



SPECIAL BOARD MEETING AGENDA
BOARD OF DIRECTORS MEETING
MALAGA COUNTY WATER DISTRICT
3580 SOUTH FRANK STREET
FRESNO, CALIFORNIA 93725
Wednesday, January 15, 2020 at 6:00PM

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a District Board Meeting, please contact the District Office at 559-485-7353 at least 48 hours prior to the meeting, to ensure that reasonable arrangements can be made to provide accessibility to the meeting.

- ❖ Please submit all written correspondence for the Board of Directors by 12:00 pm the Friday prior to the meeting. Please deliver or mail to the District Clerk.
- ❖ Public comments are limited to three (3) minutes or less per individual per item, with a fifteen (15) minute maximum per group per item and will be heard during the communication portion of the agenda.

1. Call to Order:

2. Roll Call: President Charles Garabedian, Jr.; Vice President Salvador Cerrillo; Director Irma Castaneda; Director Frank Cerrillo, Jr.; Director Carlos Tovar, Jr.

3. Certification: Certification was made that the Board Meeting Agenda was posted 72 hours in advance of the meeting.

4. Communications:

a. Written Communications:

1. Thank You card from Jadzia Espudo, Fowler FFA, thanking the District for the donation made to her animal project.
2. IWS letter reviewing the community clean-up of November 16, 2019.
3. An invitation from the CSDA for staff and board of directors to access the AB1234 Ethics Compliance webinar. Webinar is available until March 15, 2020.

b. Oral Communications:

The Public may address the Malaga County Water District Board on item(s) of interest within the jurisdiction of the Board, not appearing on the agenda. The Board will listen to comments presented; however, in compliance with the Brown Act, the Board cannot take action on items that are not on the agenda. The public should address the Board on agenda items at the time they are addressed by the Board. All speakers are requested to wait until recognized by the Board President.

Public Comment Limitations: All Comments will be limited to three **(3)** minutes or less per individual/group per item per meeting, with a fifteen **(15)** minutes maximum.

5. Old Business:

- a. **Audit Report.** Max Sanborn has completed the FY 2018/19 audit report. The audit report indicates that the District performs its fiduciary duties in accordance with accounting principles generally accepted in the United States.

Recommended action: To approve the FY 2018/19 audit report as presented.

Motion by: _____; **Second by:** _____

- b. **WWTF Clarifier #3.** Staff at the WWTF have received two quotes for labor cost and replacement of Clarifier #3. The first quote comes from Smith Construction for \$44,803.00. The second quote is from Grizzly Construction, Inc for \$57,325.00, which includes prevailing wages.

Recommended action: to approve the best quote and give direction to the General Manager.

Motion by: _____; **Second by:** _____

6. New Business:

- a. **Resolution No. 01-15-2020.** A resolution to approve educational expenses for classes for employees at the WWTF related to certifications, and necessary for the operation of the District's WWTF and/or the Pretreatment Program.

Recommended action: to approve Resolution 01-15-2020 as presented or amended.

Motion by: _____; **Second by:** _____

- b. **Resolution No. 1-15-2020A.** A resolution to adopt and amend MCWD Master Schedule of Fees, Charges, Penalties and Recovered Costs to amend the penalty for a violation of the Pretreatment Program from \$1,000.00 for every violation to \$200.00 for first violation, \$500.00 for a second violation and \$1,000.00 for a third violation and additional violations.

Recommended action: to approve resolution No. 1-15-2020A as presented or amended.

Motion by: _____; **Second by:** _____

- c. **Resolution No. 01-15-2020B.** A resolution adopting a policy for discontinuation of water service to residences.

Recommended action: to approve Resolution No. 01-15-2020B as presented or amended.

Motion by: _____; **Second by:** _____

7. Recreation Reports: To be submitted at the meeting.

8. Engineer Reports:

- a. District Engineer Report.
i. **Water Meter Project.** Project Completion Report.
- b. CDBG Engineer Report:

9. General Manager's Report:

- a. 2020 Census Program
b. WWTF Classes

- c. Employee of the Quarter announcement
- d. Truck Wash Update
- e. Pre-Treatment update
- f. Tentative Waste Discharge Requirements received and a public hearing concerning this matter will be held during the CVRWQCB meeting 20-21, February 2020.

