of total District investments.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. In accordance with the California Government Code, the District's financial institution secures deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities must equal at least 110% of the total amount deposited by the public agencies. As of the last day of February 2026, the District had deposits with a carrying amount of $3,398,028 and a balance in financial institutions of $4,749,581. Of the balance in financial institutions, $500,000 was covered by federal depository insurance and the remaining amount was secured by a pledge of securities by the financial institution, but not in the name of the District. As of the last day of February 2025, the District had deposits with a carrying amount of ($4,992,134) and a balance in financial institutions of $927,171. Of the balance in financial institutions, $250,000 was covered by federal depository insurance and the remaining amount was secured by a pledge of securities by the financial institution, but not in the name of the District.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of the last day of February 2026 and 2025, none of the District's investments were subject to custodial credit risk.

Investments in External Investment Pools: The District is a voluntary participant in the following external investment pools: Local Agency Investment Fund (LAIF) and the Investment Trust of California (CalTRUST). LAIF is regulated by the California Government Code under the oversight of the Treasurer of the State of California. CalTRUST is administered under the oversight of a Board of Trustees, comprised of experienced investment managers. The weighted average maturity of investments held by LAIF was 258 days and 237 days as of the last day of February 2026 and 2025 respectively. The District invests in the CalTRUST liquidity, short-term and medium-term pools. The fair value of the District's investments in these pools are reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the pools for their entire portfolio (in relation to the amortized cost of that portfolio). The weighted average maturity of the liquidity, short-term and medium-term pools in CalTRUST was 46, 292, and 861 days, respectively, as of the last day of February 2026 and 42, 303 and 854 days, respectively, as of the last day of February 2025.

NOTE B – CASH AND INVESTMENTS (Continued)

Fair Value Measurements: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of investments. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant observable inputs. When quoted prices in active markets are not readily available, fair values are based on pricing models or matrices maximizing the use of observable inputs for similar securities. Level 3 inputs are significant observable events. Money market mutual funds are at $1 net asset value per share. This type of investment trades daily and primarily invests in short-term U.S. Treasury and government agency securities and repurchase agreements collateralized by such securities. The District's investments in LAIF and CalTRUST are not categorized under the fair value hierarchy.

NOTE C – NOTES RECEIVABLE

Notes receivable consisted of a long-term note with Santa Clara Valley Water District and equipment notes as follows as of the last day of February:

	2026		
	Total	Current	Noncurrent
Irrigation equipment notes	$ 1,351,261	$ 466,527	$ 884,734
Note receivable from Santa Clara Valley Water District	401,435	196,925	204,510
Total notes receivable	$ 1,752,696	$ 663,452	$ 1,089,244

	2025		
	Total	Current	Noncurrent
Irrigation equipment notes	$ 913,098	$ 368,851	$ 544,247
Note receivable from Santa Clara Valley Water District	590,228	188,793	401,435
Total notes receivable	$ 1,503,326	$ 557,644	$ 945,682

The District provides funding to water users for the lease-purchase of irrigation system equipment under the Expanded Irrigation System Improvement Program (EISIP) and Expanded Irrigation System Improvement Program/Public Purpose Program (P3) Grant (EISIP/P3). The EISIP allows funding up to $200,000 with a 20% down payment and repayment over a maximum term of four years at 3.1%. Applicants must designate 160 acres of non-annexed land as security for the borrowing. The EISIP/P3 offers similar terms and allows water users to apply for the lesser of $70,000 or 35% of the total borrowing in grant funding. The lease-purchase agreements are considered notes receivable under GASB Statement No. 87 as the water users will own the equipment at the end of the term.

Future minimum payments receivable under irrigation system equipment notes were as follows as of the last day of February:

	2026	2025
2026		$ 368,851
2027	$ 466,527	261,499
2028	435,286	222,650
2029	279,373	60,098
2030	170,075	
	$ 1,351,261	$ 913,098

NOTE C – NOTES RECEIVABLE (Continued)

As of the last day of February 2026 and 2025, the District had a note receivable from Santa Clara Valley Water District in the amount of $401,435 and $590,228, respectively, payable at an amount equal to one-half the annual net debt service costs incurred by the District to finance the acquisition of the rights to water acquired from Mercy Springs Water District. Payments from Santa Clara Valley Water District are to be made two times per year on a date not less than 90 days prior to the date the District is obligated to pay the principal and interest on the debt. Remaining yearly principal payments range from $196,925 to $204,510 and remaining semi-annual interest payments range from $5,112 to $10,035, which are due on March 1 and September 1. The maturity date of the note is September 1, 2027.

NOTE D – RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents consisted of the following balances as of the last day of February:

	2026	2025
Section 125 Trust account	$ 9,007	$ 2,422
LandFlex grant unspent funds	75,007	87,872
Bond Indenture Agreements – Series 2016A, principal and interest	4,601	546,661
Bond Indenture Agreements – Series 2020A, principal and interest	3,146,128	3,188,480
Bond Indenture Agreements - Series 2020A, unspent proceeds	905,325	868,529
Bond Indenture Agreements - Series 2020B, unspent proceeds	141,384	135,638
Land and Water Fund	66,256,857	37,645,411
Total	$70,538,309	$42,475,013

The Section 125 Trust is a cafeteria plan held for employee benefits.

LandFlex Grant Unspent Funds: The District receives restricted State LandFlex grant funds when agreements are approved with landowners in the District to provide a response to drought scenarios as defined in Water Code Section 13918(a) that is intended to address immediate impacts on human health and safety, address immediate impacts on fish and wildlife resources and provide water to persons or communities that lose or are threatened with the loss or contamination of water. Under the program, landowners are provided payments of $350 for each acre-foot not consumed due to conservation efforts, $1,000 (or $700 for transitional Water Year 2023) for each acre-foot of Transitional Allocation foregone for the enrolled lands, and payments ranging from $250 to $2,800 for the permanent removal of permanent tree crops, purchasing upcycled agricultural waste for dairy feed replacing, and planning cover crops that use natural rainfall to grow.

Bond Indenture Agreements – Series 2016A: During the year ended February 28, 2017, $51,280,000 Series 2016A Refunding Revenue Bonds were issued to refund the outstanding Revenue Certificates of Participation, Series 2005A and Series 2007A and Adjustable-Rate Refunding Revenue Certificates of Participation, Series 2008A. In accordance with the offering, a Bond Reserve Fund was required to be established. A Surety Policy held by the trustee has been provided as an alternative to the District depositing the funds. The face amount of the Surety Policy is equal to the Reserve requirement and the premium was fully paid at the time of delivery of the 2016A Bonds. As of the last day of February 2026 and 2025, the District had $4,601 and $546,661, respectively, in the Payment Fund for the payment due March 1.

Bond Indenture Agreements – Series 2020A: During the year ended February 28, 2021, the San Luis Unit/Westlands Water District Financing Authority issued $197,990,000 Revenue Bonds, Series 2020A. In accordance with the offering, a bond reserve fund was required to be established. A Surety Policy held by the trustee has been provided as an alternative to the District depositing funds. The face amount of the Surety Policy is equal to the Reserve requirement and the premium was fully paid at the time of delivery of the 2020A Bonds. As of the last day of February 2026 and 2025, the District had $3,146,128 and $3,188,480 held by the trustee for future principal and interest payments and $905,325 and $868,529 of unspent bond proceeds, respectively.

NOTE D – RESTRICTED CASH AND CASH EQUIVALENTS (Continued)

Bond Indenture Agreements – Series 2020B: During the year ended February 28, 2021, the San Luis Unit/Westlands Water District Financing Authority issued $27,375,000 Subordinate Revenue Bonds, Series 2020B. In accordance with the offering, a bond reserve fund was required to be established. A Surety Policy held by the trustee has been provided as an alternative to the District depositing funds. The face amount of the Surety Policy is equal to the Reserve requirement and the premium was fully paid at the time of delivery of the 2020B Bonds. As of the last day of February 2026 and 2025, the District had $141,384 and $135,638, respectively, in unspent bond proceeds.

Land and Water Fund: The Land and Water Fund consists of funds that have been received from the sale of land purchased with debt proceeds under the land and entitlement acquisition program discussed in Note J. The original source of funds was proceeds of the 1999 and 2022 Installment Purchase Agreements, which were refunded by Revenue Certificates of Participation, Series 2005A. The 2005A Certificates were refunded by Refunding Revenue Bonds, Series 2016A. The Series 2016A Bonds were legally defeased with proceeds of land sales by depositing such proceeds into an escrow fund during the year ended February 28, 2026 and the Bonds will be fully paid on their call date of September 1, 2026. The proceeds from sales of land purchased with the proceeds of the bonds above are considered restricted for future land and water acquisitions or for the retirement of debt for five years after repayment of the 2016A Bonds. As of the last day of February 2026 and 2025, the balance of this fund, with interest earned, was $66,256,857 and $37,645,411, respectively.

NOTE E – CAPITAL ASSETS

The District's capital assets consisted of the following as of the last day of February:

	Balance at March 1, 2025 (As Restated)	Additions	Retirements	Transfers	Balance at February 28, 2026
Not depreciated:					
Land held for normal operations	$ 5,184,136				$ 5,184,136
Other land held	104,214,083		$ (7,420,206)		96,793,877
Water rights - CVP	267,739,715				267,739,715
Construction in progress	12,667,664	$ 6,253,512		$ (8,180,109)	10,741,067
Total capital assets, not being depreciated	389,805,598	6,253,512	(7,420,206)	(8,180,109)	380,458,795
Being depreciated/amortized:					
Land improvements	463,096	119,782			582,878
Distribution	189,272,465			8,180,109	197,452,574
Buildings	13,645,926	372,184	(17,766)		14,000,344
Furniture & fixtures/information system	2,922,136	132,861			3,054,997
Equipment	2,418,519	119,461	(87,608)		2,450,372
Autos/trucks	4,533,041	608,279	(461,142)		4,680,178
Total assets being depreciated/amortized	213,255,183	1,352,567	(566,516)	8,180,109	222,221,343
Less accumulated depreciation/amortization for:					
Land improvements	(78,193)	(44,301)			(122,494)
Distribution	(105,170,272)	(3,039,153)			(108,209,425)
Buildings	(6,278,756)	(412,144)	13,770		(6,677,130)
Furniture & fixtures/information system	(1,658,297)	(149,509)			(1,807,806)
Equipment	(1,664,672)	(117,075)	79,868		(1,701,879)
Autos/trucks	(2,847,925)	(301,914)	359,301		(2,790,538)
Total accumulated depreciation/amortization	(117,698,115)	(4,064,096)	452,939		(121,309,272)
Total capital assets being depreciated/amortized	95,557,068	(2,711,529)	(113,577)	8,180,109	100,912,071
Total capital assets, net	$ 485,362,666	$ 3,541,983	$ (7,533,783)	$ -	$ 481,370,866

NOTE E – CAPITAL ASSETS (Continued)

	Balance at March 1, 2024	Additions	Retirements	Transfers	Balance at February 28, 2025
Not depreciated:					
Land held for normal operations	$ 5,756,382		$ (572,246)		$ 5,184,136
Other land held	96,889,595	$ 8,139,634	(815,146)		104,214,083
Water rights - CVP	255,008,491	12,731,224			267,739,715
Construction in progress	13,438,960	6,199,920		$ (6,971,216)	12,667,664
Total capital assets, not being depreciated	371,093,428	27,070,778	(1,387,392)	(6,971,216)	389,805,598
Being depreciated/amortized:					
Land improvements	13,702	177,827		271,567	463,096
Distribution	182,337,450	27,456		6,907,559	189,272,465
Buildings	12,694,639	218,979	(1,751,102)	2,483,410	13,645,926
Furniture & fixtures/information system	2,917,742	11,160	(6,766)		2,922,136
Equipment	2,231,723	147,575	(17,680)	56,901	2,418,519
Autos/trucks	4,024,784	503,189	(16,887)	21,955	4,533,041
Total Water District assets being depreciated/amortized	204,220,040	1,086,186	(1,792,435)	9,741,392	213,255,183
Total Fishing Club assets being depreciated	2,770,176			(2,770,176)	
Total assets being depreciated/amortized	206,990,216	1,086,186	(1,792,435)	6,971,216	213,255,183
Less accumulated depreciation/amortization for:					
Land improvements	(13,702)	(27,157)		(37,334)	(78,193)
Distribution	(102,457,689)	(2,712,583)			(105,170,272)
Buildings	(6,153,723)	(387,109)	1,544,819	(1,282,743)	(6,278,756)
Furniture & fixtures/information system	(1,525,832)	(139,231)	6,766		(1,658,297)
Equipment	(1,545,488)	(98,880)	6,104	(26,408)	(1,664,672)
Autos/trucks	(2,583,686)	(261,336)	16,387	(19,290)	(2,847,925)
Total Water District accumulated depreciation/amortization	(114,280,120)	(3,626,296)	1,574,076	(1,365,775)	(117,698,115)
Total Fishing Club accumulated depreciation	(1,365,775)			1,365,775	
Total accumulated depreciation/amortization	(115,645,895)	(3,626,296)	1,574,076		(117,698,115)
Total capital assets being depreciated/amortized	91,344,321	(2,540,110)	(218,359)	6,971,216	95,557,068
Total capital assets, net	$ 462,437,749	$ 24,530,668	$ (1,605,751)	$ -	$ 485,362,666

As discussed in Note O, the District closed the Other Fund into the Water District Fund in 2025. Capital assets of both funds were combined in the table above as a result.

The District prepaid its capital obligation to Reclamation for its share of the construction costs of the CVP for its main contract and four assignment contracts. The District recorded water rights in the amount of $185,350,033 for its perpetual contracts for water service in March 2021. As the contracts are perpetual, these water rights are reported as non-depreciated assets.

Land held consisted of the following at February 28:

	2026	2025
Land held for normal operations	$ 5,184,136	$ 5,184,136
Other land held - water rights and other uses:		
Land held under land and water acquisition programs	55,705,745	63,125,951
McCloud River property	32,889,157	32,889,157
Yolo Ranch Property	7,601,241	7,601,241
Land held for future use	597,734	597,734
Total other land held	96,793,877	104,214,083
Total	$101,978,013	$109,398,219

Land held under land and water acquisition programs represents land purchased under the land and water rights acquisition program described in Note J.

NOTE E – CAPITAL ASSETS (Continued)

During the year ended February 28, 2007, the District acquired approximately 3,000 acres of property located in Shasta County, California, along the McCloud River. The property was acquired to facilitate the raising of Shasta Dam by the United States Department of the Interior. Until that time, or for a period of 25 years from the closing date, the District has agreed to maintain the property and the property is available to the public during the fishing season.

During the year ended February 29, 2008, the District acquired approximately 3,400 acres of property located in Yolo County, California. The property was acquired to pursue projects to address water supply-related environmental and/or Endangered Species Act issues. Acquisition of this property included 3,582 shares of the Sweetwater Company (Company), a mutual water company. The District's shares represents 83.07% of the total ownership of the Sweetwater Company. The land was the majority of the value of the Company so once separated from the assets of the Company the remaining equity interest was considered to be immaterial and was not recorded on the District's statement of net position.

NOTE F – LONG-TERM LIABILITIES

The activity of the District's long-term liabilities were as follows during the years ended the last day of February:

	Balance at March 1, 2025	Additions	Retirements	Balance at February 28, 2026	Current Portion
Private Placements:					
Refunding Revenue Bonds, Series 2016A	$ 22,345,000		$ (22,345,000)		
Revenue Bonds, Series 2020A	197,990,000		(5,295,000)	$ 192,695,000	$ 5,380,000
Refunding Revenue Bonds, Series 2021B	22,200,748		(1,106,515)	21,094,233	1,118,948
Total bond principal, amortizing debt	242,535,748		(28,746,515)	213,789,233	6,498,948
Add premiums	4,782,733		(4,782,733)		
Total bonds	247,318,481		(33,529,248)	213,789,233	6,498,948
Water exchange payable	305,910		(20,580)	285,330	
Compensated absences	1,160,583	$ 25,101 *		1,185,684	891,141
Total long-term liabilities	$248,784,974	$ 25,101	$ (33,549,828)	$ 215,260,247	$ 7,390,089

	Balance at March 1, 2024	Additions	Retirements	Balance at February 28, 2025	Current Portion
Refunding Revenue Bonds, Series 2016A	$ 25,215,000		$ (2,870,000)	$ 22,345,000	$ 2,705,000
Revenue Bonds, Series 2020A	197,990,000			197,990,000	5,295,000
Subordinate Revenue Bonds, Series 2020B	5,220,000		(5,220,000)		
Refunding Revenue Bonds, Series 2021B	23,298,974		(1,098,226)	22,200,748	1,106,515
Total bond principal	251,723,974		(9,188,226)	242,535,748	9,106,515
Add premiums	5,193,011		(410,278)	4,782,733	
Total bonds	256,916,985		(9,598,504)	247,318,481	9,106,515
Water exchange payable	394,410		(88,500)	305,910	
Compensated absences	1,148,288	$ 12,295 *		1,160,583	1,129,643
Total long-term liabilities	$258,459,683	$ 12,295	$ (9,687,004)	$ 248,784,974	$ 10,236,158

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

Revenue Bonds, Series 2016A: On October 1, 2016, the District issued Refunding Revenue Bonds, Series 2016A (Bonds) in the amount of $51,280,000. The Bonds were issued to refund the Revenue Certificates of Participation, Series 2005A and Series 2007A and the Adjustable Rate Refunding Revenue Certificates of Participation, Series 2008A. These Certificates were issued 1) to acquire land within the Broadview Water District so the Broadview Water District water contract with Reclamation could be transferred to the District, to acquire water rights from Oro Loma Water District, to provide funds for the Land Retirement and Water Entitlement Acquisition Program, and to finance the San Luis Unit portion of a pipeline connection between the California Aqueduct and the Delta-Mendota Canal (the "Intertie Project") (Series 2005A); 2) to purchase approximately 3,040 acres of land and water rights in Shasta County adjacent to the McCloud River to facilitate the raising of Shasta Dam (Series 2007A); and 3) to refund the Revenue Certificates of Participation, Series 2005A used to refund Revenue Certificates of Participation, Series 1999A issued for the purchase of land and water rights (Series 2008A). A fully paid surety bond satisfied a reserve requirement for

NOTE F – LONG-TERM LIABILITIES (Continued)

the bond. The Bonds are secured by a pledge of revenues from the operation of the District's water system. The Bonds contain a covenant to collect revenues sufficient to yield net revenues equal to 125% of debt service payments. Principal payments of $1,250,000 to $4,245,000 were due on September 1 from September 1, 2017 through September 1, 2036. Interest payments of $36,800 to $893,700 were due on March 1, and September 1 from March 1, 2017 through September 1, 2036 at interest rates ranging from 3.0% to 5.0%.