10. President's Report:

11. Vice President's Report:

12. Director's Reports:

13. Legal Counsel Report:

14. Consent Agenda. The items listed below in the Consent Agenda are routine in nature and are usually approved by a single vote. Prior to any action by the Board of Directors, any Board member may remove an item from the consent agenda for further discussion. Items removed from the Consent Agenda may be heard immediately following approval of the Consent Agenda or set aside for discussion and action after Regular Business.

- a. Minutes of the Regular Board Meeting of December 10, 2019.
- b. Minutes of the Special Meeting of January 2, 2020.
- c. Accounts Payable and Financial Reports.

Recommended action: To approve the Consent Agenda as presented or amended.

Motion by: _____; **Second by:** _____

15. Closed Session:

- a. Significant Exposure to Litigation: One Case. (Government Code §54956.9(b).)
- b. Personnel: Consider employment, discipline or dismissal of public employee. (Government Code §54957(b).)

16. Adjournment:

Motion by: _____, **Second by:** _____

Certification of Posting

I, Norma Melendez, District Clerk of the Malaga County Water District, do hereby certify that the foregoing agenda for the Special Meeting of the Board of Directors of January 15, 2020 was posted for public view on the front window of the MCWD office at 3580 S. Frank Street, Fresno Ca 93725, at 5:00P.M. On 01/13/2020.

Norma Melendez

Norma Melendez, District Clerk

item 4.a.1



Dear *Malaga Co. Water District,*

My name is Jadzia Espudo from Fowler FFA and I would like to thank you for supporting me with add-on bids this year with my animal project. This was my second and final year showing goats and I would like to take this time to thank you for your generosity and helping make it a successful year. Raising goats and being a proud member of my FFA chapter has taught me responsibility, leadership, and many other great qualities I will use in the future.

Thank you so much for supporting me, and I wish you a wonderful holiday season.

Sincerely,

Jadzia Espudo

Jadzia Espudo
Fowler FFA



item 4.a.2

December 16, 2019

Community Clean-up Report

Jennifer Ahl, General Manager
Malaga County Water District
3580 S. Frank Avenue
Fresno, CA 93725

Dear Ms. Ahl,

The purpose of this letter is to review with you the outcome of the community clean-up event which happened on November 16, 2019.

Overall Impressions/Summary of Collection Issues

This year's clean-up continued the district's trend of superior clean-ups over the last few years. Residents followed guidelines and did not dispose of household hazardous waste, tires or paint and vehicles were not parked on the street. Additionally, there did not seem to be any illegal dumping of materials from outside of Malaga.

Overall, the clean-up was another great success for the Malaga County Water District.

IWS swept all streets in Malaga after the clean-up was complete. All materials collected were sorted and any that were recyclable were processed accordingly.

Comparative Statistics

May, 2019

29 loads hauled
122,060 lbs. collected
61.03 tons
Average load: 2.10 tons

Compared to

November, 2019

39 loads hauled
131,860 lbs. collected
65.93 tons
Average load: 1.69 tons

I look forward to meeting with you to review the outcome of the November 16, 2019 Malaga Community Clean-up detailed in this report.

Thank you for your business.

With Best Regards,

Nick Caglia

Sales/Customer Relations Manager
Mobile: (559) 994-6214
nickc@cagliarecycling.com
www.CagliaEnvironmental.com



item 4.a.3

Thank you for renewing CSDA membership!

Below are instructions to access free Ethics Training only available between January 8 to March 15, 2020.

- Log into www.csdanet.net Your username = your email address (click on forgot password if you are unsure of your password or need to reset it).
- Locate [Required Ethics AB1234 Compliance On-Demand Webinar](#):
- Proceed to Checkout. Enter the promo code **CSDA20** and click Apply (this should make the balance \$0). Submit your order.
- Please wait 30 minutes after submitting your order before trying to access your webinar.
- Access by logging in <https://www.csdanet.net/home> > click on [My Webinars](#) (from the home page or under Learn) > click on webinar title > watch the ENTIRE webinar > click yes on the acknowledgement window.
- Print your certificate under My Webinars > My Webinar Certificates.