On January 12, 2026, the District used proceeds from land sales (e.g., existing resources) to advance refund $22,345,000 of outstanding Revenue Bonds, Series 2016A with interest rates ranging from 4% to 5%. The District purchased U.S. Treasury State and Local Government Securities and deposited them into an irrevocable trust with an escrow agent to provide for all future debt service payments on the Bonds. As a result, the Revenue Bonds, Series 2016A are considered to be defeased as of the last day of February 2026 and the liability for the Bonds has been removed from the statement of net position. The District obtained an economic gain (difference between the present values of the old debt service payments and cash used to refund the Bonds) of $450,949 due to the advance refunding.

Revenue Bonds, Series 2020A: On April 1, 2020, the San Luis Unit/Westlands Water Financing Authority issued Revenue Bonds (Westlands Water District), Series 2020A in the amount of $197,990,000. The proceeds of the Bonds were used to secure a perpetual right to purchase water from the CVP and to prepay the District's capital obligation to Reclamation for the water contracts listed in Note A. The Bonds are secured by a pledge of revenues from the operation of the District's water system as well as the Rate Stabilization Fund and Special Purpose Fund, as defined in the agreement. The Bonds contain a covenant to collect revenues sufficient to yield net revenues equal to 125% of debt service payments. Principal payments of $5,295,000 to $11,250,000 are due on September 1 from September 1, 2025 through September 1, 2050. Interest payments of $210,206 to $3,188,433 are due on March 1, and September 1 from March 1, 2020 through September 1, 2050 at interest rates ranging from 1.599% to 3.737%. The principal and interest may be called immediately due and payable by the Trustee upon default.

Revenue Refunding Bonds, Series 2021B: On January 26, 2021, the San Luis & Delta Mendota Water Authority (the Authority), issued Refunding Revenue Bonds (DHCCP Development Project), Series 2021B (the 2021B Bonds) in the amount of $32,725,000 and other funds to refund $33,080,000 of the outstanding San Luis & Delta Mendota Water Authority Refunding Revenue Bonds (DHCCP Development Project), Series 2013A (2013A Bonds). The District has an obligation to repay 100% of the principal and interest of the 2021B Bonds under a DHCCP Activity Agreement entered into with the Authority although the District is responsible for 82.885% and five other water districts (Financing Participants) have agreed to pay approximately 17.115%% of the 2021B Bonds under Activity Agreements, which will be collected by the Authority and remitted to the District. The 2013A Bonds were issued to finance planning, preliminary design and environmental activities of the Delta Habitat Conservation and Conveyance Program (DHCCP), which is a program consisting of joint efforts by agencies of the federal government, State of California and local agencies to fund and plan habitat conservation and water supply activities in the Sacramento-San Joaquin River Delta/San Francisco Bay Estuary (the "Bay-Delta"), including Bay-Delta water conveyance options. Principal payments of $160,000 to $1,915,000 are due on March 1 from March 1, 2021 to March 1, 2042. Interest payments of $2,432 to $333,929 are due on March 1 and September 1, from March 1, 2021 to March 1, 2042 at interest rates ranging from 0.35% to 3.04%. The principal and interest may be called immediately due and payable by the Trustee upon default and a default interest rate of 8% would apply on past due payments.

The District has been a member of the Authority since its formation in 1992. The District's Board approved the DHCCP activity agreement with the Authority on March 17, 2009. The fact that the District has agreed to make debt service payments on the 2021B Bonds for other Financing Participants is considered a nonexchange financial guarantee under GASB Statement No. 70. The District's financial guarantee for the bonds extends through the 2021B Bonds maturity date of March 1, 2042. As of February 28, 2026, the total guarantees outstanding extended by the District (17.115% of 2021B Bonds future principal and interest payments due from other Financing Participants) were $5,331,325. If a financing participant fails to make the payments required by its activity agreement, the Authority has agreed to take reasonable action for collection to reimburse the District.

Water Exchange Payable: The water exchange payable represents a 1995-1996 Kern County Water Agency (KCWA) liability for 13,147 acre-feet of water to be acquired and provided to certain Priority II water users as a result of an exchange transaction. The amount is included in the District's financial statements as both a non-current asset and liability, which are reduced as water is returned under the agreement. There are no scheduled payments due under the agreement. The agreement expires February 28, 2030.

NOTE F – LONG-TERM LIABILITIES (Continued)

Debt service requirements to maturity are as follows as of the last day of February 2026:

Years Ending Last Day of February	Principal	Interest	Total
2027	$ 6,498,948	$ 6,748,271	$ 13,247,219
2028	6,611,380	6,626,786	13,238,167
2029	6,742,102	6,488,641	13,230,742
2030	6,883,679	6,334,290	13,217,969
2031	7,044,400	6,167,684	13,212,083
2032-2036	38,071,424	27,869,938	65,941,362
2037-2041	44,112,438	21,593,631	65,706,069
2042-2046	45,479,864	13,819,532	59,299,395
2047-2051	52,345,000	5,033,646	57,378,646
	$ 213,789,233	$ 100,682,418	$ 314,471,651

Pledged Revenue: The District pledged future revenue from the operation of the District's water system to repay the Refunding Revenue Bonds, Series 2016A (advance refunded at February 28, 2026) and Revenue Bonds, Series 2020A in the original amounts of $51,280,000 and $197,990,000, respectively. The Bonds are payable solely from the District's net water system revenues through September 1, 2050 Total principal and interest remaining to be paid on the Bonds was $288,652,963 and $328,299,170 as of the last day of February 2026 and 2025, respectively. Total cash basis principal and interest paid on the Bonds was $15,458,016 and $10,471,516 during the years ended the last day of February 2026 and 2025, respectively. The total net water system operating revenues were $160,690,267 and $70,240,636 during the years ended the last day of February 2026 and 2025, respectively.

S&P Bond Ratings: On April 19, 2024, S&P Global Ratings affirmed "A+" ratings on the District's revenue bonds and affirmed the District's A+ Issuer Default Rating. The ratings reflect the District's strong revenue defensibility and midrange operating risk profile.

NOTE G – NET POSITION RESTRICTIONS AND DESIGNATIONS

Certain funds have been set aside by the District for future use for specific purposes. These amounts are included in unrestricted net position, unless shown as a separate component. As of the last day of February, restricted and designated assets consisted of the following balances:

	2026	2025
Restricted for specific purposes	$ 78,726,910	$ 51,706,086
Rate Stabilization Fund	31,700,000	31,700,000
Special Purpose Fund	16,842,000	16,842,000
Total Restrictions	127,268,910	100,248,086
Operating Reserve	20,300,000	
General Reserve	7,500,000	7,671,191
Self-Insurance/Unemployment Reserves	100,000	54,838
O&M Reserves-Drought	14,357,778	12,273,947
O&M Reserves-Asset Replacement	5,778,054	4,940,519
Capital Fund	18,000,000	2,528,296
PWRPA Funds	962,264	471,905
Irrigation Equipment Loan Programs	5,217,800	5,696,943
Total Designations	72,215,896	33,637,639
Total Restrictions and Designations	$199,484,806	$133,885,725

NOTE G – NET POSITION RESTRICTIONS AND DESIGNATIONS (Continued)

Restricted for Specific Purposes: The amount restricted for specific purposes represents the restricted cash and cash equivalents described in Note D plus a restricted receivable for the LandFlex grant program and a restricted refund receivable of an overpayment to Reclamation of the prepaid CVP capital obligation that is being held by Reclamation for future Folsom Dam improvements.

Rate Stabilization Fund: The Rate Stabilization Fund is required to be maintained as long as the Revenue Refunding Bond, Series 2016 and the Revenue Bonds, Series 2020A and 2020B (the Bonds) remain outstanding. During the years ended February 28, 2017, February 28, 2019, February 29, 2024, and February 28, 2025, the District deposited $5.5 million $7.7 million, $8.5 million and $10 million, respectively, of O&M Reserves into the Rate Stabilization Fund for a total balance of $31,700,000. The revenues deposited in the Rate Stabilization Fund are pledged to payment of the Bonds or may be used to transfer to the Revenue Fund. Amounts transferred from the Rate Stabilization Fund to the Revenue Fund within 270 days after the end of the fiscal year are considered revenues in the calculation of the debt service coverage ratio described in Note F.

Special Purpose Fund: The Special Purpose Fund is pledged under the Revenue Refunding Bond, Series 2016 and the Revenue Bonds, Series 2020A and 2020B (the Bonds). During the year ended February 29, 2017, the District deposited $5.2 million of O&M Reserves into the Special Purpose Fund and, prior to finalizing the February 29, 2017 financial statements, the Board deposited $11.7 million of the increase in net position in the Special Purpose Fund. The Board of Directors approved the use of $58,000 of Special Purpose Funds to cover Bollibokka Club repairs in water year ending February 29, 2019, resulting in a total balance of $16,842,000. The Special Purpose Fund may be withdrawn upon a determination by resolution of the Board of Directors of the District substantially to the effect that (a)(i) non-routine expenditures resulting from extraordinary events, including, but not limited to (A) droughts, (B) natural disasters, (C) failure of infrastructure necessary to deliver water by the Bureau or other water providers to the District or by the District to landowners or water users, (D) adoption of any federal or state law or any regulatory actions (whether newly promulgated, newly interpreted by a regulator, administrative agency or court, or otherwise), in each case which are reasonably expected by the District to be incurred, or reduced revenues have resulted or are expected to result from such an extraordinary event. In addition, amounts transferred from the Special Purpose Fund to the Revenue Fund within 270 days after the end of the fiscal year are considered to be revenues in the calculation of the debt service coverage ratio described in Note F.

Operating Reserve Fund: The Operating Reserve Fund is established to meet routine cash flow caused by unanticipated shortfalls in revenues or unanticipated expenses in excess of budgeted amounts. The policy has a target for the Operating Reserve Fund of 120 days of the following fiscal year's budgeted operating and maintenance expenses with a minimum of 90 days and a maximum 180 days. Non-cash amounts are excluded from the calculation of operating and maintenance expenses for the purpose of the calculation of amounts on deposit in this fund. The Operating Reserve Fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses and unexpected decreases in revenues or unexpected increases in expenses. However, the Operating Reserve Fund balance may not be reduced below 90 days of budgeted operating and maintenance expenses without Board approval. If the balance in the Operating Reserve Fund falls below 90 days, the District's policy is to strive to restore the balance to a minimum of 90 days within one fiscal year. The target level of the Operating Reserve Fund will be reviewed by staff, the Finance & Administration Committee and the Board during the preparation and approval of the annual budget.

General Reserve: The general reserve was established to help the District meet unanticipated operating or capital expenses or credits to water rates or land-based charges. There is no established minimum or maximum target level for this reserve.

Self-Insurance/Unemployment Reserves: The District established a self-insurance reserve for vehicle collision and comprehensive expenses as they occur. In addition, funds are available for unemployment insurance expenses. The target level is $50,000.

O&M Reserves - Drought: Through water rates, the District collects an amount to be set aside to fund current and future operations and maintenance activities or capital expenses due to drought conditions or regulatory mandated reductions in supply. Funds are collected for distribution system maintenance, vehicle purchases, facility maintenance and replacement, and information systems. The intended reserve is 4% of annually budgeted amounts of water sales revenue and the approved range is 3% to 15%.

NOTE G – NET POSITION RESTRICTIONS AND DESIGNATIONS (Continued)

O&M Reserves - Asset Replacement: Through water rates, the District collects an amount to be set aside to fund current and future operations and maintenance activities. Funds are collected for vehicle purchases, facility maintenance and replacement, and information systems. The target level is 5% of annual general and administrative budgeted expenses.

Capital Fund: In fiscal year 2018-2019, and each year thereafter, the District budget has included an amount to be set aside for the funding of new capital assets or the replacement of capitalized assets when they reach the end of their useful lives. Funds within the Capital Fund may also be used for the design, engineering, environmental and planning purposes related to capital projects and unanticipated capital expenditures. There is no established minimum or maximum target level for this reserve. An amount is established in the annual capital budget. During the year ended February 29, 2022, the Board approved a $1,000,000 to the fund and authorized the purchase of 640 acres of land from the fund.

PWRPA Funds: P3 funds have been designated for the District's Automated Meter Infrastructure program.

Irrigation Equipment Loan Programs: The District has designated funds under the EISIP and EISIP/P3 loan programs described in Note C to purchase and install irrigation systems to be repaid by certain water users.

NOTE H – DEFINED BENEFIT PENSION PLAN AND DEFERRED COMPENSATION PLAN

Defined Benefit Pension Plan

Plan Description: The District participates in a cost-sharing, multiple-employer defined benefit pension plan (the Plan) administered by the California Public Employees' Retirement System (CalPERS). The District participates in the Miscellaneous Risk Pool and the following Rate Plans:

- Miscellaneous Rate Plan
- PEPRA Miscellaneous Rate Plan

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures, and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA and may be amended by the California state legislature and in some cases require approval by the CalPERS Board. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2025 and 2025 Annual Valuation Report. Details of the benefits provided can be obtained in Appendix B of the funding valuation reports. The actuarial valuation reports and CalPERS' audited financial statements are publicly available reports that can be obtained from CalPERS' website under Forms and Publications, at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments are applied as specified by the Public Employees' Retirement Law.

NOTE H – DEFINED BENEFIT PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

The Plan's provisions and benefits in effect as of the last day of February 2026 and 2025, are summarized as follows:

Hire date	Miscellaneous Plan First Tier (Prior to January 1, 2013)	PEPRA Miscellaneous Plan (On or after January 1, 2013)
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	1.426-2.418%	1.0% to 2.5%
Final average compensation period	One year	Three years

Hire date	Miscellaneous Plan First Tier (Prior to January 1, 2013)	PEPRA Miscellaneous Plan (On or after January 1, 2013)
Required employee contribution rates		
March 1, 2024 to June 30, 2024	6.920%	7.750%
July 1, 2024 to February 28, 2025	7.000%	7.750%
March 1, 2025 to June 30, 2025	7.000%	7.750%
July 1, 2025 to February 28, 2026	7.000%	7.750%
Required employer contribution rates		
March 1, 2024 to June 30, 2024	12.47%	7.68%
July 1, 2024 to February 28, 2025	12.52%	7.87%
March 1, 2025 to June 30, 2025	12.52%	7.87%
July 1, 2025 to February 28, 2026	12.58%	7.96%
2025 Unfunded liability payment	$ 1,527,307	$ 11,825
2026 Unfunded liability payment	$ 1,821,674	$ 25,380

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. For public agency cost-sharing plans covered by the miscellaneous risk pool, the 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, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the years ended the last day of February 2026 and 2025, the employer contributions to the Plan were $2,998,453 and $2,619,118, respectively.

Net Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources: As of the last day of February 2026 and 2025, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of $17,943,065 and $20,668,625, respectively.

The District's net pension liability was measured as the total pension liability, less the pension plans fiduciary net position. The net pension liability as of the last day of February 2026 and 2025 was measured as of June 30, 2025 and 2024, using an annual actuarial valuation as of June 30, 2024 and 2023, rolled forward to June 30, 2025 and 2024, using standard update procedures as required by GASB Statement No. 68. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan was as follows as of the last day of February:

NOTE H – DEFINED BENEFIT PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

Proportion - 2025	0.42734%
Proportion - 2026	0.44979%
Change - Increase (Decrease)	0.02245%
Proportion - 2024	0.41466%
Proportion - 2025	0.42734%
Change - Increase (Decrease)	0.01268%

For the years ended the last day of February, the District recognized a pension expense of $3,604,829 and $4,391,884, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	2026		2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions			$ 531,227	
Differences between actual and expected experience	$ 2,150,010		1,786,992	$ (69,727)
Differences between the employer's contributions and the employer's proportionate share of contributions		$ (790,390)		(1,121,409)
Change in employer's proportion	293,797		992,798	
Net differences between projected and actual earnings on plan investments		(2,427,894)	1,189,865	
Pension contributions subsequent to measurement date	2,616,083		2,246,166	
Total	$ 5,059,890	$ (3,218,284)	$ 6,747,048	$ (1,191,136)

The amount in the table above 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 subsequent year. Other amounts reported as net deferred outflows (inflows) of resources related to the Plan will be recognized as pension expense as follows as of the last day of February:

Year Ended Last Day of February	2026	2025
2026		$ 1,302,992
2027	$ 1,950,819	2,451,145
2028	(673,397)	(36,636)
2029	(1,125,071)	(407,755)
2030	(926,828)	
Total	$ (774,477)	$ 3,309,746

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

Difference between projected and actual earnings	5-year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period, which was 3.8 years for the years ended the last day of February 2026 and 2025.

NOTE H – DEFINED BENEFIT PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

***Actuarial Assumptions*:** The total pension liability for the Plan was determined using the following actuarial assumptions:

	2026		2025	
Valuation Date	June 30, 2024		June 30, 2023	
Measurement Date	June 30, 2025		June 30, 2024	
Actuarial Cost Method	Entry-Age Normal Cost Method		Entry-Age Normal Cost Method	
Amortization Method	Level Percent of Payroll		Level Percent of Payroll	
Asset Valuation Method	Market Value		Market Value	
Actuarial Assumptions:				
Discount Rate	6.90%	(1)	6.90%	(1)
Inflation	2.30%		2.30%	
Projected Salary Increase	.2% - 7.64%	(2)	.4% - 8.5%	(2)
Mortality	Derived using CalPERS Membership Data for all Funds			

(1) Net of pension plan investment expenses, including inflation.
(2) Depending on entry age and service.

The underlying mortality assumptions each year were developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. Further details can be found in the 2021 experience study on the CalPERS website under Forms and Publications.

***Change of Assumptions*:** There were no changes in assumptions at the June 30, 2025 and 2024, measurement dates.

***Discount Rate*:** The discount rate used to measure the total pension liability was 6.90% as of the last day of February 2026 and 2025. To determine whether the municipal bond rate should be used in the calculation of the discount rate, CalPERS stress tested all plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the current discount rate is adequate, and the use of a municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from CalPERS’ website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both the short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all of the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present values of benefits was calculated at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest on quarter of one percent.

NOTE H – DEFINED BENEFIT PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

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

	2026	
Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)
Public Equity	37.0%	4.56%
Private Equity	17.0%	5.56%
Fixed Income	28.0%	2.53%
Real Assets	15.0%	3.30%
Private Debt	8.0%	4.93%
Strategic Leverage	-5.0%	1.40%
Total	100.0%	

(a) An expected inflation of 2.3% used for this period.

	2025	
Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100.0%	

(a) An expected inflation of 2.3% used for this period.

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*:** The following table presents the District's proportionate share of the net pension liability/(asset) for the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	2026	2025
1% Decrease	5.90%	5.90%
Net Pension Liability	$ 31,264,521	$ 33,467,399
Current Discount Rate	6.90%	6.90%
Net Pension Liability	$ 17,943,065	$ 20,668,625
1% Increase	7.90%	7.90%
Net Pension Liability	$ 6,979,647	$ 10,133,353

NOTE H – DEFINED BENEFIT PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

Pension Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan: As of the last day of February 2026 and 2025, the District's contributions payable to the Plan were $143,054 and $243,999, respectively.