Note: You must be logged in under **your own User ID and Password** to access this webinar and receive certificate of completion printed in your own name. These instructions were emailed to everyone within your agency with a unique email address on file.

If your staff or board would like to watch the on-demand webinar as a group, please follow the above steps under one person's name and fill out the form below for additional individuals who watched. We will send each individual on the form an email with instructions on how to print their own certificates after CSDA has processed this form.

By filling out this form you acknowledge that these individuals watched the two hour Required Ethics AB1234 Compliance On-Demand Webinar.

Agency Name: _____

Date Ethics AB1234 On-Demand Webinar was watched: _____

Agency contact person for questions: _____

1) Prefix:_____ First Name:_____ Last Name:_____

Title: _____ Email:_____

Signature: _____

2) Prefix:_____ First Name:_____ Last Name:_____

Title: _____ Email:_____

Signature: _____

3) Prefix:_____ First Name:_____ Last Name:_____

Title: _____ Email:_____

Signature: _____

Please fax completed forms to 916.520.2470 or email to membership@csda.net. If you have any questions or need assistance, please call 877.924.2732. Once again, thank you for your support!

MALAGA COUNTY WATER DISTRICT
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2019 AND 2018

item 5.a.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 6
Government-wide Financial Statements	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements	
Comparative Statement of Net Position – Proprietary Fund	9
Comparative Statement of Revenue, Expense and Changes in Fund Net Position – Proprietary Fund	10
Comparative Statement of Cash Flow – Proprietary Fund	11 - 12
Notes to General Purpose Financial Statements	13 - 19
Supplementary Information	
Combining Statement of Revenue and Expense - Waste Disposal Fund	20
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21 - 22

SANBORN & SANBORN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

1423 Eleventh Street
P O Box 1057
Reedley CA 93654

(559) 638-8600
(800) 464-5711
Fax (559) 638-8700

INDEPENDENT AUDITOR'S REPORT

December 31, 2019

Board of Directors
Malaga County Water District
Fresno, California

DRAFT

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Malaga County Water District, State of California, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable in financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Malaga County Water District, State of California, as of June 30, 2019 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages three through six be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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

DRAFT

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Malaga County Water District's basic financial statements. The other supplementary information (page 20) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information (page 20) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information (page 20) is fairly stated, in all material respects, in relation to the basic financial statement as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2019 on our consideration of Malaga County Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Sanborn and Sanborn
Accountancy Corporation*

CERTIFIED PUBLIC ACCOUNTANTS

**MALAGA COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

As management of Malaga County Water District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with information that is included within the financial statements.

DRAFT

Financial Highlights

- Assets of the District exceeded its liabilities as of June 30, 2019 by \$7,936,298. Of this amount, unrestricted net position of \$17,749 may be used to meet the District's ongoing obligations to customers and creditors. As of June 30, 2018, assets exceeded liabilities by \$7,050,419 with unrestricted net position equaling \$1,449,169.
- Total net position increased by \$885,879 for the year ended June 30, 2019. For the year ended June 30, 2018, total net position increased by \$83,531.
- During the current year, the District's fixed assets increased by a net of \$1,535,875. This increase was mostly attributable to the purchase of improvements to the water system and parks and recreation assets less depreciation. Depreciation expense, the ratable amortization of the cost of fixed assets, amounted to \$444,341 for the current year. Prior year depreciation was \$442,566.
- Total debt increased by a net of \$1,039,993 during the current year. The increase was mostly attributable to the acquisition of a loan to finance improvements to parks and recreation assets. During the prior year, total debt decreased by a net of \$241,063. This was mostly due to the repayment of long-term debt less increases in accounts payable and accrued expense.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Malaga County Water District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expense are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally proprietary in nature (business-type activities) which are functions that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no governmental activities.

The government-wide financial statements include only the District itself. The District has no component units.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds. The District has no governmental funds and three proprietary funds, the Water Fund, the Waste Disposal Fund and the Recreation Fund.

Proprietary funds. Proprietary funds are used to account for essentially the same functions reported as business-type activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information.

Government-wide Financial Analysis

DRAFT

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2019, the District's assets exceeded liabilities by \$7,936,298. A significant portion of the District's net position (90 percent) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to customers and they are not available for future spending.

In addition, the District has \$815,487 in net position (ten percent) that is restricted to make improvements to water facilities and parks and recreation assets.

The following represent summaries of the District's net position and changes in net position for the current and prior years:

Malaga County Water District's Net Position

	<u>Business-Type Activities</u>	<u>Current Year Total</u>	<u>Prior Year Total</u>
Current assets	\$ 1,670,072	\$ 1,670,072	\$ 1,804,899
Other assets	<u>9,628,759</u>	<u>9,628,759</u>	<u>7,349,989</u>
Total assets	<u>11,298,831</u>	<u>11,298,831</u>	<u>9,154,888</u>
Current liabilities	836,836	836,836	355,730
Deferred liabilities	<u>2,525,697</u>	<u>2,525,697</u>	<u>1,748,739</u>
Total liabilities	<u>3,362,533</u>	<u>3,362,533</u>	<u>2,104,469</u>
Net position:			
Invested in capital assets, net of related debt	7,103,062	7,103,062	5,528,658
Restricted for capital asset acquisition	815,487	815,487	72,592
Unrestricted	<u>17,749</u>	<u>17,749</u>	<u>1,449,169</u>
Total net position	<u>\$ 7,936,298</u>	<u>\$ 7,936,298</u>	<u>\$ 7,050,419</u>

DRAFT

Malaga County Water District's Changes in Net Position

	<u>Business-Type Activities</u>	<u>Current Year Total</u>	<u>Prior Year Total</u>
Program revenue			
Charges for services	\$ 3,231,677	\$ 3,231,677	\$ 2,984,380
Other	<u>124,037</u>	<u>124,037</u>	<u>91,207</u>
Total revenue	<u>3,355,714</u>	<u>3,355,714</u>	<u>3,075,587</u>
Expense			
Waste disposal utility activities	2,217,851	2,217,851	1,810,373
Water utility activities	1,200,476	1,200,476	1,128,025
Community recreation activities	<u>581,699</u>	<u>581,699</u>	<u>543,605</u>
Total expense	<u>4,000,026</u>	<u>4,000,026</u>	<u>3,482,003</u>
Net operating income/(loss)	(644,312)	(644,312)	(406,416)
Net nonoperating revenue/(expense)	<u>1,530,191</u>	<u>1,530,191</u>	<u>489,947</u>
Increase/(decrease) in net position	885,879	885,879	83,531
Net position, beginning of year	<u>7,050,419</u>	<u>7,050,419</u>	<u>6,966,888</u>
Net position, end of year	<u>\$ 7,936,298</u>	<u>\$ 7,936,298</u>	<u>\$ 7,050,419</u>

Business-type activities. Business-type activities increased the District's net position by \$885,879, accounting for 100 percent of the total increase in net position.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Proprietary Funds. The purpose of the District's proprietary fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2019, the District's proprietary funds reported a combined ending fund balance of \$7,936,298, an increase of \$885,879, in comparison to the prior year. Of the entire ending fund balance, \$17,749 is unrestricted and is available for spending at the District's discretion.

Capital Asset and Debt Administration

DRAFT

Capital assets. The District's investment in capital assets for its business-type activities as of June 30, 2019 amounted to \$8,813,272 (net of allowance for depreciation). This investment in capital assets includes land, building, improvements, construction in progress and equipment.

Additional information on the District's capital assets can be found in note three.

Debt administration. The District's long-term debt totaled \$2,525,697 as of June 30, 2019. Of this total amount, \$178,558 is due and payable during the year ending June 30, 2019. The remainder, referred to as deferred liabilities, is due and payable over the next 15 years.