Deferred Compensation Plan

The District offers an Internal Revenue Code Section 457 deferred compensation plan to all employees called the Westlands Water District Deferred Compensation Plan and Trust (the Plan). The Plan is administered by Mission Square Retirement and Lincoln Financial Group. Benefit terms, including contribution requirements, are established and may be amended by the Board of Directors. Participation is voluntary and employees are eligible to participate in the month after signing a participation agreement. Each employee is allowed to contribute up to the applicable Internal Revenue Code limit, has a separate account held in trust for their benefit and self-directs the investment of their account balance. Employees are fully vested in their contributions immediately. The District does not contribute to the Plan.

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description: The District participates in an agent multiple-employer defined benefit retiree healthcare plan (the Plan). Through CalPERS, the District offers medical insurance to active and retired employees, as well as their qualified dependents under the Public Employees' Medical and Hospital Care Act (PEMHCA). Under PEMHCA, health coverage for the employee continues into retirement. An eligible participant is defined as an employee who is continuously employed by the District who qualifies and retires from the CalPERS with a service or disability retirement and elects continued enrollment in the CalPERS Health Benefit Plan. Current plans offered are PERSCare, PERS Select, PERS Choice, Blue Shield Access, HealthNet SmartCare, Kaiser, United HealthCare, Western Health Advantage, Anthem HMO Select and Anthem HMO Traditional. The District is a participant in the CERBT which is an agent multiple-employer plan available to employers to pre-fund OPEB benefits. CERBT is administered through CalPERS. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT Fund financial reports which can be obtained by writing to California Public Employees' Retirement System, P.O. Box 942701, Sacramento, CA 94229-2701.

Funding Policy and Contribution Requirements: The contribution requirements of the plan members and the District vary depending on the hire date of the employee and may be amended in the future. The District's contribution for current retirees consists of the annual statutory minimum contribution pursuant to the Public Employees' Medical and Hospital Care Act (PEMHCA) and a variable amount approved annually by the District's Board of Directors funded through the District's Health Reimbursement Arrangement (HRA) Plan. For the years ended the last day of February 2026 and 2025, the PEMHCA required contribution for all plan members for the months within calendar years 2026, 2025 and 2024 were $162, $158 and $157, respectively. The maximum HRA monthly contribution for current retirees was:

Variable Benefit if Hired:	Retiree	Couple	Family
2025 Amounts:			
Prior to January 1, 2013	$ 928.18	$1,634.31	$2,041.99
January 1, 2013 and later	510.00	510.00	510.00
2026 Amounts:			
Prior to January 1, 2013	998.24	1,746.92	2,196.12
January 1, 2013 and later	510.00	510.00	510.00

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Employees Covered by Benefit Terms: As of the last day of February, the following employees were covered by benefit terms:

	2026	2025
Active members	125	115
Retired members and beneficiaries	107	98
	232	213

Contributions: The Plan's contribution requirements are established and may be amended by the District's Board of Directors, subject to Memoranda of Understanding with bargaining units and CalPERS funding requirements. The District's annual OPEB cost is calculated based on the actuarially determined contribution (ADC) under GASB Statement No. 75. The ADC represents a target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standard of Practice based on the most recent measurement available with the contribution for the reporting period is adopted. The following is a schedule of contributions for the year ending February 28:

	2026	2025
Benefits paid outside of trust	$ 1,093,550	$ 889,987
Implicit benefits paid	207,498	205,860
Total OPEB contributions	$ 1,301,048	$ 1,095,847

Actuarial Assumptions Used to Determine Total OPEB Liability: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made in the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the accrued liabilities for benefits. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation based on the following actuarial methods and assumptions:

	2026	2025
Valuation date	June 30, 2025	June 30, 2023
Measurement date	June 30, 2025	June 30, 2024
Actuarial cost method	Entry-age normal cost method	Entry-age normal cost method
Funding policy	ADC	ADC
Actuarial assumptions:		
Discount rate	6.40%	6.40%
Inflation	2.30%	2.30%
Salary increases	2.80%	2.80%
Investment rate of return	6.40%	6.40%
Mortality factors	Derived using CalPERS 2021 study	Derived using CalPERS 2021 study
Pre-retirement turnover	Derived using CalPERS 2021 study	Derived using CalPERS 2021 study
Participation rate	100% participation by eligible participants and 60% participation by spouses	100% participation by eligible participants and 60% participation by spouses
Healthcare cost trend rates	Pre-65: 8.76% for 2026 declining to 4.37% in 2074. Post-65: 6.38% for 2026 declining to 4.37% in 2074.	Pre-65 and Post-65: 5.50% for 2024 through 2034; 4.50% for 2035 through 2074; and 4.00% for 2075 and later years.

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Long-Term Expected Rate of Return: The long-term expected rate of return on OPEB plan investments was based on the CalPERS CERBT Strategy 1 investment policy. As of the June 30, 2025 and 2024 measurement dates, the long-term expected rates of return for each major investment class in the Plan's portfolio are as follows:

	2026		2025	
Investment Class	Target Allocation	Long-term Expected Real Rate of Return (1)	Target Allocation	Long-term Expected Real Rate of Return (1)
Global Equity	49.00%	6.80%	49.00%	6.80%
Fixed Income	23.00%	3.70%	23.00%	3.70%
Global REITs	20.00%	6.00%	5.00%	6.00%
TIPS	5.00%	2.80%	20.00%	2.80%
Commodities	3.00%	3.40%	3.00%	3.40%
Total	100.00%		100.00%	

(1) JPMorgan arithmetic Long-term Capital Market assumptions and expected inflation of 2.01%.

Discount Rate: The discount rate is based on a blend of the long-term expected rate of return on assets for benefits covered by the Plan. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Assumptions: Changes in assumptions at the June 30, 2025 measurement date included a change to the Society of Actuaries recommended 2025 Getzen Model for medical cost trends, removing the post-65 implicit subsidy assumption and changing morbidity factors to CalPERS Risk Factors.

Changes in the Net OPEB Liability: The following tables show the changes in the net OPEB liability for the year ended the last day of February 2026 and 2025 respectively, computed as of the Plan's measurement date:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at February 28, 2025	$ 18,548,372	$ 15,928,340	$ 2,620,032
Changes for the year:			
Service cost	491,776		491,776
Interest on the total OPEB liability	1,181,388		1,181,388
Differences between expected and actual experience	5,134,427		5,134,427
Changes in assumptions	2,752,428		2,752,428
Contributions - employer		1,180,241	(1,180,241)
Net investment income		1,958,524	(1,958,524)
Benefit payments	(1,180,241)	(1,180,241)	
Administrative expenses		(4,985)	4,985
Net changes	8,379,778	1,953,539	6,426,239
Balance at February 28, 2026	$ 26,928,150	$ 17,881,879	$ 9,046,271

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at February 29, 2024	$ 18,721,118	$ 14,357,246	$ 4,363,872
Changes for the year:			
Service cost	509,266		509,266
Interest on the total OPEB liability	1,124,215		1,124,215
Changes in assumptions	(804,721)		(804,721)
Contributions - employer		1,001,506	(1,001,506)
Net investment income		1,575,774	(1,575,774)
Benefit payments	(1,001,506)	(1,001,506)	
Administrative expenses		(4,680)	4,680
Net changes	(172,746)	1,571,094	(1,743,840)
Balance at February 28, 2025	$ 18,548,372	$ 15,928,340	$ 2,620,032

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the District's Net OPEB liability if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
2026 Net OPEB liability	$ 12,390,990	$ 9,046,271	$ 6,250,222
2025 Net OPEB liability	4,940,993	2,620,032	666,079

Sensitivity of the Net OPEB Liability to Changes in the Trend Rate: The following presents the District's Net OPEB liability if it were calculated using a healthcare cost trend table that is 1% point lower or higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
2026 Net OPEB liability	$ 6,094,529	$ 9,046,271	$ 12,665,230
2025 Net OPEB liability	495,116	2,620,032	5,223,137

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the years ended the last day of February, 2026 and 2025, the District recognized OPEB expense of $1,279,241 and $590,731 respectively. As of the last day of February 2026 and 2025, the District had deferred outflows and inflows of resources related to OPEB as follows:

	2026		2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 4,628,512		$ 260,456	$ (8,543)
Changes in assumptions	3,176,752	$ (941,700)	979,723	(1,478,415)
Net differences between projected and actual earnings on OPEB plan investments		(487,301)	295,803	
OPEB contributions subsequent to measurement date	870,205		749,398	
Total	$ 8,675,469	$ (1,429,001)	$ 2,285,380	$ (1,486,958)

NOTE I – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Recognition of Deferred Outflows and Deferred Inflows of Resources: The amount in the table above reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the subsequent fiscal year. Other gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are recognized using straight-line amortization over the average future working lifetime of all active and retired participants, with the exception of investment gains and losses that are amortized over 5 years.

The amounts reported as deferred outflows and inflows of resources will be recognized as OPEB expense as follows:

Year Ended Last Day of February	2026	2025
2025		$ (243,380)
2026	$ 1,260,934	397,209
2027	786,747	(76,980)
2028	823,943	(39,784)
2029	966,836	103,111
2030	982,780	
Thereafter	1,555,023	(91,152)
	$ 6,376,263	$ 49,024

NOTE J – LAND AND RIGHTS TO WATER ACQUISITION

Since 1992, the long-term reliability of the District's CVP water supply (Contract Water) has been significantly reduced due to changes in federal law and the manner in which federal and state laws have been implemented. In an effort to increase the reliability of water available for delivery to landowners and water users, the District's Board of Directors authorized a Land and Water Acquisition Program in 1998. According to its guidelines, the CVP Contract Water entitlement acquired, or associated with the land to be acquired, would be reallocated and transferred to the landowners and water users within the District. Likewise, other water supplies acquired would be similarly allocated. Under this program, the District acquired 13,978 acres of land and approximately 37,181 acre-feet of water rights at a total cost of $21,777,090.

In August 1998, the District entered into a Land Retirement Agreement with the United States Department of the Interior, to cooperate on a project for the retirement of up to 15,000 acres of land within the District over a period of three years. During the term of the agreement, a total of 1,443 acres of land were acquired by the United States of America, with the District contributing up to $1,150 per acre towards the purchase price in order to retain the right to receive the District's CVP Contract Water associated with the lands. The District acquired approximately 3,838 acre-feet of rights to apply for water under this agreement at a total cost of $1,677,092.

On April 29, 2002, the District's Board of Directors approved the Agreement for Distribution of Water, Allocation of Costs, and Settlement of Claims (Sagouspe Settlement Agreement), reached between the Pre-Merger Lands and Merged Lands landowners that were parties to the litigation, and the courts validated this agreement on December 3, 2002. The lands and associated rights to water acquired by the District and/or the United States of America through the Land and Water Acquisition Program, the Land Retirement Agreement and the Peck Settlement Agreements (described below), and repayment of the debt obligation for these lands and associated rights to water, were incorporated into and are now governed by the Sagouspe Settlement Agreement. Through this agreement, the District expended $108.5 million ($8.5 million of District reserves and $100 million obtained through the issuance of new debt) to acquire sufficient land within the District, the permanent right to an allocation of the District's CVP Contract Water that is apportioned among lands in the District, or a long-term water supply other than the District's CVP Contract Water, in order to make an equal water supply allocation of 2.60 acre-feet per acre to eligible Pre-Merger Lands and Merged Lands that are not retired lands (i.e., lands acquired within the District, or lands for which the permanent right to an allocation of the District's CVP Contract Water has been acquired) in any water year that the District's Contract Water

NOTE J – LAND AND RIGHTS TO WATER ACQUISITION (Continued)

supply is not less than 1,150,000 acre-feet. Pursuant to this agreement, prior to March 1, 2008, the allocation of water supply was equalized by allocating to Merged Lands, lands that are not retired lands, the District Contract Water and other water supplies obtained through the acquisitions contemplated by the agreement. On and after March 1, 2008, District Contract Water and other supplies from this agreement will be allocated equally on a per-acre basis to eligible Pre-Merger Lands and Merged Lands that are not retired lands. Repayment of debt issued by the District which implements this settlement agreement is being accomplished by the collection of land-based charges imposed on irrigable lands in Pre-Merger Lands and Merged Lands that are not retired lands according to a formula specified in the agreement. Approximately 11,044 acres of land and 29,378 acre-feet of rights to water at a cost of $20,149,295 have been acquired to complement the Land and Water Acquisition Program, the Land Retirement Agreement and the Peck Settlement Agreement acquisitions.

In September and December 2002, the District, the United States of America and owners of approximately 36,000 acres of farmland in the District reached a settlement in a long-standing lawsuit involving drainage issues (Peck Settlement Agreements). Under the agreements, the District purchased approximately 35,000 acres of land over a three-year period and permanently removed the land from irrigated agriculture. The cost of the settlement to the District was approximately $35 million and was funded by the debt issuance from the Sagouspe Settlement Agreement. Likewise, the water formerly allocated to the lands that were acquired is now distributed to other farmers within the District pursuant to the Sagouspe Settlement Agreement. Approximately 33,309 acres of land and 88,602 acre-feet of rights to water has been acquired at a cost of $36,044,703.

In February and March 2005, the District acquired approximately 8,772 acres of land within the Broadview Water District, which is substantially all of Broadview's irrigable acreage. With the acquisition, the District initiated and completed the processes to annex all of Broadview's lands and received a permanent assignment of Broadview's CVP Water Contract totaling 27,000 acre-feet to the District from Reclamation. From this water supply, the District annually makes available 6,000 acre-feet of entitlement to the Naval Air Station Lemoore (NASL) pursuant to the Supplemental Water Allocation Agreement between the District and NASL. The remaining 21,000 acre-feet of entitlement is annually allocated according to the Sagouspe Settlement Agreement.

On May 14, 1999, the District entered into an agreement with Mercy Springs Water District, Santa Clara Valley Water (Santa Clara) District and the Pajaro Valley Water Management Agency (Pajaro) for the partial assignment of Mercy Springs Water District's existing CVP Water Contract. Under this agreement, Mercy Springs Water District assigned its right, title and interest in 6,260 annual acre-feet of CVP water to the District, Santa Clara and Pajaro. The total cost was $5,663,134. Under this agreement, Santa Clara has the first priority to the water, but may not receive more than 25% of the actual deliveries in each ten-year period. Additionally, Pajaro had until February 29, 2020, to exercise an option to obtain the District's share of the assignment, but the option was not exercised. The ten-year period for Santa Clara to receive 25% of the subject water supply was reset in 2020-2021.

In February 2005, the District acquired 4,000 acre-feet of water supply entitlement associated with Oro Loma Water District's CVP Water Contract. As of March 1, 2012, the District received a permanent assignment of this portion of Oro Loma's water contract from Reclamation and plans to annually make available the 4,000 acre-feet of entitlement to NASL pursuant to the aforementioned Supplemental Water Allocation Agreement between the District and NASL.

In the 2025-2026 water year the District acquired 6,604 acres with 17,567 acre feet of water for a total of $16,279,301. This land was acquired through the Land and Water Acquisition fund using COP 2005A Bond proceeds.

In fiscal year 2003-2004, the Board also authorized the acquisition of permanent, long-term water supplies for M&I use within the District, thereby making the District's CVP Contract Water supply previously used for these purposes available for agricultural use. In October 2003, the District executed an agreement with the County of Kings and acquired 5,000 acre-feet of State Water Project water entitlement from Angiola Water District in order to make this water available to the NASL, pursuant to the Supplemental Water Allocation Agreement between the District and NASL. In May 2004, the District executed an agreement with Widren Water District and acquired all 2,990 acre-feet of Widren's CVP Water Contract. In October 2004, the District executed an agreement with Centinella Water District and acquired all 2,500 acre-feet of Centinella's CVP Water Contract.

In July 2022 the District's Board of Directors authorized the District to solicit from landowners offers to sell land through a "reverse auction" which resulted in the District agreeing to purchase 2,471 acres of land at a total purchase price of

NOTE J – LAND AND RIGHTS TO WATER ACQUISITION (Continued)

$23,842,700, which included associated rights to surface and groundwater. The District completed the purchase of 470 acres at a total purchase price of $4,676,700 by the end of the fiscal year, with the remaining "reverse auction" acres being purchased in the following fiscal year. Additionally, the District, through a direct solicitation and negotiation, purchased 847 acres, at a total purchase price of $8,483,400, which included associated rights to surface and groundwater.

In fiscal year 2023-24, the District continued to acquire land that was authorized for purchase under the 2022 reverse auction, completing the purchase of an additional 1,958 acres, at a total purchase price of $19,166,000. In the 2023-24 fiscal year, the District's Board of Directors also authorized purchase of another 2,063 acres at a total purchase price of $21,293,444. Of these additional authorized purchases, the District completed the purchase of 84 acres at a total purchase price of $504,960 by the end of the fiscal year. The District also acquired 10 acres at a total purchase price of $40,000, approved in fiscal year 2020-21.

In the 2024-25 fiscal year, through a direct solicitation and negotiation, the District purchased 5,349.36 acres, at a total purchase price of $53,662,774, which included associated rights to surface and groundwater.

Through these initiatives and agreements, the District has acquired approximately 234,516 acre-feet of rights to water at a total cost of $206,525,800. The value of these rights to water has been capitalized. The contracts were converted to 9(d) contracts, which are perpetual, resulting in the water rights being reported as non-depreciable.

NOTE K – CVP OPERATIONS & MAINTENANCE (O&M) OBLIGATIONS

Federal legislation enacted in 1986 directed Reclamation to determine each water contractor's share of main projects O&M costs (occurring after October 1, 1985) which are not currently reimbursed to Reclamation under existing water contracts. Reclamation was further directed to accumulate these excess costs; including interest (collectively O&M deficits) until such time that the new water contracts were renewed. Beginning in fiscal year 2008-2009, the District is required to reimburse Reclamation for such O&M deficits through increased costs of its water supply. According to Reclamation calculations, the federal fiscal year ending September 30, 2023 O&M surplus was $4,775,354 and it was received on January 27, 2025.

NOTE L – CONTINGENCIES AND COMMITMENTS

The following were previously identified as claims that could have a direct, material impact on the District if the outcome is unfavorable, but have now been resolved:

PCFFA et al. v. Ross, United States District Court, Eastern District of California Case No. 1:20-cv-00431-DAD-EPG/California Natural Resources Agency v. Ross, United States District Court, Eastern District of California Case No. 1:20-cv-00426-DAD-EPG: On or about December 12, 2019, Pacific Coast Federation of Fishermen's Association ("PCFFA") and several other Non-Governmental Organizations filed suit challenging biological opinions that analyzed coordinated operations of the CVP and SWP, issued by the FWS and NMFS. PCFFA et al. subsequently filed an amended complaint which added a challenge to Reclamation's issuance of a Record of Decision for the coordinated operations and reliance on the biological opinions. On February 20, 2020, the Attorney General of California, California Natural Resources Agency, and California Environmental Protection Agency (collectively, the "State Agencies") filed a similar complaint, which also challenges the biological opinions, Reclamation's record of decision and its reliance on the biological opinions. Both PCFFA et al. and the State Agencies asked the Court for declaratory and injunctive relief and preliminary and permanent injunctions. The District was granted leave to intervene in the PCFFA et al. and State Agencies cases to assist in the defense of the cases.