Additional information on the District's long-term debt can be found in notes five, six, seven and eight.

Economic Factors and Next Year's Budgets and Rates

The budget for the year ending June 30, 2020 projects a surplus of \$850,016. Revenue is anticipated to increase by \$413,176 compared to 2018/2019, while expenses are expected to decrease by \$353,309. Charges for services are anticipated to increase by \$155,383, while non-operating revenue is expected to increase by \$257,793. Salaries, wages and employee benefits are expected to decrease by \$65,312 and services and supplies are anticipated to decrease by \$287,997 compared to 2018/2019.

User rates are not expected to increase during the year ending June 30, 2020.

Requests for Information

This financial report is designed to provide a general overview of Malaga County Water District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the General Manager, Malaga County Water District, 3580 South Frank Street, Fresno, California 93725.

MALAGA COUNTY WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

Assets

Current assets

Cash and cash equivalents	\$ 1,263,811
Accounts receivable	300,382
Prepaid expense	<u>105,879</u>

Total current assets	<u>1,670,072</u>
----------------------	------------------

Other assets

Restricted assets – cash	815,487
Capital assets (net of allowance for depreciation)	<u>8,813,272</u>

Total other assets	<u>9,628,759</u>
--------------------	------------------

Total assets	<u>11,298,831</u>
--------------	-------------------

DRAFT

Liabilities

Current liabilities

Accounts payable and accrued expense	796,230
Customer deposits	<u>40,606</u>

Total current liabilities	<u>836,836</u>
---------------------------	----------------

Noncurrent liabilities

Payable within one year	178,558
Payable after one year	<u>2,347,139</u>

Total noncurrent liabilities	<u>2,525,697</u>
------------------------------	------------------

Total liabilities	<u>3,362,533</u>
-------------------	------------------

Net Position

Invested in capital assets, net of related debt	7,103,062
Restricted	815,487
Unrestricted	<u>17,749</u>

Total net position	<u>\$ 7,936,298</u>
--------------------	---------------------

See accompanying notes to financial statements.

MALAGA COUNTY WATER DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Business-type activities		
Operating revenue		
Charges for services		\$ 3,231,677
Other		<u>124,037</u>
Total operating revenue		3,355,714
Operating expense		
Waste disposal utility activities	\$ 2,217,851	
Water utility activities	1,200,476	
Community recreation activities	<u>581,699</u>	
Total operating expense		<u>4,000,026</u>
Net operating income/(loss)		(644,312)
Net nonoperating revenue/(expense)		<u>1,530,191</u>
Change in net position		885,879
Net position, beginning of year		<u>7,050,419</u>
Net position, end of year		<u>\$ 7,936,298</u>

DRAFT

See accompanying notes to financial statements.

MALAGA COUNTY WATER DISTRICT
 PROPRIETARY FUNDS
 COMPARATIVE STATEMENT OF NET POSITION
 JUNE 30, 2019 AND 2018

	Business-Type Activities - Enterprise Funds				
	2019				2018
	Water	Waste Disposal	Recreation	Total	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 505,080	\$ 506,423	\$ 252,308	\$ 1,263,811	\$ 1,383,670
Accounts receivable	72,264	228,118		300,382	324,566
Prepaid expense	44,008	41,643	20,228	105,879	96,663
Total current assets	621,352	776,184	272,536	1,670,072	1,804,899
Other assets					
Restricted cash		44,060	771,427	815,487	72,592
Advances to other activities	3,096,587			3,096,587	3,314,658
Capital assets (net of allowance for depreciation)	3,923,863	4,262,893	626,516	8,813,272	7,277,397
Total other assets	7,020,450	4,306,953	1,397,943	12,725,346	10,664,647
Total assets	7,641,802	5,083,137	1,670,479	14,395,418	12,469,546
Liabilities					
Current liabilities					
Accounts payable and accrued expense	163,344	254,827	378,059	796,230	320,783
Customer deposits	20,303	20,303		40,606	34,947
Current portion of notes payable	48,554	76,504	53,500	178,558	127,314
Total current liabilities	232,201	351,634	431,559	1,015,394	483,044
Other liabilities					
Advances from other activities		1,481,023	1,615,564	3,096,587	3,314,658
Noncurrent liabilities					
Notes payable	790,768	611,871	944,500	2,347,139	1,621,425
Total liabilities	1,022,969	2,444,528	2,991,623	6,459,120	5,419,127
Net Position					
Invested in capital assets, net of related debt	3,084,541	3,618,578	399,943	7,103,062	5,528,658
Nonspendable	3,097,066			3,097,066	
Restricted assets		44,060	771,427	815,487	72,592
Unrestricted/(deficit)	437,226	(1,024,029)	(2,492,514)	(3,079,317)	1,449,169
Total net position	\$ 6,618,833	\$ 2,638,609	\$ (1,321,144)	\$ 7,936,298	\$ 7,050,419

DRAFT

See accompanying notes to financial statements.

MALAGA COUNTY WATER DISTRICT
 PROPRIETARY FUNDS
 COMPARATIVE STATEMENT OF REVENUE,
 EXPENSE AND CHANGES IN FUND NET ASSETS
 FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	Business-Type Activities - Enterprise Funds				
	2019				2018
	Water	Waste Disposal	Recreation	Total	Total
Operating revenue					
Charges for services	\$ 1,271,034	\$ 1,917,581	\$ 43,062	\$ 3,231,677	\$ 2,984,380
Other	43,179	66,971	13,887	124,037	91,207
Total operating revenue	1,314,213	1,984,552	56,949	3,355,714	3,075,587
Operating expense30					
Salaries and wages	267,998	457,410	138,187	863,595	850,257
Employee benefits	153,013	230,685	107,849	491,547	473,235
Refuse collection and disposal	515	442,241	3,077	445,833	207,824
Depreciation	155,018	244,603	44,720	444,341	442,566
Utilities	186,916	131,895	54,029	372,840	345,335
Professional services	126,919	127,127		254,046	305,366
Repairs and maintenance	28,098	168,043	36,152	232,293	137,569
Board of directors	100,524	100,524		201,048	173,904
Contract services	30,755	51,884	55,378	138,017	124,453
Insurance	22,163	44,460	22,345	88,968	75,613
Supplies and small tools	2,720	28,491	19,800	51,011	85,229
Dues and memberships	21,322	40,387	1,054	62,763	60,646
Other	6,258	12,826	35,328	54,412	36,665
Telephone	10,033	26,599	7,718	44,350	39,615
Testing	5,022	37,383		42,405	54,943
Travel, meetings and education	14,879	6,605	1,048	22,532	17,518
Fuel and oil	4,102	5,956	7,101	17,159	14,922
Bank charges	9,189	7,521	67	16,777	
Office supplies and postage	6,761	7,946	306	15,013	17,542
Rents and leases	3,244	7,110	2,041	12,395	14,529
Education and training	772	3,378	1,875	6,025	4,272
Total operating expense	1,156,221	2,183,074	538,075	3,877,370	3,482,003
Net operating income/(loss)	157,992	(198,522)	(481,126)	(521,656)	(406,416)
Nonoperating revenue/(expense)					
Grant revenue	1,042,953	13,485	70,041	1,126,479	186,553
Taxes and assessments	2,710	1,823	357,477	362,010	341,821
Other	2,400		27,711	30,111	22,610
Interest and use of property	4,875	6,077	639	11,591	26,411
Interest expense	(44,255)	(34,777)	(43,624)	(122,656)	(87,448)
Net nonoperating revenue/(expense)	1,008,683	(13,392)	412,244	1,407,535	489,947
Change in net position	1,166,675	(211,914)	(68,882)	885,879	83,531
Net position, beginning of year	5,452,158	2,850,523	(1,252,262)	7,050,419	6,966,888
Net position, end of year	\$ 6,618,833	\$ 2,638,609	\$ (1,321,144)	\$ 7,936,298	\$ 7,050,419

See accompanying notes to financial statements.