Both cases were stayed pending issuance of new biological opinions, related environmental review, and a new Record of Decision in late 2024. The court subsequently directed the parties to file motions so it may decide whether to dismiss the cases as moot in light of the new biological opinions and Record of Decision. In the *CNRA case,* the parties field a stipulated dismissal on December 23, 2025, which was approved by the court on December 30, 2025. This case is now closed without further liability to the District. In the *PCFFA* case, the parties filed a stipulated dismissal on December 17, 2025, which was approved by the court on December 18, 2025. While the plaintiffs have moved for attorneys' fees against Reclamation, the plaintiffs' motion clarifies that their request for fees is against Reclamation only. The District is therefore unlikely to face potential liability for attorneys' fees.

NOTE L – CONTINGENCIES AND COMMITMENTS (Continued)

City of Fresno v. United States, Federal Circuit Case No. 22-1994: This case challenged the United States' use of water from the San Joaquin River to meet delivery obligations under the Exchange Contracts during the critical drought in 2014. In October 2016, the City of Fresno and other users who receive CVP water under the Friant Division contracts sued the United States, arguing those actions violated different CVP contracts and resulted in a taking of their property rights in violation of the Fifth Amendment. The District, SLDMWA, and various other south of Delta CVP contractors intervened on behalf of the United States. The United States and intervenors prevailed in the Court of Federal Claims and on appeal in the Federal Circuit Court of Appeals, which issued a decision on December 17, 2024. The plaintiffs' petition to the Federal Circuit Court of Appeals for rehearing en banc was denied on April 9, 2025. The plaintiffs petition for writ of certiorari to the United States Supreme Court was denied on December 15, 2025. This case is now closed without further liability to the District.

Government Claims Act – Claims: The District resolved two previously reported claims for monetary damages pursuant to the Government Claims Act (Gov. Code, § 810 et seq.).

Dalena Farms, Inc. filed a timely claim for crop loss and damages to agricultural land arising from a pipeline failure on December 4, 2024. The claim for damages totaled $225,000 for damages related to lost crops, silt removal, and repairs to planted and prepared soil beds. There is evidence that indicates that Dalena Farms, Inc. also had installed a local water line within the vicinity of the District pipe, which is contrary to the District regulations and may have contributed to the alleged pipeline failure. The District and Dalena Farms, Inc. resolved the claim and the claim is closed without further liability to the District.

Mr. Rogelio Gamez filed a late claim for damages against the District due to a pipeline failure that flooded a rental house and agricultural property. The claim for damages totals an estimated $500,000; however, the District has not received a detailed estimate. The District alleges the claim was untimely because it was filed more than 6 months after the incident and provided Mr. Gamez the opportunity to file a late claim application consistent with the Government Claims Act. Mr. Gamez did not complete the late claim application form by the October 1, 2025 deadline. This claim is therefore closed without further liability to the District.

The following claims could have a direct, material impact on the District if the outcome is unfavorable:

Drainage Water System: *Firebaugh Canal Water District et al. v. United States of America et al.*, United States District Court, Eastern District of California, Case Nos. 1:88-cv-634-JLT- SKO, 1:91-cv-048-LJO-DLB and *Westlands Water District v. United States*, United States Court of Appeal for the Federal Circuit, Case No. 13-5069, are long-standing lawsuits against the United States concerning management of drainage water within the San Luis Unit of the Central Valley Project. In *Firebaugh*, the court entered an injunction in the year 2000 against the Secretary of Interior, requiring Interior to provide drainage service "without delay." Interior still has not complied with its drainage obligation. *Westlands Water District v. United States* is an action for breach of contract brought by the District against the United States, alleging the government's failure to provide drainage service to the District's service area constituted a breach of The District' 1963 Water Service and 1965 Repayment contracts (including the interim renewal of those contracts). The district court dismissed the action and it is now on appeal, with oral argument having not yet occurred.

No provision has been made in the financial statements for any liability that may result from the suit filed by the Firebaugh Canal Water District (Firebaugh) and the Central California Irrigation District (CCID). Firebaugh and CCID filed an amended complaint, which sought damages from the District, other water districts within the San Luis Unit, and the United States of America. In addition to damages, they sought injunctive relief requiring the District, other districts within the San Luis Unit, and the United States of America to undertake measures to eliminate or mitigate for drainage problems on lands in Firebaugh's and CCID's service areas, and related water quality problems in the San Joaquin River. They alleged that lands within their districts have been damaged by irrigation of "upslope" lands within the San Luis Unit, on a theory that water migrates to their lands and worsens drainage problems on their lands. The District vigorously disputed these claims.

The United States District Court for the Eastern District of California dismissed claims against the District. While the Court ruled that the United States of America is obligated under Section 1 (a) of the San Luis Unit Act to provide drainage service to lands within the San Luis Unit, Firebaugh and CCID are not within the San Luis Unit. Firebaugh and CCID, however, allege that irrigation of lands in the San Luis Unit created a "continuing nuisance" on their lands. The nuisance claims likewise were dismissed.

A claim against the United States of America under the Administrative Procedure Act is still pending, and plaintiffs contend that the District is a necessary party to that claim. Any remedy for that claim would be limited to declaratory

NOTE L – CONTINGENCIES AND COMMITMENTS (Continued)

and injunctive relief and not damages. The ultimate outcome of these matters, and any insurance coverage, together with the amount of the District's potential liability, if any, resulting from the ultimate resolution of these matters cannot presently be determined.

The District had drainage system assets of approximately $10,593,845 pertaining to the existing, but closed drainage collector system. The drainage system has not been in use as part of the District's operations since 1986 and is not scheduled to reopen until an alternative drainage plan can be developed. Consequently, the assets were removed from the District's capital assets. The ultimate recovery of the cost of the drainage system is contingent upon the development of alternative drainage plans.

The United States of America has been ordered by the District Court to provide a plan for drainage service. On September 15, 2015, the U.S. Department of Interior, the U.S. Department of Justice and the District executed a settlement to end decades-long dispute over the Reclamation's responsibility to provide drainage for farmland within the District. The settlement required Congressional authorization by January 15, 2017, which was extended to January 15, 2018. Because Congress failed to authorize the settlement by that date, the settlement agreement is voidable by either the United States of America or by the District. Neither party has voided the agreement, and both parties have been working to overcome the obstacles that have prevented implementation of the settlement. The ultimate cost of drainage management remains unknown.

Although the United States of America has been ordered by the District Court to provide a plan for drainage service, the District remains actively involved in the United States of America' efforts to identify a solution to the drainage problem. Projects evaluated have included a selenium removal treatment plant, and a deep well injection program, both of which have been terminated due to technical problems and higher than anticipated costs. The District has also conducted other preliminary investigations into drainage reduction programs and potential solutions to the drainage problem, including cogeneration, shallow groundwater pumping, upper aquifer groundwater pumping, and treatment. Reclamation is currently in the process of designing a drainage collector system in the central area of the District. The design of this drainage collector system provides drainage service to approximately 18,000 acres. The District continues to work with the United States toward settlement of all the drainage litigation.

Pacific Gas and Electric Company, Wholesale Distribution Tariff, FERC Docket Nos. ER20-2878-000 et seq: On September 15, 2020, pursuant to Section 205 of the Federal Power Act and Section 35.13 of the Rules and Regulations of the Federal Energy Regulatory Commission ("FERC"), Pacific Gas and Electric Company ("PG&E") submitted for filing proposed rate changes and revisions to certain non-rate terms and conditions of PG&E's Wholesale Distribution Tariff ("WDT"). PG&E also submitted for filing related proposed rate changes to the existing Service Agreements for Wholesale Distribution Service ("WDT Service Agreements") of held by the City and County of San Francisco, the Port of Oakland, the Power and Water Resources Pooling Authority ("PWRPA"), the Shelter Cove Resort Improvement District No. 1, the Westside Power Authority and Western Area Power Authority ("WAPA"). Changes to the WDT impact the rates the District pays to the PWRPA and WAPA (through the United States Bureau of Reclamation) for distribution of power generated by the CVP as well as power acquired by PWRPA under long-term and annual supplemental purchase arrangements. A partial settlement was reached in the spring of 2022. As a result, PG&E's rates and rate methodologies changed, albeit likely different than those proposed by PG&E. Those changes increased the rates the District pays in excess of $50,000 per year. A hearing on those issues not settled was held in March 2023.

On April 3, 2024, PG&E and "Settling Parties" (including PWRPA) circulated an offer of settlement. FERC approved the settlement on September 3, 2024. On February 24, 2025 PWRPA issued its notice of withdrawal of pleadings and other filings in accordance with the April 3, 2024 offer of settlement. On October 25, 2024, PG&E filed a new proposed formula to its WDT (now WDT4) with FERC, pending the expiration of its prior WDT. PWRPA, along with other power agencies protested the new formula rate. On December 23, 2024, FERC suspended the proposed formula rate until May 25, 2025 to pursue a settlement. FERC appointed a settlement judge on January 6, 2025. The first settlement conference was held on February 5, 2025 and several settlement conferences were held since. The parties agreed to a settlement that will last at least through 2028, and on July 1, 2026 PG&E filed the Offer of Settlement. The comment period closed on July 31, with Trial Staff filing comments in support of the Offer of Settlement and recommending that the Commission approve it. It is expected that the Commission will approve the Offer of Settlement in the coming months. If adopted, the resulting 2026 rates for Secondary and Primary Voltage service would be reduced by 30% and 34%, respectively, and the 2025 Rate Year will be trued up with refunds to the District expected due to reductions in the rates for Secondary and Primary Voltage of 37% and 23%, respectively. At this time, however, the ultimate resolution of the outstanding issues and the amount of the District's potential liability, if any, resulting from that ultimate resolution cannot be determined. Thus, it is not possible to reasonably assess if or the extent to which resolution of the outstanding issues may have a material adverse effect on the District's financial position.

NOTE L – CONTINGENCIES AND COMMITMENTS (Continued)

Protests on Pending Surface Water Rights Applications: The District has three appropriative right applications that have been noticed and that are now pending before the State Water Board: (1) Application A033485, submitted on February 18, 2025, seeks authorization to divert water at a maximum rate of 30 cubic feet per second (cfs), with an annual storage limit of 3,560 AF, from a point of diversion located at latitude/longitude 36.4428/-120.3104; (2) Application A033480, submitted on January 3, 2025, seeks authorization to divert water at a maximum rate of 30 cfs, with an annual storage limit of 3,560 AF, from two points of diversion located at latitude/longitude 36.6677/-120.6129 and 36.7492/-120.4398; and (3) Application A033406, submitted on November 8, 2023, seeks authorization to divert water at a maximum rate of 110 cfs, with an annual storage limit of 15,000 AF, from three points of diversion located at latitude/longitude 36.2179/-120.1293, 36.2119/-120.1352, and 36.2267/-120.1175.

The District received protests on the Arroyo Pasajero Mutual Water Company (APMWC), State Water Contractors, and the California Department of Water Resources (DWR) related to the Panoche and Arroyo Pasajero applications. The District also received a protest from the Pleasant Valley Water District (PVWD) related to the Arroyo Pasajero application, related to alleged impacts to projects contemplated in its PVWD Groundwater Sustainability Plan. The District received protests on the Cantua Creek from APMWC and the California Department of Fish and Wildlife (CDFW).

The District's staff is meeting with the protesting parties to see if the parties can resolve their concerns about the applications and dismiss their respective protests to avoid a contested hearing on the applications. If the District cannot resolve the protests, the State Water Board may require an administrative hearing. Depending on the outcome of the hearing, the District or the protestants may file litigation challenging the State Water Board's action. At this time, the ultimate resolution of the outstanding issues and the amount of the District's potential liability, if any, resulting from that ultimate resolution cannot be determined. Thus, it is not possible to reasonably assess if or the extent to which resolution of the outstanding issues may have a material adverse effect on the District's financial position.

Government Claims Act Claims: The District has two potential pending claims for monetary damages pursuant to the Government Claims Act (Gov. Code, § 810 et seq.).

Mr. Rick Yribarren filed a timely claim for crop loss and damages to agricultural land arising from two pipeline failures on November 16, 2025. The claim for damages totaled $10,830 for damages related to tree damage/loss, lost crop, degraded crop and harvest delays; however, the District did not receive a fully documented estimate. The District and Mr. Yribarren mutually agreed to extend the time for the District to act on the claim, so that additional information could be obtained and/or a proposed resolution could be reached. The District is waiting on final price documentation for the 2025 crop, expected on or about September 30, 2026, to decide next steps.

Mr. Sean Marsh filed an application for leave to present late claim for damages against the District due to an incident where Mr. Marsh was injured performing work for the Department of Water Resources near the District's property. The claim for damages estimated more than $10,000 in damages; however, the District never received a detailed estimate. On June 16, 2026, The District's Board of Directors rejected the claim as untimely because it was filed more than 6 months after the incident and the late filing was not due to mistake, inadvertence, surprise, or excusable neglect. The District provided Mr. Marsh with notice of the rejection. As of August 13, 2026, Mr. Marsh has not filed suit to challenge the Board's decision to reject the late claim. At this time, the ultimate resolution of the outstanding issues with the late claim application and the amount of the District's potential liability, if any, resulting from that ultimate resolution cannot be determined. Thus, it is not possible to reasonably assess if or the extent to which resolution of the outstanding issues may have a material adverse effect on the District's financial position.

Other Litigation: The following claims are not expected to result in a direct material financial impact to the District but could affect water deliveries through the CVP, which could result in future operational or financial impacts on the District.

Tehama-Colusa Canal Authority et al. v. California Department of Water Resources et al., Sacramento Superior Court Case No. 24WM000183: The District joined a group of CVP water users in filing this lawsuit in late 2024 challenging the California Department of Water Resources' (DWR) approval of an environmental impact report (EIR) for the Long-Term Operation of the State Water Project (SWP) and California Department of Fish and Wildlife's (CDFW) approval of an Incidental Take Permit for the SWP. The Petition outlines concerns related to the alignment of proposed SWP operations with CVP operations under applicable environmental laws. The case is in the very early stages, with merits briefing not yet scheduled.

The ultimate outcome of this matter, and any insurance coverage, together with the amount of the District's potential liability, if any, resulting from the ultimate resolution of this matter cannot presently be determined. Thus, it is not possible to reasonably assess if or the extent to which resolution of the outstanding issues may have a material adverse effect on the District's financial position.

NOTE L – CONTINGENCIES AND COMMITMENTS (Continued)

Center for Biological Diversity, et al. v. Reclamation, et al., United States District Court, Eastern District of California Case No. 1:20-cv-00706: The plaintiffs in this case filed their complaint in May 2020 against Reclamation, Interior, and the Interior Secretary, bringing challenges to the contracts converted from water service to repayment – Water Infrastructure Improvements for the Nation (WIIN) Act contracts (some of which are discussed above). The plaintiffs amended their complaint later that year. The plaintiffs seek to invalidate those contracts because the Plaintiffs allege that the contracts were entered into without Reclamation first conducting environmental review allegedly required under the National Environmental Policy Act (NEPA) and the Endangered Species Act (ESA). The District, Distribution District No. 1, and Distribution District No. 2, are defendants in this case, as are other contractors that converted their water service contracts to repayment contracts per the WIIN Act. Briefing for Plaintiffs' Motion for Summary Judgment and Defendants' Cross-Motions for Summary Judgment was completed on January 27, 2022. Plaintiffs seek to "set aside, and rescind" repayment contracts, including the District's and others', which have already been executed and to enjoin Reclamation from entering into repayment contracts with other water contractors. As of February 28, 2025, cross motions for summary judgment by defendants have been briefed.

On June 30, 2025, the district court issued an order granting summary judgment in favor of Federal Defendants and Contractor Defendants, including the District, disposing of the NEPA and ESA claims. Plaintiffs appealed to the Ninth Circuit, which heard oral argument on May 22, 2026, and parties are currently waiting for the court to issue a decision.

At this time, the ultimate resolution of the outstanding issues and the amount of the District's potential liability, if any, resulting from that ultimate resolution cannot be determined. Thus, it is not possible to reasonably assess if or the extent to which resolution of the outstanding issues may have a material adverse effect on the District's financial position.

North Coast Rivers Alliance, et al. v. U.S. Department of Interior; Westlands Water District Intervenors, United States District Court, Eastern District of California Case No. 1:20-cv-00706: The plaintiffs in this case seek to invalidate WIIN Act contracts for lack of NEPA review, as well as for lack of validation by a state court, and other alleged Reclamation law violations. The District is an intervenor-defendant in this case. Distribution No. 1 and Distribution No. 2 were joined as required parties, as were other contractors that have converted WIIN Act contracts. The parties in this case have agreed that the Court's decisions on the Motion and Cross-Motion for Summary Judgment in the Center for Biological Diversity case (described above) will also decide Plaintiffs' NEPA claim in this case. On March 31, 2023, Federal Defendants filed a Motion for Summary Judgment on the Plaintiffs' remaining claims. Contractor Defendants filed Motions for Summary Judgment on the Plaintiffs' remaining claims on April 21, 2023. Briefing on the motions was completed on July 14, 2023.

On June 30, 2025, the District Court issued an order granting summary judgment in favor of Federal Defendants and Contractor Defendants, including the District, disposing of the NEPA claim in this case, as well as the Center for Biological Diversity case, described above. On March 26, 2026, the court issued an order granting summary judgment in favor of Federal Defendants and Contractor Defendants on the remaining WIIN Act claims related to contract validation.

Plaintiffs appealed the decision on April 15, 2026, to the Ninth Circuit where briefing is currently underway, with the plaintiffs' opening brief due July 31, 2026. Pending additional extensions to the schedule, oral argument will likely be set in early 2027.

At this time, the ultimate resolution of the outstanding issues and the amount of the District's potential liability, if any, resulting from that ultimate resolution cannot be determined. Thus, it is not possible to reasonably assess if or the extent to which resolution of the outstanding issues may have a material adverse effect on the District's financial position.

Hoopa Valley Tribe v. Reclamation, et al., United States District Court, Eastern District of California, Case No. 1:20-cv-01814: This action by the Hoopa Valley Tribe (Hoopa) was filed in August 2020 against Reclamation and Interior also challenging the WIIN Act repayment contracts of the District and other water contractors under NEPA and other laws. In particular, Hoopa's complaint includes a number of allegations that the Federal Defendants violated the Central Valley Project Improvement Act (CVPIA).

NOTE L – CONTINGENCIES AND COMMITMENTS (Continued)

On December 29, 2022, the Court granted the District' request to intervene in this case as a defendant.

On March 6, 2023, Federal Defendants filed a Motion to Dismiss all of the Plaintiffs' claims lack of jurisdiction and for failure to state a claim upon which relief can be granted. On March 20, 2023, the District filed a Motion to Dismiss all of the Plaintiffs' claims related to the District's repayment contracts for lack of jurisdiction, failure to state a claim upon which relief can be granted, and failure to join required parties. Briefing on the motions was completed on May 22, 2023. The court has not required a hearing and it is anticipated that the court will decide the matter on the papers as filed. As of February 28, 2025, the pending Motion to Dismiss remains in the court's backlog of cases.

On May 4, 2026, the parties filed a joint status update at the court's request to address whether any pending claims had become moot or required supplemental briefing. As of the date of this update, the court had still not ruled or otherwise communicated further with the parties.

At this time, the ultimate resolution of the outstanding issues and the amount of the District's potential liability, if any, resulting from that ultimate resolution cannot be determined. Thus, it is not possible to reasonably assess if or the extent to which resolution of the outstanding issues may have a material adverse effect on the District's financial position.

State Water Resources Control Board Curtailment Cases, Judicial Council Coordinated Cases Proceeding No. 5229, Santa Clara Superior Court Case No. 22CV402030): This coordinated proceeding involves cases challenging emergency regulations adopted by the State Water Resources Control Board (State Water Board) in 2021 and 2022 to curtail water diversions during the drought. The State Water Board issued a curtailment order to diverters based on the regulations, and a methodology for determining water availability in the Bay Delta watershed. Seven cases were filed in 2021, and five more in 2022. The District intervened because certain of petitioners' arguments regarding water rights and the methodology implicate protections for CVP stored water.

The trial court has ruled on several demurrers and motions to strike portions of the petitions. The State Water Resources Control Board has lodged the administrative record with the court. Merits briefing is underway with trial set for late October 2026.

At this time, the ultimate resolution of the outstanding issues and the amount of the District's potential liability, if any, resulting from that ultimate resolution cannot be determined. Thus, it is not possible to reasonably assess if or the extent to which resolution of the outstanding issues may have a material adverse effect on the District's financial position.

State Water Board Cases, Judicial Council Coordinated Proceeding No. 5013, Sacramento Superior Court; appellate case no. C101232: This case involves challenges to the Phase 1 amendments to the Bay Delta Water Quality Control Plan adopted by the State Water Resources Control Board in 2018. The amendments added new water quality objectives for tributaries to the San Joaquin River using an "unimpaired flow" approach. The District challenged the amendments based on violations of the California Environmental Quality Act (CEQA), the Porter-Cologne Act, and Article X, section 2 of the California Constitution. The District' case has been coordinated with ten other cases challenging the amendments. The trial court issued a decision on March 15, 2024 rejecting all claims. The District filed a notice of appeal on May 10, 2024. Multiple other petitioners filed appeals as well.

The District and other parties filed opening briefs with the court of appeal on March 2, 2026 along with multiple other petitioner-appellants. The State's opposition brief is due on September 21, 2026 with an optional reply brief due 20 days after. There is currently no date set for oral argument.

At this time, the ultimate resolution of the outstanding issues and the amount of the District's potential liability, if any, resulting from that ultimate resolution cannot be determined. Thus, it is not possible to reasonably assess if or the extent to which resolution of the outstanding issues may have a material adverse effect on the District's financial position.

CSPA v. State Water Resources Control Board, Sacramento Superior Court Case No. 34-2-21-80003761. In this case the Plaintiffs allege that the State Water Resources Control Board's approvals of temporary urgency change petitions filed by the CVP and SWP in the drought years of 2021, 2022, and early 2023 violated the Water Code, the public trust doctrine, and Article X, section 2 of the California Constitution. The temporary urgency change petitions sought and were granted relief from achieving Delta water quality objectives because there was not enough water in the system to meet all environmental requirements and essential human health and safety needs. The administrative record has not been lodged and merits briefing has not been scheduled.

NOTE L – CONTINGENCIES AND COMMITMENTS (Continued)

At this time, the ultimate resolution of the outstanding issues and the amount of the District's potential liability, if any, resulting from that ultimate resolution cannot be determined. Thus, it is not possible to reasonably assess if or the extent to which resolution of the outstanding issues may have a material adverse effect on the District's financial position.

CSPA v. State Water Resources Control Board, Sacramento Superior Court Case No. 34-2-21-80003763. In this case Plaintiffs allege that the State Water Board's approvals of Reclamation's temperature management plans for operations at Shasta in the drought years of 2021 and 2022 violated the Water Code, Fish and Game Code, public trust doctrine, and Article X, section 2 of the California Constitution. The administrative record has not been lodged and merits briefing has not been scheduled.

At this time, the ultimate resolution of the outstanding issues and the amount of the District's potential liability, if any, resulting from that ultimate resolution cannot be determined. Thus, it is not possible to reasonably assess if or the extent to which resolution of the outstanding issues may have a material adverse effect on the District's financial position.

Center for Biological Diversity et al v. U.S. Bureau of Reclamation et al., Eastern District of California case no. 2:26-cv-00671: This case involves allegations that Reclamation's operations of the Central Valley Project, in particular Shasta Reservoir, violates the terms of the 2024 Biological Opinions and therefore violates the Endangered Species Act. Plaintiffs filed suit against Reclamation on March 2, 2026. The District and other CVP and SWP water users filed motions to intervene, which the court granted on July 7, 2026. Plaintiffs filed a motion for temporary restraining order and preliminary injunction specifically related to Shasta Reservoir operations and carryover storage requirements. The court denied the motion for a temporary restraining order on July 9, 2026, and denied the motion for a preliminary injunction on August 3, 2026.

Reclamation will be preparing the administrative record, with the current deadline for production in September 2026. Briefing on the merits of the case is currently scheduled to begin in October and be completed some time in 2027.

At this time, the ultimate resolution of the outstanding issues and the amount of the District's potential liability, if any, resulting from that ultimate resolution cannot be determined. Thus, it is not possible to reasonably assess if or the extent to which resolution of the outstanding issues may have a material adverse effect on the District's financial position.

L.S. Power Eminent Domain Proceedings (LS Power Grid California, LLC v. Olivia M. Chaney, Westlands Water District, et al., Fresno County Superior Court Case No. 26CECG01238; LS Power Grid California, LLC v. Joesph O. Souza, Jr., Westlands Water District, et al., Fresno County Superior Court Case No. 26CU00873; LS Power Grid California, LLC v. William & Donna Souza, Westlands Water District, et al., Fresno County Superior Court Case No. 26CU00897; LS Power Grid California, LLC v. Sair Partnership 7, LLC, Westlands Water District, et al., Fresno County Superior Court Case No. 26CU00852; LS Power Grid California, LLC v. Procacci, Westlands Water District, et al., Fresno County Superior Court Case No. 26CU01405; and LS Power Grid California, LLC v. Luna Valley Land Holdings, LLC, Westlands Water District, et al., Fresno County Superior Court Case No. 26CU1426): L.S. Power filed multiple eminent domain cases against the District to condemn easements for electrical transmission infrastructure over real property or easements held by the District. These cases are in the earliest stage, with answers having just been filed in summer 2026.

At this time, the ultimate resolution of the outstanding issues and the amount of the District's potential liability, if any, resulting from that ultimate resolution cannot be determined. Thus, it is not possible to reasonably assess if or the extent to which resolution of the outstanding issues may have a material adverse effect on the District's financial position.

Westlands Water District vs. McCrometer, Inc. (Pre-Litigation): On March 10, 2026, the District, through its counsel, sent a demand letter to McCrometer, Inc. alleging that the District purchased McMag 3000 meters based upon McCrometer's representations that the meters would operate properly and accurately measure waterflow. Subsequently, the meters began registering a condition called "phantom flow" when no water was flowing through the pipes. The District investigated and attempted to cure the conditions, but now contends that the meters should never have been sold by McCrometer to the District. The District has demanded a full refund on the meters and expenses.

NOTE L – CONTINGENCIES AND COMMITMENTS (Continued)

Since the date of the letter, the District and McCrometer have been in settlement discussions. To date, no litigation has been filed. However, if the matter is not resolved to the District's satisfaction, the District intends to proceed with litigation and vigorously pursue this matter. At this time, the ultimate resolution of the outstanding issues and the amount of the District's potential liability, if any, resulting from that ultimate resolution cannot be determined. Thus, it is not possible to reasonably assess if or the extent to which resolution of the outstanding issues may have a material adverse effect on the District's financial position.

Westlands Water District vs. Load King (Pre-Litigation): On May 29, 2026, the District, through its counsel, sent a demand letter to Load King in connection with the District's revocation of purchase of a 2019 Peterbilt Crane. The District contends that the crane had substantial defects. The District has demanded the return of the crane, its repair and a refund on expenses.

Since the date of the letter, The District and Load King have had multiple settlement discussions. To date, no litigation has been filed. However, if the matter is not resolved to the District's satisfaction, District intends to proceed with litigation and vigorously pursue this matter. At this time, the ultimate resolution of the outstanding issues and the amount of the District's potential liability, if any, resulting from that ultimate resolution cannot be determined. Thus, it is not possible to reasonably assess if or the extent to which resolution of the outstanding issues may have a material adverse effect on the District's financial position.

Pollution Remediation: In February 2005, the District annexed the Broadview Water District and acquired most of the privately-owned lands within its boundaries. Broadview Water District continues to exist as a separate legal entity from the District, but its activities are funded by the District. At the time of the annexation, the Bullard Avenue Airstrip, a property which was and is still owned by Broadview Water District, was known to be potentially contaminated by various pesticides used within the agriculture industry during that time. The airstrip has not been in use since the District's annexation of Broadview Water District in 2005. The District retained the services of a consultant who is working with the Regional Water Quality Control Board (RWQCB) to determine the extent of the contamination. Currently work consists of annual water and soil sampling. The expected outlays for remediation are not reasonably estimable. Accordingly, no liability has been included in these financial statements.

General Legal Contingencies: The District is a party to other legal proceedings and claims, related to and/or in addition to those discussed explicitly herein, which arise during the ordinary course of business. In the opinion of management, the ultimate outcome of the claims and litigation will not have a material adverse effect on the District's financial position.

Other Contingencies and Commitments:

Bankruptcy and Receivership Proceedings Involving District Customers: The District routinely receives notice of any bankruptcy and receivership proceedings involving its customers and monitors those proceedings to protect its interests, in addition to proactively addressing customer delinquencies before such proceedings commence.

New Conveyance: The District previously supported the development of the California WaterFix (CWF), a project that would have resulted in two tunnels that would have been used to convey water from the north Delta to the existing C.W. "Bill" Jones Pumping Plant and Harvey O. Banks Pumping Plant, both in the south Delta. The District invested considerable financial resources, time and expertise into the CWF's planning, but consistently stated it would not obligate landowners it serves to billions of dollars in debt without reasonable assurances that the project would produce reliable, affordable water supplies. On September 19, 2017, after an analysis by independent consultants and District staff, the District's Board of Directors voted to not participate in the CWF. The District also participated in proceedings conducted by the California State Water Resources Control Board on change petitions filed by the DWR and the United States Reclamation to add points of diversion or rediversion to their respective permits to appropriate water that would have been conveyed through CWF facilities. None of those activities would have a material adverse effect on the District's financial position. DWR and Reclamation decided not to proceed with the WaterFix project, including its efforts to add points of diversion or re-diversion.

In December 2023, DWR completed planning efforts for a new infrastructure project, one that would result in a single tunnel (the "Delta Conveyance Project"). In 2024, DWR filed a change petition to add two new points of diversion and re-diversion to the water right permits associated with the SWP as part of the Delta Conveyance Project, which would allow DWR to divert water from the northern Delta and convey the water through a tunnel to existing water distribution

NOTE L – CONTINGENCIES AND COMMITMENTS (Continued)

facilities in the southern Delta. Several parties protested DWR's petition. The State Water Board's Administrative Hearing Office is holding a hearing on the petition. The District did not protest DWR's petition and has appeared in the proceeding as an interested party.

DWR finished presentation of its case-in-chief on June 11, 2025. On July 11, 2025, protesting parties were required to submit their proposed permit terms and case in chief testimony. The District submitted a letter outlining its proposal to modify one proposed permit term and add two additional permit terms that are intended to address potential impacts on south of Delta CVP exports. The hearing will resume in August 2025 and is currently anticipated to continue into October 2025. The District will continue to monitor the proceeding and its financial impacts to the District's interests.

Grants: On September 16, 2014, the California State Legislature passed comprehensive groundwater legislation contained in three bills: SB1168, SB1319 and AB1739. These bills, collectively known as SGMA, require the formation of groundwater sustainability agencies (GSA) to prepare groundwater sustainability plans (GSP) for high and medium priority groundwater basins to prevent overdraft conditions and to implement measures that promote sustainable management of over drafted basins. Under SGMA, GSAs managing critically over drafted basins are required to develop a GSP by 2020 and achieve sustainable management of their subbasins by 2040 through balanced levels of pumping and recharge.

The District's service area encompasses nearly all of the Westside Subbasin defined by the Department of Water Resources (DWR) in its Bulletin 118. On July 19, 2016, the District's Board approved applying to become the GSA for the Westside Subbasin. Subsequently, the District was approved by DWR to serve as a GSA.

The District, serving as the GSA, adopted a GSP and submitted the plan to DWR by the required deadline, January 31, 2020. The GSP describes the sustainable use of groundwater in the subbasin, the mitigation measures that will be implemented to address undesirable results, enhancement strategies for subbasin optimization, management policies to administer the GSP, and cost or charges that may be levied for GSP implementation. The District amended the GSP in 2022 to address areas that sections that DWR identified as deficient. On August 4, 2023, the DWR approved the Westside Subbasin GSP and provided the final assessment, which included ten recommended corrective actions DWR would like to see addressed. In 2022, the District implemented a Groundwater Allocation Program. The Groundwater Allocation Program includes an 8-year transition period from 2022 to 2030.

During the year ended February 28, 2022, the District's Broadview Aquifer Storage and Recovery project was awarded $809,000 from the Department of Water Resources through the Proposition 1 Integrated Regional Water Management (IRWM) Program grant round 1. This grant is managed by the San Luis Delta Mendota Water Authority. The project could recharge up to 2,000 acre-feet per year, provides a basin wide benefit, and supports the District's sustainability goals in the Westside Subbasin GSP. In June 2026, the grant term was extended by an additional three (3) years, with no change to the grant award amount, resulting in a revised grant end date of April 2027. As of the last day of February 2026 and 2025, the District incurred expenses of $809,263 under the grant.

During the year ended February 28, 2022, the District was awarded $1.16 million from the Reclamation for the District's automatic meter infrastructure. This grant was awarded under Reclamation's Water SMART grant. As of the last day of February 2026 and 2025, the District incurred expenses of $1,059,583 under the grant. The grant was formally closed out in May 2025.

On April 28, 2022, the District was notified by the DWR that it was awarded a Budget Act of 2021 SGR Grant Program Sustainable Groundwater Management Act Implementation – Round 1 grant in the amount of $7.6 million for the Westside Subbasin Recharge Optimization Study and Program. As of the last day of February 2026 and 2025, the District incurred expenses of $7,379,997 and $4,483,886, respectively, under the grant.

During the year ended As of February 29, 2024, The District was awarded $8.89M from the Department of Conservation's Round 2 MultiBenefit Land Repurposing Program regional block grant. The program will allow the District and its partners to develop a plan and build projects that will assist the Groundwater Sustainability Agency to identify and put into practice long-term opportunities to repurpose agricultural lands, cut groundwater use, reduce subsidence, improve groundwater supply, avoid undesirable results as defined by the Westside Groundwater Sustainability Plan, and provide benefits to disadvantaged communities. As of the last day of February 2026 and 2025, the District incurred expenses of $497,424 and $148,388, respectively, under the grant.

NOTE L – CONTINGENCIES AND COMMITMENTS (Continued)

In June 2023, the District was awarded $5.2M and other $200k, via an amendment, for a total award of $5.4M from the California Department of Water Resources for the LandFlex grant through the Sustainable Groundwater Grant Program funded by the Budget Act of 2021. The program allows growers within the District to receive $2,800 per acre land-use transition payment to remove trees or vines, a payment to applicants in proximity of vulnerable domestic wells of up to $350 per acre-foot of water saved through September 2023 and a one-time payment of $1,000 for each acre-foot of 2023 overdraft allocation above the sustainable yield that are permanently eliminated. The agreement allows the District to charge $25,000 each for administration and monitoring/assessment. As of the last day of February 2026 and 2025, the District incurred expenses of $5,400,000 and $1,619,108, respectively, under the grant.

As of February 29, 2024, the District was awarded $1M from the Flood Diversion and Recharge Enhancement Initiative through the California Governor's Office of Emergency Services. As of the last day of February 2026 and 2025, the District incurred expenses of $999,380 and $924,380, respectively, under the grant.

In May 2023, the District was awarded $1.5M from DWR to support the District's Desalination and On-Farm Recycling Project. Grant funding is for projects that help produce clean, safe, and reliable water as part of the Water Quality, Supply, and Infrastructure Improvement Act of 2014. As of the last day of February 2026 and 2025, the District incurred expenses of $606,680 and $195,530, respectively, under the grant.

As of February 29, 2024, the District was awarded $100,000 from the Bureau of Reclamation, through the Small-Scale Water Efficiency Projects. As of the last day of February 2026 and 2025, the District incurred expenses of $33,800 and $28,585, respectively, under the grant.

In April 2024, the District was awarded $200,000 from the Bureau of Reclamation, through the WaterSMART Grants to complete the 90 percent design for the District's Lateral Interconnection Project. As of the last day of February 2026 and 2025, the District incurred expenses of $108,316 and $13,391, respectively, under the grant.

In December 2024, the District was notified it would be awarded a $247,000 Cybersecurity Grant from Cal OES. The grant is intended to improve the District's data backup and recovery capabilities, improve communication systems and provide training for staff. During fiscal year 2026, the District entered into a contract and, as of last day of February 2026, had incurred $69,478 in expenses under the grant.

On May 21, 2024, the District was awarded $25 million from the Inflation Reduction Act from the Investing in America agenda for water conservation and drought resilience. The agreement is currently not executed.

In February 2026 the District was awarded $1.8 million to expand its Advanced Metering Infrastructure (AMI) Project. The project will include installation and upgrade of 1,603 meters throughout the District's distribution system to improve monitoring and near real time data. The grant period extends through December 2028. As of the last day of February 2026, the District has not incurred any expenses under the grant.

Grant Contingencies: All grant awards may be audited by grant agencies at any time and may result in a netting of a future draw or a liability to repay the granting agency because of disallowed costs found in the audit.

Irrevocable Standby Letter of Credit: On September 2, 2020, the District established an Irrevocable Standby Letter of Credit (ISBLC) with the California Department of Fish and Wildlife (CDFW) as beneficiary with a principal sum of $2,236,900. The ISBLC was established pursuant to the terms of the incidental take permit (permit) for the Lower Yolo Restoration Project issued on August 4, 2020. The ISBLC serves as a security device for the performance of the District to complete certain mitigation requirements as set forth in the permit. Upon expiration of the Bank of the West ISBLC, the District obtained a new ISBLC through Citizens Business Bank for the same purpose and principal amount.

B.F. Sisk Raise and Expansion Project: In October of 2023 the Expansion Project was approved by the Lead Agencies. The Expansion Project capacity is expected to be allocated with 91,000 AF ("Investor share") going to a subset of six (6) SLDMWA members and 39,000 AF to Reclamation for Project uses ("CVP share"), which is non-reimbursable. Average annual yield of the Expansion Project is estimated at 53,000 AF, with the Investor share being 38,900 AF. Based on latest projections, the Expansion Project design and construction cost is estimated to be $1,045M with the dam crest raise comprising $516M and raising State Route (SR) 152 comprising $529M. Approximately $313.5M will be funded by the Department of Interior, and the Investors would fund the balance of $731.5M, based on

NOTE L – CONTINGENCIES AND COMMITMENTS (Continued)

the currently agreed upon 70/30 (Investor/Reclamation) cost split. The preconstruction and design costs are estimated at $25.9M. The District is participating in the Expansion Project at 13.1% (11,921 AF storage and 5,069 AF average yield) through the First Amended and Related B.F. Sisk Dam Raise and Reservoir Expansion Project Activity Agreement (Activity Agreement) with SLDMWA.

Clean Energy Infrastructure Agreement: On January 17, 2023, the District entered into a Clean Energy Infrastructure Agreement (Agreement) with a private company to develop a master development clean energy infrastructure plan called the Valley Clean Infrastructure Plan (the Plan). The Plan will define the structure and major components of a project for constructing transmission lines, generation tie lines, substations, and related infrastructure for conveyance of clean energy, and the actual generation and storage of clean energy and associated opportunities (the “Project”). The Agreement identifies three types of property: 1) “Exclusive Property,” which is District-owned property; 2) “Option Property,” which is District-owned property under which the District has granted options to third parties to purchase the property; and 3) “Private Property,” which is additional property that may be acquired or where an option interest may be obtained in privately owned land in the future (collectively “Project Property”). The Agreement would allow Project Property to be developed or sold for clean energy projects, which could result in the generation of revenue available to be used for the District’s mission to provide timely, reliable, and affordable water services to landowners and water users. The agreement is contingent upon the completion of an environmental review under CEQA. The District released the draft environmental impact report for public review in early August 2025 and anticipates that the environmental review process under CEQA will be complete by the end of 2026.

The Agreement includes strategies to maximize the financial benefits associated with Project development. The Agreement provides for the District and private company to share in the sales price of Exclusive Property initially exceeding $12,500 per acre, which increases after the eighth anniversary date of the agreement according to the United States City Average for All Urban Consumers, All Items, Not Seasonally Adjusted. Lease payments exceeding $12,500 per acre on Exclusive Property will also be shared under the agreement and option payments on Exclusive Property will be shared 67.6% by the District and 32.4% by the private company. Option Property is automatically designated as Exclusive Property for these provisions when options expire or are terminated subject to the terms of the Agreement. Private property acquired will be included as Exclusive Property subject to the District’s ability to retain certain properties for its own use as specified in the Agreement. The agreement allows the District to use the private company’s expertise to secure clean energy at scale, build clean energy systems and secure power purchase agreements. The agreement also allows the district to co-invest in an amount not to exceed 33% of the capital cost of high-voltage transmission infrastructure the private company builds and owns. Should the private company acquire rights-of-way for a transmission corridor, the private company will provide the District with an option to at least 3%, but no more than 5%, of the capacity rights or value associated with the transmission line the private company builds and owns on the District’s right-of-way. The Agreement requires the private company to reimburse the District for certain internal costs of complying with the Agreement and to pay for the costs to prepare the CEQA document.

NOTE M – JOINT VENTURES

Power and Water Resources Pooling Authority: On January 22, 2004, the District entered into the Power and Water Resources Pooling Authority (PWRPA) Joint Powers Agreement. This is an independent authority established to study, promote, develop, conduct, design, finance, acquire, construct, and/or operate water and energy related projects and programs. The District, along with fourteen other public agencies, was an initial party or stakeholder to the agreement.

The Agreement includes pro rata sharing of general and administrative costs and other mutual expenses. Specific project costs are paid only by the project participants of that specific project. Initial contributions made to PWRPA included an amount to establish and maintain a reserve fund. Should the District choose to terminate its participation in PWRPA, it would not be entitled to a refund of general and administrative expenses paid. The District would be entitled to a refund of its portion of the reserve fund after paying its share of all costs and liabilities incurred under the agreement on the date of withdrawal. The PWRPA operates on a calendar year basis. The financial transactions of PWRPA are subject to an annual audit. Copies of the financial statements may be obtained from the Power and Water Resources Pooling Authority – 3514 W Lehman Rd, Tracy, California 95304, https://www.pwrpa.org/contact/.

NOTE M – JOINT VENTURES (Continued)

The San Joaquin & Delta-Mendota Water Authority: The San Luis & Delta-Mendota Water Authority (the Authority) was established in January 1992, and consists of 27 agencies representing approximately 2,100,000 acres, 25 of which hold contracts for CVP water. The Authority's member agencies are located within the western San Joaquin Valley, San Benito and Santa Clara counties. The District has been a member of the Authority since its inception. The Authority operates and maintains certain Reclamation CVP facilities. As a member of the Authority, the District pays dues to cover the operations and maintenance costs based upon its contracted water supply. The Authority operates on a March 1 through the last day of February fiscal year. The Authority is required to perform an audit annually. The administrative offices of the Authority are located at 842 6th Street – Los Banos, CA 93635 and its website is www.sldmwa.org.

State and Federal Contractors Water Agency: The State and Federal Contractors Water Agency (SFCWA) was formed by various water agencies in August of 2009 as a Joint Powers Authority according to California law. The water agencies that formed SFCWA receive water transported across the Sacramento-San Joaquin Delta by the State Water Project and the CVP. The SFCWA's mission is to develop and support programs to produce robust science and habitat restoration projects that improve the Bay-Delta ecosystem and assist its member agencies in assuring an adequate reliable and high-quality water supply. The core focus of activities in pursuing this mission is centered on facilitating habitat conservation measures and research related to the restoration of the Delta ecosystem while assuring sufficient and reliable export water supplies. The District, along with five other water agencies, was an initial party to the agreement. In 2018, a decision was made to wind down the SFCWA activities, with the ultimate objective of terminating the entity and related agreement(s) that formed the entity, which timing of termination is not yet known. At this time, SFCWA projects that it holds sufficient assets to cover existing and projected liabilities through the time of termination.

SFCWA operates on a March 1 through the last day of February fiscal year. The SFCWA is required to perform an audit annually. The SFCWA offices are located at 1121 L Street Suite 806 - Sacramento, CA 95814 and its website is www.sfcwa.org.

San Luis Unit/Westlands Water District Financing Authority: The San Luis Unit/Westlands Water District Financing Authority (SLU/WWDFA) is a JPA and was formed by the District and San Luis Water District (SLWD) on January 21, 2020. The JPA was created to assist the District and SLWD in issuing bonds. The SLU/WWDFA operates on a March 1 through the last day of February fiscal year. The SLU/WWDFA is a blended component unit of the District that is audited on a yearly basis as part of the District's financial statement audit. The SLU/WWDFA offices are located at 286 W Cromwell, Fresno, CA 93711.

NOTE N – SUBSEQUENT EVENTS

CVP Water Allocation for 2025: In May 2026, Reclamation approved Central Valley Project 2026 water supply allocations for irrigation water service, and repayment contractors for south-of-Delta Contractors of 25% of the contract total.

Delta-Mendota Subsidence Correction Project – Advance Funding: On February 18, 2026, the District entered into an agreement with the San Luis & Delta-Mendota Water Authority (SLDMWA) to advance SLDMWA $4,100,000 at 4.35% over 5 years for Phase 1 of the Delta-Mendota Canal Subsidence Correction Project, which is anticipated to begin in 2027. The Board of Directors approved increasing the amount advanced to up to $11 million if necessary. Repayment of the advance is expected to be funded through grant proceeds from the California Department of Water Resources or other non-reimbursable funding sources received by SLDMWA. No advances were made under the agreement.

NOTE O – RESTATEMENT FOR CHANGE WITHIN REPORTING ENTITY

The Agency combined the Water District Fund and Other Fund with a restatement for a change within the reporting entity as of March 1, 2024 as follows:

	February 28, 2025 As Previously Reported	Change Within Reporting Entity	March 1, 2025 As Restated
Total assets:			
Water District Fund	$ 844,321,693	$ 1,610,761	$ 845,932,454
Other Fund	$ 1,610,761	$ (1,610,761)	$ -
Total liabilities:			
Water District Fund	$ 338,571,401	$ 142,300	$ 338,713,701
Other Fund	$ 142,300	$ (142,300)	$ -
Net position:			
Water District Fund	$ 447,692,748	$ 1,494,886	$ 449,187,634
Other Fund	$ 1,494,886	$ (1,494,886)	$ -
Change in net position:			
Water District Fund	$ 63,756,601	$ (26,425)	$ 63,730,176
Other Fund	$ (26,425)	$ 26,425	$ -

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Required Supplementary Information

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WESTLANDS WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended February 28, 2026

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
Last 10 Years

	February 28, 2026	February 28, 2025	February 29, 2024	February 28, 2023	February 28, 2022	February 28, 2021	February 29, 2020	February 28, 2019	February 28, 2018	February 28, 2017
Proportion of the Net Pension Liability	0.44979%	0.42734%	0.41466%	0.40397%	0.29833%	0.35103%	0.32294%	0.29461%	0.28770%	0.25690%
Proportionate Share of the Net Pension Liability	$ 17,943,065	$ 20,668,625	$ 20,734,672	$ 18,902,900	$ 5,664,669	$ 14,806,921	$ 12,932,239	$ 11,103,150	$ 11,343,143	$ 8,926,037
Covered Payroll - Plan Measurement Period	$ 10,581,949	$ 9,749,092	$ 9,370,979	$ 9,119,226	$ 9,111,395	$ 8,695,607	$ 8,708,584	$ 8,142,270	$ 7,800,437	$ 7,628,010
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	169.56%	212.01%	221.26%	207.29%	62.17%	170.28%	148.50%	136.36%	145.42%	117.02%
Plan Fiduciary Net Position	$ 80,772,610	$ 74,178,974	$ 71,815,461	$ 69,625,119	$ 77,980,989	$ 65,538,715	$ 64,847,575			
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.82%	78.21%	77.60%	78.65%	93.23%	81.57%	83.37%	86.13%	84.32%	86.47%

Notes to Schedule:

Changes in benefit terms: None

Changes in assumptions:

Changes in the discount rate	6.90%	6.90%	6.90%	6.90%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)
Last 10 Years

	February 28, 2026	February 28, 2025	February 29, 2024	February 28, 2023	February 28, 2022	February 28, 2021	February 29, 2020	February 28, 2019	February 28, 2018	February 28, 2017
Contractually Required Contribution - Employer Fiscal Year (Actuarially Determined)	$ 2,998,453	$ 2,619,118	$ 2,182,083	$ 2,193,523	$ 1,959,529	$ 1,478,332	$ 1,207,884	$ 922,110	$ 761,503	$ 727,749
Contributions in Relation to the Actuarially Determined Contributions	(2,998,453)	(2,619,118)	(2,182,083)	(2,193,523)	(1,959,529)	(1,478,332)	(1,207,884)	(922,110)	(761,503)	(727,749)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll - Employer Fiscal Year	$ 11,493,942	$ 10,581,949	$ 9,749,092	$ 9,370,979	$ 9,119,226	$ 9,111,395	$ 8,695,607	$ 8,708,584	$ 8,142,270	$ 7,800,437
Contributions as a Percentage of Covered Payroll	26.09%	24.75%	22.38%	23.41%	21.49%	16.23%	-13.89%	10.59%	9.35%	9.33%
Notes to Schedule:										
Contribution valuation date - June 30:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting valuation date - June 30:	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reporting measurement date - June 30:	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Method	Entry Age Normal Cost Method									
Amortization Method	Level percentage of payroll, closed									
Remaining Amortization Period	Varies by rate plan, but not more than 30 years									
Asset Valuation Method	Market value									
Inflation	2.30%	2.30%	2.30%	2.30%	2.50%	2.50%	2.625%	2.75%	2.75%	2.75%
Salary Increases	Varies by entry age and service									
Investment rate of return and discount rate	6.80%	6.90%	6.90%	6.90%	7.00%	7.00%	7.25%	7.735%	7.50%	7.50%
Retirement Age	50 to 67 years. Probabilities of retirement are based on the most recent CalPERS Experience Study.									
Mortality	Most recent CalPERS Experience Study									

WESTLANDS WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended February 28, 2026

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)

Measurement date:	February 28, 2026	February 28, 2025	February 29, 2024	February 28, 2023	February 28, 2022	February 28, 2021	February 29, 2020	February 28, 2019
Total OPEB liability:								
Service cost	$ 491,776	$ 509,266	$ 345,770	$ 374,120	$ 320,376	$ 305,120	$ 355,304	$ 338,575
Interest on the total pension liability	1,181,388	1,124,215	1,195,789	1,150,556	1,203,979	1,152,882	1,191,638	1,141,988
Differences between expected and actual experience	5,134,427		190,572		314,465	34,675	(69,659)	(37,172)
Changes in assumptions	2,752,428	(804,721)	1,356,541		(1,792,248)		(1,129,795)	
Benefit payments	(1,180,241)	(1,001,506)	(879,476)	(870,652)	(798,939)	(812,883)	(845,878)	(712,680)
Net change in total OPEB liability	8,379,778	(172,746)	2,209,196	654,024	(752,367)	679,794	(498,390)	730,711
Total OPEB liability - beginning	18,548,372	18,721,118	16,511,922	15,857,898	16,610,265	15,930,471	16,428,861	15,698,150
Total OPEB liability - ending (a)	$ 26,928,150	$ 18,548,372	$ 18,721,118	$ 16,511,922	$ 15,857,898	$ 16,610,265	$ 15,930,471	$ 16,428,861
Plan fiduciary net position:								
Contributions - employer	$ 1,180,241	$ 1,001,506	$ 879,476	$ 870,652	$ 798,939	$ 1,012,883	$ 1,045,878	$ 1,242,680
Net investment income (loss)	1,958,524	1,575,774	866,524	(2,085,902)	3,361,308	416,596	681,308	755,696
Benefit payments	(1,180,241)	(1,001,506)	(879,476)	(870,652)	(798,939)	(812,883)	(845,878)	(712,680)
Administrative expenses	(4,985)	(4,680)	(3,920)	(3,947)	(4,627)	(5,767)	(2,329)	(5,213)
Net change in plan fiduciary net position	1,953,539	1,571,094	862,604	(2,089,849)	3,356,681	610,829	878,979	1,280,483
Plan fiduciary net position - beginning	15,928,340	14,357,246	13,494,642	15,584,491	12,227,810	11,616,981	10,738,002	9,457,519
Plan fiduciary net position - ending (b)	$ 17,881,879	$ 15,928,340	$ 14,357,246	$ 13,494,642	$ 15,584,491	$ 12,227,810	$ 11,616,981	$ 10,738,002
Net OPEB liability - ending (a)-(b)	$ 9,046,271	$ 2,620,032	$ 4,363,872	$ 3,017,280	$ 273,407	$ 4,382,455	$ 4,313,490	$ 5,690,859
Plan fiduciary net position as a percentage of the total OPEB liability	66.41%	85.87%	76.69%	81.73%	98.28%	73.62%	72.92%	65.36%
Covered-employee payroll - measurement period	$ 11,043,913	$ 10,494,491	$ 9,817,270	$ 9,196,129	$ 9,119,226	$ 8,666,512	$ 8,708,584	$ 8,142,270
Net OPEB liability as percentage of covered-employee payroll	81.91%	24.97%	44.45%	32.81%	3.00%	50.57%	49.53%	69.89%
Notes to schedule:								
Valuation date - June 30:	2025	2023	2023	2021	2021	2019	2019	2017
Measurement period - year ended June 30:	2025	2024	2023	2022	2021	2019	2019	2017
Benefit changes: None.								
Changes in assumptions: .								
Changes in the discount rate	6.40%	6.40%	6.00%	6.00%	7.28%	7.28%	7.28%	7.28%
Changes in inflation	2.30%	2.30%	2.30%	2.01%	2.01%	2.01%	2.25%	2.25%

At the 2021 measurement date, the average per capita claims cost was updated to reflect actual 2021 and 2022 premiums and the health care trend rate was updated to reflect 2022 industry survey data and use of the 2022 Getzen model.

Omitted years: GASB Statement No. 75 was implemented during the year ended February 28, 2019. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

WESTLANDS WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended February 28, 2026

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)

	February 28, 2026	February 28, 2025	February 29, 2024	February 28, 2023	February 28, 2022	February 28, 2021	February 29, 2020	February 28, 2019
Actuarially determined contribution - measurement period	$ 1,138,768	$ 800,723	$ 778,913	$ 701,399	$ 679,321	$ 663,646	$ 849,176	$ 818,426
Contributions in relation to the actuarially determined contributions	(1,180,241)	(1,001,506)	(879,476)	(579,716)	(835,973)	(1,012,883)	(1,045,878)	(1,045,878)
Contribution deficiency (excess)	$ (41,473)	$ (200,783)	$ (100,563)	$ 121,683	$ (156,652)	$ (349,237)	$ (196,702)	$ (227,452)
Covered-employee payroll - measurement period	$ 11,043,913	$ 10,494,491	$ 9,817,270	$ 9,196,129	$ 9,119,226	$ 8,666,512	$ 8,708,584	$ 8,142,270
Contributions as a percentage of covered-employee payroll	10.69%	9.54%	8.96%	6.30%	9.17%	11.69%	12.01%	12.85%

Notes to Schedule:

Valuation date - June 30:	2025	2023	2023	2021	2021	2019	2019	2017
Measurement period - year ended June 30:	2025	2024	2023	2022	2021	2019	2019	2017
Actuarial cost method	Entry age normal cost method							
Discount rate	6.40%	6.40%	6.00%	7.28%	7.28%	7.28%	7.28%	7.28%
Inflation	2.30%	2.30%	2.30%	2.01%	2.01%	2.01%	2.25%	2.25%
Salary increases	2.80%	2.80%	2.80%	3.25%	3.25%	3.25%	3.25%	3.25%
Investment rate of return	6.40%	6.40%	6.00%	7.28%	7.28%	7.28%	7.28%	7.28%
Mortality factors	Derived using CalPERS study							
Pre-retirement turnover	Derived using CalPERS study							
Participation - participant/spouse	100%/60%	100%/60%	100%/60%	100%/60%	100%/60%	100%/60%	100%/60%	100%/60%
Healthcare cost trend rates								
Pre-65 - initial	8.76%	5.50%	5.50%	7.00%	7.00%	6.65%	5.39%	5.39%
Pre-65 - final	4.37%	4.00%	4.00%	4.00%	4.00%	5.00%	5.00%	5.00%
Post-65 - initial	6.38%	5.50%	5.50%	5.25%	5.25%	5.00%	5.00%	5.00%
Post-65 - final	4.37%	4.00%	4.00%	4.00%	4.00%	5.00%	5.00%	5.00%

An actuarially determined contribution rate was not calculated. The required contributions and covered employee payroll reported represent amounts computed for the measurement period. Actuarially determined contributions and covered payroll for the employer fiscal year were not available.

Omitted years: GASB Statement No. 75 was implemented during the year ended February 28, 2019. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

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STATISTICAL SECTION

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WESTLANDS WATER DISTRICT
Statistical Section

Table of Contents

This part of the Annual Comprehensive Financial Report presents detailed information to aid in understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial trends
These schedules contain trend information to help the reader understand how the District's financial performance has changed over time:

1. Net position by Component
2. Changes in Net Position

Revenue capacity
These schedules give information on the District's most significant local revenue sources:

1. Revenues by Source
2. Water Rates
3. Assessment Rates
4. Land-Based Charges
5. Principal Assessment Payors

Debt capacity
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future:

1. Debt Coverage Ratio
2. Computation of Direct and Overlapping Debt

Demographic and economic information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place:

1. Crop Values
2. Demographic and Economic Statistics
3. Jobs by NAICS Industry Sector

Operating information
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the City provides and the activities it performs:

1. Number of Employees
2. Capital Assets

Sources: Unless otherwise noted, the information in these schedules is derived from the audited financial statements for the relevant year.

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Westlands Water District

TABLE 1 - Net Position by Component - Last 10 Fiscal Years (Accrual Basis of Accounting)

Source: Westlands Water District

Component	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Net investment in capital assets	$110,394,451	$118,160,969	$119,604,393	$106,868,167	$140,544,642	$189,230,293	$195,292,618	$232,467,695	$263,785,297	$292,670,437
Restricted - For Specific Purposes	$10,672,344	$2,855,229	$4,636,034	$18,879,371	$15,015,701	$36,079,713	$36,037,030	$47,390,423	$51,706,086	$78,726,910
Restricted - Rate Stabilization Fund	$8,700,000	$8,700,000	$13,200,000	$13,200,000	$13,200,000	$13,200,000	$13,200,000	$21,700,000	$31,700,000	$31,700,000
Restricted - Special Purpose Fund	$16,900,000	$16,900,000	$16,842,000	$16,842,000	$16,842,000	$16,842,000	$16,842,000	$16,842,000	$16,842,000	$16,842,000
Unrestricted	$105,337,830	$123,191,502	$131,106,497	$163,814,891	$157,215,082	$117,407,925	$152,820,345	$130,787,516	$148,884,427	$245,955,249
Total Primary Government Net Position	$252,004,625	$269,807,700	$285,388,924	$319,604,429	$342,817,425	$372,759,931	$414,191,993	$449,187,634	$512,917,810	$665,894,596

Westlands Water District

TABLE 2 - Changes in Net Position - Last 10 Fiscal Years

Source: Westlands Water District

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income/ (Loss)	Net Non-Operating Revenue	Income/(Loss) Before Capital Contributions & Prior Period Adjustments	Capital Contributions	Change in Net Position
2026	$ 159,154,260	$162,019,059	$ (2,864,799)	$ 152,515,817	$ 149,651,018	$ 3,325,768	$ 152,976,786
2025	$ 156,187,966	$139,751,316	$ 16,436,650	$ 46,096,482	$ 62,533,132	$ 1,197,044	$ 63,730,176
2024	$ 181,258,080	$188,309,648	$ (7,051,568)	$ 35,281,608	$ 28,230,040	$ 7,284,056	$ 35,514,096
2023	$ 183,429,334	$173,005,918	$ 10,423,416	$ 31,008,646	$ 41,432,062		$ 41,432,062
2022	$ 152,117,008	$140,443,076	$ 11,673,932	$ 18,268,572	$ 29,942,504		$ 29,942,504
2021	$ 164,675,550	$145,927,860	$ 18,747,690	$ 4,392,723	$ 23,140,413		$ 23,140,413
2020	$ 213,259,949	$200,723,799	$ 12,536,150	$ 21,679,355	$ 34,215,505		$ 34,215,505
2019	$ 190,442,820	$179,315,703	$ 11,127,117	$ 10,029,980	$ 21,157,097		$ 21,157,097
2018	$ 250,787,099	$237,891,077	$ 12,896,022	$ 4,907,053	$ 17,803,075		$ 17,803,075
2017	$ 208,593,239	$204,666,833	$ 3,926,406	$ 22,834,719	$ 26,761,125		$ 26,761,125

Notes

2019 - As restated for implementation of GASB No. 75, Other Postemployment Benefits Other than Pensions.

2021 - As restated correction of error.

2024 - As restated for implementation of GASB No. 101, Compensated Absences.

Westlands Water District

TABLE 3 - Revenues by Source - Last 10 Fiscal Years

Source: Westlands Water District

Fiscal Year	Water Sales	Land Based Charges and Assessments	Other Operating Revenues	Total Operating Revenues	Investment Income (Loss)	Other Non-Operating Revenues	Total Non-Operating Revenues	Total Noncapital Revenues
2026	$ 134,640,975	$ 23,911,722	$ 601,563	$ 159,154,260	$ 14,311,484	$ 149,918,945	$ 164,230,429	$ 323,384,689
2025	$ 130,632,749	$ 23,573,884	$ 1,981,333	$ 156,187,966	$ 14,047,649	$ 46,525,115	$ 60,572,764	$ 216,760,730
2024	$ 158,813,591	$ 21,959,581	$ 484,908	$ 181,258,080	$ 13,492,745	$ 46,064,817	$ 59,557,562	$ 240,815,642
2023	$ 159,239,757	$ 21,908,809	$ 2,280,768	$ 183,429,334	$ 959,273	$ 58,125,726	$ 59,084,999	$ 242,514,333
2022	$ 130,896,196	$ 20,943,897	$ 276,915	$ 152,117,008	$ (1,050,630)	$ 78,661,835	$ 77,611,205	$ 229,728,213
2021	$ 141,383,519	$ 22,940,650	$ 351,381	$ 164,675,550	$ 2,810,908	$ 13,684,882	$ 16,495,790	$ 181,171,340
2020	$ 192,364,692	$ 20,401,734	$ 524,867	$ 213,291,293	$ 5,059,842	$ 22,305,284	$ 27,365,126	$ 240,656,419
2019	$ 169,350,086	$ 20,531,892	$ 560,842	$ 190,442,820	$ 3,439,432	$ 12,596,464	$ 16,035,896	$ 206,478,716
2018	$ 230,777,193	$ 19,311,107	$ 698,799	$ 250,787,099	$ 1,317,232	$ 9,871,614	$ 11,188,846	$ 261,975,945
2017	$ 192,136,815	$ 15,924,608	$ 531,816	$ 208,593,239	$ 1,817,404	$ 29,288,983	$ 31,106,387	$ 239,699,626

Westlands Water District

TABLE 4 - Water Rates - Last 10 Fiscal Years

Source: Westlands Water District

Component	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	10 Yr Avg
Ag Water Rate	$262.63	$160.18	$211.21	$183.13	$241.98	$277.95	$288.06	$113.29	$136.61	$147.24	$202.23
M&I Water Rate	$391.86	$402.12	$499.05	$481.31	$544.74	$388.18	$432.37	$158.62	$182.43	$207.55	$368.82

[Note] Rates provided are final year end rates.

Westlands Water District

TABLE 5 - Assessment Rates - Last 10 Fiscal Years

Source: Westlands Water District

Land Use Category	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Eligible for CVP Allocation (Per Acre)		$36.50	$37.37	$38.26	$39.18	$40.12	$41.10	$42.10	$43.14	$44.20
Eligible for Other Water Supply (Per Acre)		$10.63	$10.88	$11.14	$11.41	$11.69	$11.97	$12.26	$12.56	$12.87
Per $100 of Assessed Value	$4.56									

[Note] Beginning in Fiscal Year 2017-2018 the District moved to a new Special Benefit Assessment methodology.

Westlands Water District

TABLE 6 - Land-Based Charges - Last 10 Fiscal Years

Source: Westlands Water District

Land Based Charge	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
District Water Supply Area 1	$10.98	$6.62	$6.30	$5.98	$7.36	$3.50	$4.16	$4.22	$2.44	$2.10
District Water Supply Area 2	$25.59	$15.43	$14.67	$13.93	$17.14	$8.10	$9.66	$9.82	$5.70	$4.88
Extraordinary Pipe Repair	$0.87	$0.73	$6.31	$4.63	$4.60	$0.42	$8.76		$16.13	$2.91
Drainage Service Area	$1.72	$1.75	$1.75	$1.75	$0.29	$6.41			$1.49	$1.49
Westlands Water Quality Coalition	$3.09	$2.15	$1.80	$1.82	$2.42	$2.92	$2.73	$2.63	$3.26	$2.61
Sustainable Groundwater Mgmt Act					$1.30	$1.31	$2.25	$2.99	$2.01	$1.41
USBR Capital Repayment Debt Svc						$12.85	$12.82	$13.04	$26.18	$26.16
Long-Term Water Supply	$8.50	$7.93								
O&M All Lands	$5.96	$5.62								
O&M Lands w/Allocation	$6.36	$6.00								
O&M Lands w/System	$3.49	$3.30								
O&M Lands w/Allocation & System	$18.36	$17.31								

Westlands Water District

TABLE 7 - Principal Property Assessment Payers - Current Year and Nine Years Ago

Source: Westlands Water District

Fiscal Year	Property Assessment Payer	Assessed ($000's)	% of Total Assessment	Fiscal Year	Property Assessment Payer	Assessed ($000's)	% of Total Assessment
2026	D&S&E LLC	688	3.3%	2017	WOOLF FAMILY TRUST NO 1	35	1.7%
2026	LEMOORE NAVAL AIR STATION	531	2.6%	2017	RE MUSTANG LANDCO LLC	29	1.4%
2026	MAVERICKS RANCH LLC	496	2.4%	2017	G3 FARMING TRUST	18	0.9%
2026	WOOLF FAMILY TRUST NO 1	482	2.3%	2017	THREE D TRUST	15	0.8%
2026	HARRIS FARMS INC	379	1.8%	2017	E G FARMING TRUST	10	0.5%
2026	SAGEBERRY FARMS LLC	330	1.6%	2017	UNION PACIFIC RAILROAD CO.	9	0.4%
2026	G3 FARMING TRUST	214	1.0%	2017	WESTLAKE ONE TRUST	9	0.4%
2026	BENGARD FARMING CO.	213	1.0%	2017	WOOLF CHILDREN'S TRUST	9	0.4%
2026	VERVE GREENS INC	212	1.0%	2017	CARDELLA-FUNDUS FARMS TRUST	9	0.4%
2026	CANTUA ORCHARDS LLC	203	1.0%	2017	PACIFIC GAS & ELECTRIC CO	8	0.4%

[Note] Beginning in Fiscal Year 2017-2018 the District moved to a new Special Benefit Assessment methodology.

Westlands Water District

TABLE 8 - Debt Coverage Ratios - Last 10 Fiscal Years

Source: Westlands Water District

Fiscal Year	Gross Revenues[1]	Operating Expenses [2]	Transfers to (from) Reserve Funds[3]	Net Revenue Available for Debt Service	Cash Basis Debt Service Payments	Coverage Ratio
2026	$321,406,866	$160,716,599		$160,690,267	$15,458,016	10.40x
2025	$216,695,823	$136,455,187	$10,000,000	$70,240,636	$10,471,516	6.71x
2024	$246,340,837	$185,516,657	$8,500,000	$52,324,180	$12,058,766	4.34x
2023	$246,858,428	$171,174,286		$75,684,142	$12,415,166	6.10x
2022	$235,339,713	$144,628,227		$90,711,486	$12,453,379	7.28x
2021	$180,458,752	$139,629,301		$40,829,451	$12,391,356	3.29x
2020	$239,035,140	$192,984,109		$46,051,031	$10,996,306	4.19x
2019	$206,290,332	$173,760,862	$4,500,000	$28,029,470	$11,304,599	2.48x
2018	$255,694,152	$230,528,910		$25,165,242	$13,579,621	1.85x
2017	$231,427,958	$197,317,356		$34,110,602	$11,104,450	3.07x

1. Revenues include operating revenues, nonoperating revenues and capital contributions other than noncash revenues (fair value adjustment on investments and gain on refunding).

2. Expenses include operating expenses and other nonoperating expenses, less depreciation and amortization, noncash pension and OPEB expenses, and GL 59300.

3. Transfers to the rate stabilization fund and special purpose fund are treated as expenses and withdrawls from these funds are treated as revenues in the debt service coverage ratio calculation.

Westlands Water District

TABLE 9 - Computation of Direct and Overlapping Debt

Source: California Municipal Statistics, Inc.

2025-26 Assessed Valuation: $4,643,934,223

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2026	% Applicable (1)	District's Share of Debt 6/30/26
West Hills Community College District	$8,495,000	28.63%	$2,431,694
West Hills Community College District School Facilities Improvement District No. 1	10,726,590	37.556	4,028,478
West Hills Community College District School Facilities Improvement District No. 2	12,946,860	35.365	4,578,657
West Hills Community College District School Facilities Improvement District No. 3	27,517,774	18.727	5,153,254
Coalinga/Huron Joint Unified School District	67,218,534	35.365	23,771,835
Firebaugh-Las Deltas Joint Unified School District	29,315,000	2.09	612,684
Golden Plains Unified School District	8,320,000	42.751	3,556,883
Mendota Unified School District	33,494,618	75.832	25,399,639
Reef Sunset Unified School District	32,844,152	20.441	6,713,673
Riverdale Joint Unified School District	23,767,997	39.685	9,432,330
Other Unified School Districts	230,305	4.451	10,251
Lemoore Union High School District	22,010,000	8.232	1,811,863
Westside School District	7,786,935	97.927	7,625,512
Corcoran Hospital District	10,841,034	3.877	420,307
Coalinga-Huron Recreation and Park District	14,400,000	35.533	5,116,752
Westlands Water District		**100**	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			$100,663,812
OVERLAPPING GENERAL FUND DEBT:			
Fresno County General Fund and Pension Obligation Bonds	168,348,782	3.44%	5,791,198
Kings County General Fund Obligations	3,630,000	3.513	127,522
West Hills Community College District General Fund Obligations	10,305,000	28.625	2,949,806
Dos Palos -Oro Loma Joint Unified School District General Fund Obligations	1,879,709	4.451	83,666
Firebaugh-Las Deltas Unified School District Certificates of Participation	16,095,000	2.09	336,386
Golden Plains Unified School District General Fund Obligations	10,180,000	42.751	4,352,052
Reef-Sunset Unified School District General Fund Obligations	4,072,800	20.441	832,521
Lemoore Union High School District Certificates of Participation	2,557,000	8.232	210,492
City of Mendota General Fund Obligations	3,325,000	22.344	742,938
TOTAL OVERLAPPING GENERAL FUND DEBT			$15,426,581
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):	$2,060,000	4.81%	$99,107
TOTAL DIRECT DEBT			
TOTAL OVERLAPPING DEBT			$116,189,500
COMBINED TOTAL DEBT			$116,189,500

(1) The percentage of overlapping debt applicable to the fire protection district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the fire protection district divided by the overlapping district's total taxable assessed value.

(2) Excludes tax revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratio to 2025-26 Assessed Valuation:	
Direct Debt ($0)	**0.00%**
Total Direct and Overlapping Tax and Assessment Debt	2.17%
Combined Total Debt	2.50%

Westlands Water District

TABLE 10 - Crop Values - Most Recent 10 Fiscal Years With Data (000's)

Source: Westlands Water District

Rank	2015		2016		2017		2018		2019	
	CROP	$VALUE	CROP	$VALUE	CROP	$VALUE	CROP	$VALUE	CROP	$VALUE
1	Almonds	518,351	Almonds	476,537	Pistachios	224,258	Almonds	449,462	Almonds	534,703
2	Tomatoes (P)	263,127	Tomatoes (P)	207,843	Pistachios	224,258	Almonds	391,528	Pistachios	304,548
3	Garlic	114,431	Garlic	117,402	Tomatoes (P)	196,732	Garlic	260,916	Tomatoes (P)	239,790
4	Cantaloupes	78,992	Pistachios	114,612	Cotton (Pima)	88,023	Tomatoes (P)	238,980	Garlic	194,968
5	Pistachios	65,599	Cantaloupes	80,968	Garlic	82,778	Flowers	110,940	Cantaloupes	66,674
6	Tomatoes (F)	64,708	Tomatoes (F)	55,325	Cantaloupes	70,829	Onions (F)	101,068	Grapes (W)	66,588
7	Grapes (W)	55,153	Grapes (W)	44,994	Grapes (W)	67,764	Onions (D)	98,719	Garbanzo	65,026
8	Lettuce - Fall	45,472	Cotton (Pima)	43,064	Lettuce (S)	45,486	Cotton (Pima)	90,380	Cotton (Pima)	64,659
9	Tangerines	34,077	Lettuce - Fall	31,287	Garbanzo	43,782	Broccoli	81,686	Onions (F)	52,555
10	Other	313,058	Other	292,205	Other	384,574	Other	514,219	Other	373,170
	TOTAL	**1,552,969**		**1,464,237**		**1,653,687**		**2,286,226**		**1,962,681**

Rank	2020		2021		2022		2023		2024	
	CROP	$VALUE	CROP	$VALUE	CROP	$VALUE	CROP	$VALUE	CROP	$VALUE
1	Pistachios	445,031	Almonds	488,151	Pistachios	378,614	Pistachios	409,595	Pistachios	436,403
2	Almonds	439,542	Pistachios	362,230	Almonds	313,438	Tomatoes (P)	373,727	Almonds	334,757
3	Tomatoes (P)	229,190	Tomatoes (P)	205,835	Garlic	181,847	Almonds	226,593	Tomatoes (P)	284,374
4	Garlic	197,319	Garlic	178,396	Tomatoes (P)	175,906	Garlic	163,586	Garlic	159,674
5	Cantaloupes	64,884	Lettuce - Fall	83,689	Lettuce - Fall	84,573	Onions (F)	68,626	Onions (F)	124,054
6	Grapes (W)	51,389	Grapes (W)	62,121	Grapes (W)	59,841	Cantaloupes	57,030	Cantaloupes	83,434
7	Lettuce - Fall	49,695	Cantaloupes	51,412	Cantaloupes	54,700	Grapes (W)	54,577	Grapes (W)	50,283
8	Onions (F)	41,590	Grapes (R)	49,718	Grapes (R)	42,821	Grapes (R)	45,377	Lettuce - Fall	41,806
9	Tomatoes (F)	33,100	Garbanzo	44,912	Cotton (Pima)	40,735	Lettuce (S)	43,360	Onions (D)	38,255
10	Other	391,507	Other	320,007	Other	292,515	Other	365,219	Other	364,404
	TOTAL	**1,943,248**		**1,846,472**		**1,624,989**		**1,807,691**		**1,917,445**

(D) Dehydrated, (F) Fresh, (P) Processed, (R) Raisin, (S) Spring, (W) Wine

Westlands Water District

TABLE 11 - Demographic and Economic Statistics - Last 10 Calendar Years

Source: FRED Federal Reserve Economic Data, Federal Reserve Bank of St. Louis, U.S. Census Bureau

Fiscal Year	Estimated Service Area Population	Fresno County Population	Kings County Population	Estimated Combined Personal Income	Per Capita Personal Income	Blended County Unemployment Rate	State Unemployment Rate
2026	10,264	1,063,413 *	158,494 *	$573,321,941	$55,857	9.0%	6.1%
2025	9,994	1,035,456	154,327	$541,989,526	$54,231	8.0%	5.3%
2024	9,984	1,033,698	154,913	$525,685,085	$52,651	7.9%	4.9%
2023	9,895	1,025,304	152,682	$483,493,516	$48,862	12.1%	4.0%
2022	9,835	1,017,870	152,987	$472,020,696	$47,993	9.7%	8.0%
2021	9,792	1,012,952	152,775	$462,197,233	$47,201	7.0%	15.1%
2020	9,764	1,009,563	152,844	$438,491,538	$44,908	7.9%	4.1%
2019	9,665	997,847	152,727	$382,098,722	$39,535	8.3%	4.5%
2018	9,597	991,298	151,221	$363,175,714	$37,842	8.9%	4.7%
2017	9,528	984,726	149,542	$357,408,754	$37,512	8.9%	5.4%

FRED Federal Reserve Economic Data, Federal Reserve Bank of St. Louis

District population is estimated to be 0.84% of the combined populations of Fresno and Kings Counties

*Estimated 2.7% increase per U.S. Census Bureau.

Westlands Water District

TABLE 12 - Jobs by NAICS Industry Sector

Source: U.S. Census Bureau

Industry	2017	2018	2019	2020	2021	2022	2023	2024*	2025*	2026*
Agriculture, Forestry, Fishing and Hunting	62.6%	56.9%	55.2%	50.3%	47.7%	40.8%	41.1%	41.1%	41.1%	41.1%
Accommodation and Food Services	12.1%	12.2%	13.4%	12.2%	10.4%	11.4%	11.3%	11.3%	11.3%	11.3%
Transportation and Warehousing	2.7%	3.5%	4.0%	6.2%	10.0%	9.9%	10.1%	10.1%	10.1%	10.1%
Manufacturing	4.1%	6.1%	5.9%	6.8%	7.8%	8.1%	8.7%	8.7%	8.7%	8.7%
Professional, Scientific, and Technical Services	2.3%	2.3%	2.2%	3.2%	3.4%	7.0%	7.2%	7.2%	7.2%	7.2%
Retail Trade	5.2%	5.0%	4.8%	5.4%	4.9%	5.2%	5.3%	5.3%	5.3%	5.3%
Wholesale Trade	2.9%	5.7%	5.6%	6.1%	4.9%	4.2%	4.7%	4.7%	4.7%	4.7%
Health Care and Social Assistance	2.9%	2.9%	2.8%	3.2%	3.1%	3.1%	3.6%	3.6%	3.6%	3.6%
Utilities	0.6%	0.7%	0.5%	0.6%	2.1%	2.2%	3.0%	3.0%	3.0%	3.0%
Real Estate and Rental and Leasing	2.5%	2.3%	2.7%	3.0%	2.8%	2.4%	2.3%	2.3%	2.3%	2.3%
Other	2.0%	2.4%	2.7%	3.1%	2.9%	5.8%	2.8%	2.8%	2.8%	2.8%

*(2023 Most Recent Data)

Westlands Water District

TABLE 13 - Number of Employees - Last 10 Fiscal Years

Source: Westlands Water District

Department	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
GENERAL MANAGEMENT	**18**	**16**	**15**	**15**	**15**	**15**	**17**	**17**	**15**	**16**
Executive Management	*5*	*5*	*5*	*4*	*4*	*4*	*4*	*4*	*4*	*4*
Public Affairs	*1*	*1*	*1*	*1*	*1*	*2*	*2*	*2*	*2*	*2*
Human Resources & Admininstration	*6*	*6*	*6*	*6*	*6*	*6*	*6*	*6*	*6*	*6*
Other Positions	*6*	*4*	*3*	*4*	*4*	*3*	*5*	*5*	*3*	*4*
RESOURCES	**11**	**12**	**13**	**12**	**12**	**9**	**10**	**10**	**10**	**10**
Dept. Management	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*
Dept. Supervisor(s)	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*
Other Positions	*9*	*10*	*11*	*10*	*10*	*7*	*8*	*8*	*8*	*8*
OPERATIONS & MAINTENANCE	**63**	**62**	**62**	**62**	**62**	**62**	**62**	**62**	**62**	**62**
Dept. Management	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*
Dept. Supervisor(s)	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*4*
Dept. Senior(s)	*9*	*9*	*9*	*9*	*9*	*9*	*9*	*9*	*9*	*9*
Other Positions	*48*	*47*	*47*	*47*	*47*	*47*	*47*	*47*	*47*	*48*
FIELD ENGINEERING AND PLANNING	**6**	**6**	**6**	**6**	**6**	**6**	**6**	**6**	**6**	**6**
Dept. Supervisor(s)	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*
Other Positions	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*5*
FINANCE & ADMINISTRATION	**26**	**27**	**27**	**25**	**25**	**24**	**23**	**23**	**23**	**23**
Dept. Management	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*
Dept. Supervisor(s)	*4*	*4*	*4*	*4*	*4*	*4*	*4*	*4*	*4*	*4*
Dept. Senior(s)	*2*	*2*	*2*	*2*	*2*	*2*	*2*	*2*	*2*	*2*
Other Positions	*19*	*20*	*20*	*18*	*18*	*17*	*16*	*16*	*16*	*16*
TOTAL POSITIONS	**124**	**123**	**123**	**120**	**120**	**116**	**118**	**118**	**116**	**117**

Westlands Water District

TABLE 14 - Capital Assets - Last 5 Fiscal Years

Source: Westlands Water District

Component	2022	2023	2024	2025	2026
Land	$ 5,054,534	$ 5,054,534	$ 5,756,382	$ 5,184,136	$ 5,184,136
Other Land Held	$ 99,395,446	$ 89,781,895	$ 96,889,595	$ 104,214,083	$ 96,793,877
Water Rights - CVP	$ 234,928,671	$ 242,968,369	$ 255,008,491	$ 267,739,715	$ 267,739,715
Construction in Progress	$ 12,426,755	$ 8,420,410	$ 13,438,960	$ 12,667,664	$ 10,741,067
Land Improvements	$ 17,561	$ 13,702	$ 13,702	$ 463,096	$ 582,878
Distribution System	$ 191,276,988	$ 181,513,098	$ 182,337,450	$ 189,272,464	$ 197,452,574
Buildings	$ 7,792,040	$ 7,612,425	$ 12,694,639	$ 13,645,926	$ 14,000,344
Furniture and Fixtures/Information Systems	$ 3,261,198	$ 2,860,412	$ 2,917,742	$ 2,922,137	$ 3,054,997
Equipment	$ 2,605,346	$ 1,983,751	$ 2,231,723	$ 2,418,519	$ 2,450,372
Autos/Trucks	$ 3,598,868	$ 3,581,817	$ 4,024,784	$ 4,533,041	$ 4,680,178
Fishing Club Assets	$ 2,547,609	$ 2,618,480	$ 2,770,176		
	$ 562,905,016	$ 546,408,893	$ 578,083,644	$ 603,060,781	$ 602,680,138
Less Accum Deprec	$ (110,145,947)	$ (112,181,817)	$ (115,645,895)	$ (117,698,115)	$ (121,309,272)
Capital Assets, net	$ 452,759,069	$ 434,227,076	$ 462,437,749	$ 485,362,666	$ 481,370,866

Notes

Years prior to 2022 were not available in the same format at time of report issuance. Years will be added prospectively until ten years are reported.

COMPLIANCE REPORT

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INDEPENDENT AUDITOR'S 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*

To the Board of Directors
Westlands Water District
Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Westlands Water District (the District) as of and for the year ended February 28, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 28, 2026.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This

To the Board of Directors
Westlands Water District

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

Richardson & Company, LLP

August 28, 2026

Westlands Water District Board of Directors

Regular Board Meeting of September 15, 2026

Item 7e

Subject:
Board of Directors to Consider Designation of Fiscal Year 2025-2026 Unrestricted Net Position to the Rate Stabilization Fund

Strategic Plan Key Strategies:
5. Manage Finances Effectively

Discussion:
In 2016, the Rate Stabilization Fund (RSF) was established alongside the issuance of the 2016A bonds. All funds deposited into the RSF are irrevocably pledged to the payment of the Bonds and Contracts as stipulated in the 2016 Indenture. The District has the authority to withdraw any portion of the funds from the RSF and transfer them to the Revenue Fund in accordance with the Indenture. These transferred funds can be considered as revenues for the purpose of calculating the debt coverage ratio. The RSF was created to help the District stabilize water rates and charges during periods of low water supply.

Following completion of the Fiscal Year 2025-2026 audit, District staff identified excess revenues resulting from higher-than-budgeted interest earnings and miscellaneous one-time revenues. Given the non-recurring nature of these revenues, staff recommends designating the majority of these funds, or $10 million, for future rate stabilization purposes. This designation would increase the balance of the Rate Stabilization Fund (RSF) from $31.7 million to $41.7 million.

Proposed Motion:
Move that the Board of Directors Approves a Designation of Fiscal Year 2025-2026 Unrestricted Net Position of $10M to the Rate Stabilization Fund.

Recommendation:
Approve the proposed motion.

Attachments:
None

Westlands Water District Board of Directors

Regular Board Meeting of September 15, 2026

Item 7f

Subject:
Board of Directors to Consider Adopting an Amended Conflict of Interest Code for Westlands Water District Effective October 3, 2026

Strategic Plan Key Strategies:

5. Manage Finances Effectively

Discussion:
The Political Reform Act of 1974 requires public agencies to adopt and maintain a Conflict of Interest Code. The District's Conflict of Interest Code is set forth in Article 13 of the District's Rules and Regulations and designates certain officials and employees who must disclose economic interests that may affect District's decision-making.

Public agencies are required to review their Conflict of Interest Codes on a biennial basis and either certify that the Code is accurate and in compliance with applicable law or amend the Code as necessary. As a result of the District's biennial review and Senate Bill 852, the proposed amendments update designated positions and disclosure categories, revise filing requirements, and clarify reporting obligations for positions required to file Statements of Economic Interests pursuant to Government Code section 87200.

The amended Conflict-of-Interest Code has been approved by the Fair Political Practices Commission and is attached for the Board's consideration.

Proposed Motion:
Move that the Board of Directors adopt the amended Article 13, Conflict of Interest Code, of the Westlands Water District Rules and Regulations, effective October 3, 2026.

Recommendation:
Approve the proposed motion.

Attachment:
Article 13. Westlands Water District Conflict of Interest Code

ADOPTED: XX/XX/XX
FPPC APPROVED: 09/02/26

ARTICLE 13. WESTLANDS WATER DISTRICT
CONFLICT OF INTEREST CODE

The Political Reform Act (Government Code Section 81000 et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices, designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the **Westlands Water District** (**District**).

Members of the Board of Directors, Deputy General Manager – Finance and Administration, Supervisor of General Accounting, and Treasurer must file their statements of economic interests electronically with the **Fair Political Practices Commission**. All other individuals holding designated positions must file their statements with the **District**. All statements must be made available for public inspection and reproduction under Government Code Section 81008.

WESTLANDS WATER DISTRICT
CONFLICT OF INTEREST CODE
APPENDIX A – DESIGNATED POSITIONS

Designated Position	Assigned Disclosure Category
General Manager	1, 2, 3, 5
General Counsel	1, 2, 3, 5
Assistant General Manager	1, 2, 3, 5
Chief Administrative Officer	1, 2, 3, 5
Deputy General Counsel	1, 2, 3, 5
Deputy General Manager – External Affairs	1, 2, 3
Deputy General Manager – Resources	1, 2, 3
Deputy General Manager – Operations and Maintenance	1, 2, 3
Information Technology Officer	4
Supervisor of Civil and Preventive Maintenance	1, 3
Supervisor of Customer Accounting	4
Supervisor of Electrical Maintenance	1
Supervisor of Human Resources and Administration	4
Supervisor of Field Engineering and Planning	1, 3
Supervisor of Mechanical Maintenance	1
Supervisor of Operations	2, 3, 4
Supervisor of Procurement and Fleet Services	1
Supervisor of Resources	1, 2, 3
Consultants/New Positions	*

*Consultants/new positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation:

The General Manager may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code (Gov. Code Section 81008).

Public Officials Who Manage Public Investments:

The following positions are NOT covered by the conflict of interest code because they must file under Government Code Section 87200. Those who file under Government Code Section 87200 are required to file electronically with the Fair Political Practices Commission, therefore, these positions are listed for informational purposes only:

- Members of the Board of Directors
- Deputy General Manager – Finance and Administration
- Supervisor of General Accounting
- Treasurer

An individual holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.

WESTLANDS WATER DISTRICT
CONFLICT OF INTEREST CODE
APPENDIX B – DISCLOSURE CATEGORIES

Designated positions must report financial interests in accordance with the assigned disclosure categories.

Category 1: Investments and business positions in business entities and sources of income (including receipt of gifts, loans, and travel payments) if the business entity or source provides leased facilities, products, equipment, vehicles, machinery or services (including training or consulting services) of the type utilized by the District.

Category 2: Interests in real property located within the jurisdiction as well as real property within two miles of the real property owned or used by the District or the potential site, as well as investments and business positions in business entities and sources of income (including receipt of gifts, loans, and travel payments) if the business entity or source provides real estate services (including consulting, appraisal, development, construction) of the type utilized by the District.

Category 3: Investments and business positions in business entities and sources of income (including receipt of gifts, loans, and travel payments) if the business entity or source is engaged in agricultural production.

Category 4: Investments and business positions in business entities and sources of income (including receipt of gifts, loans, and travel payments) if the business entity or source provides leased facilities, products, equipment, vehicles, machinery or services (including training or consulting services) of the type utilized by the position's Department or Division.

Category 5: Investments and business positions in business entities and sources of income (including receipt of gifts, loans, and travel payments) if the business entity or source has, during the reporting period, filed a claim or has a claim pending before the District.

Westlands Water District Board of Directors Serving as the Groundwater Sustainability Agency of the Westside Subbasin

Regular Board Meeting of September 15, 2026

Item 8a

Subject:
Sustainable Groundwater Management Act (SGMA) - Serving as the Groundwater Sustainability Agency (GSA) of the Westside Subbasin, Board of Directors to Receive an Update and/or Provide Input on SGMA Implementation/Compliance Activities, including Actions to Implement the Groundwater Sustainability Plan (GSP)

Strategic Plan Key Strategies:

1. Protect Central Valley Project (CVP) Contract and Secure Supplemental Water Supplies
2. Enhance Groundwater Resources

Prior Month Accomplishments:

- Landowners pumped 27,000 AF of groundwater in August.
- Staff completed the SGMA Groundwater Elevations for the Representative Monitoring Sites within two miles of the San Luis Canal.
- Staff updated the SGMA Monitoring Network to maintain consistent data collection and evaluate the Westside Subbasin GSP Implementation.
- Staff revised and republished Article 1 Rules and Regulations with the Board's approval from the July Regular Meeting to encourage proper land stewardship.
- Staff provided an update on groundwater conditions, potential modifications of the Subsidence Prone Areas, Municipal and Industrial Wells, District groundwater account, and the Aquifer Storage and Recovery Wells Program to the Advisory and Technical Advisory Committee (AC/TAC) on August 25, 2026.

Near-Term Deliverables (Six Months):

- Complete design and construct the Pasajero Groundwater Recharge Project Phase 2 and the Los Gatos Recharge Project.
- Revise the Subsidence Prone Areas and SGMA Monitoring Network, and conduct outreach to potentially affected landowners.

- Conduct groundwater level monitoring in October and November.
- Construct and survey additional subsidence benchmarks within the Westside Subbasin.
- Conduct cone penetration testing within the drainage impaired areas to investigate potential recharge areas.
- Host the next AC/TAC Meeting scheduled for February 22, 2027

Proposed Motion:
No proposed motion.

Recommendation:
None.

Resolution No. 119-26

Westlands Water District Board Of Directors

In Commendation of Alwin Acuna

WHEREAS, Alwin has retired from Westlands Water District after 16 years of service, and upon this occasion he is deserving of special recognition; and

WHEREAS, Alwin began his distinguished career with the District in January 2010 as a Customer Service Representative, then transferred to Accounting Technician in the Human Resources Department in January 2015, Buyer in the Procurement Department in June 2017, and Supervisor of Procurement and Fleet Services in 2021, a position he faithfully served until his retirement; and

WHEREAS, Alwin has been a valued and respected member of the District team, consistently demonstrating unwavering dedication, integrity, and commitment to the District, its landowners and water users, and his colleagues; and through his leadership, reliability, and tireless work ethic, he played an instrumental role in ensuring the smooth and efficient operation of the District's procurement, fleet, shop, and facilities programs. His willingness to go above and beyond, coupled with his positive attitude and genuine care for others, earned the respect and admiration of those around him and leaves a lasting legacy that will long be remembered and greatly missed; and

WHEREAS, Alwin was responsible for planning, organizing, directing, and supervising procurement, warehouse, and automotive operations; developing and implementing policies and procedures related to fleet management; overseeing the preparation and evaluation of purchase requests, specifications, and formal bids; ensuring compliance with District purchasing and receiving regulations; and maintaining diverse and reliable sources for the acquisition and disposition of materials, supplies, and equipment in support of District operations; and

WHEREAS, Alwin during his tenure as Supervisor of Procurement & Fleet Services, fostered strong vendor relationships, ensured competitive and compliant purchasing practices, oversaw million dollar contracts, implemented new policies and procedures to improve efficiency and accounting, administered the District's fleet service and replacement programs, and ensured adherence to applicable California Civil, Labor, and Public Contract Codes; and throughout his service, demonstrated exceptional dedication, professionalism, and a strong work ethic that contributed significantly to the District's success and will be greatly missed by his colleagues and the organization; and

WHEREAS, Alwin throughout his service to the District, responsibly oversaw the maintenance and upkeep of the Fresno office facilities, built the new Fresno office on Cromwell Avenue and sold the prior office on Fresno Street, captured a den of foxes living in the attic, extinguished fires along the canal and fence, prevented vandalism, contributed to the development of annual departmental budgets and long-range planning initiatives, and consistently performed every assignment with dedication and professionalism; and whether managing projects on weekends, arriving early in the morning to meet operational needs, or taking on additional responsibilities, he approached every task with a positive attitude, a willingness to help, and a smile, leaving a lasting impact on the District and all who had the privilege of working alongside him; and

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED THAT this Board does hereby expresses its sincere appreciation to Alwin for his many years of dedicated service to Westlands Water District and its water users and landowners and extends to him its best wishes for good health and happiness in the future. Unanimously adopted on this 15th day of September 2026.

Jeff Fortune, President

Stephen Farmer, Assistant Secretary