MALAGA COUNTY WATER DISTRICT
 PROPRIETARY FUNDS
 COMPARATIVE STATEMENT OF CASH FLOW
 FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Page 1 of 2

	Business-Type Activities - Enterprise Funds				
	2019				2018
	Water	Waste Disposal	Recreation	Total	Total
Cash flow from operating activities					
Receipts from customers and users	\$ 1,396,630	\$ 1,951,807	\$ 62,569	\$ 3,411,006	\$ 3,057,449
Payments to suppliers	(619,412)	(1,231,561)	(242,797)	(2,093,770)	(1,695,934)
Payments to employees	(419,601)	(686,685)	(258,641)	(1,364,927)	(1,334,146)
Net cash provided by/(used for) operating activities	357,617	33,561	(438,869)	(47,691)	27,369
Cash flow from noncapital financing activities					
Advances (to)/from other funds	218,071	(101,821)	(116,250)		
Property taxes and other nonoperating revenue	5,110	1,823	385,188	392,121	364,431
Net cash provided by/(used for) noncapital financing activities	223,181	(99,998)	268,938	392,121	364,431
Cash flow from capital and related financing activities					
Grant revenue	1,042,953	13,485	70,041	1,126,479	186,553
Proceeds from construction loan			1,026,500	1,026,500	
Principal paid on long-term debt	(24,952)	(64,984)	(28,500)	(118,436)	(211,288)
Interest paid on financing	(44,255)	(34,800)	(13,382)	(92,437)	(87,448)
Purchase of capital assets	(1,678,896)			(1,678,896)	(218,622)
Net cash provided by/(used for) capital and related financing activities	(705,150)	(86,299)	1,054,659	263,210	(330,805)
Cash flow from investing activities					
Interest and use of property	6,781	7,976	639	15,396	26,411
Net increase/(decrease) in cash	(117,571)	(144,760)	885,367	623,036	87,406
Cash, beginning of year	622,651	695,243	138,368	1,456,262	1,368,856
Cash, end of year	\$ 505,080	\$ 550,483	\$ 1,023,735	\$ 2,079,298	\$ 1,456,262

DRAFT

See accompanying notes to financial statements.

MALAGA COUNTY WATER DISTRICT
 PROPRIETARY FUNDS
 COMPARATIVE STATEMENT OF CASH FLOW
 FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Page 2 of 2

	Business-Type Activities - Enterprise Funds				
	2019				2018
	Water	Waste Disposal	Recreation	Total	Total
Reconciliation of operating income to net cash provided by/(used for) operating activities:					
Operating income/(loss)	\$ 157,992	\$ (198,522)	\$ (481,126)	\$ (521,656)	\$ (406,416)
Adjustments to reconcile operating income/(loss) to net cash provided by/(used for) operating activities					
Depreciation	155,018	244,603	44,720	444,341	442,566
(Increase)/decrease in accounts receivable	64,961	(50,202)	5,620	20,379	(21,053)
(Increase)/decrease in prepaid expense	(12,693)	8,614	(5,137)	(9,216)	(9,672)
Increase/(decrease) in accounts payable	(10,491)	26,239	(2,946)	12,802	29,683
Increase/(decrease) in deposits	<u>2,830</u>	<u>2,829</u>		<u>5,659</u>	<u>2,915</u>
Net cash provided by/(used for) operating activities	<u>\$ 357,617</u>	<u>\$ 33,561</u>	<u>\$ (438,869)</u>	<u>\$ (47,691)</u>	<u>\$ 27,369</u>
DRAFT					
Summary of cash balances, end of year:					
Cash and cash equivalents	\$ 505,080	\$ 506,423	\$ 252,308	\$ 1,263,811	\$ 1,383,670
Restricted cash	<u></u>	<u>44,060</u>	<u>771,427</u>	<u>815,487</u>	<u>72,592</u>
	<u>\$ 505,080</u>	<u>\$ 550,483</u>	<u>\$ 1,023,735</u>	<u>\$ 2,079,298</u>	<u>\$ 1,456,262</u>

See accompanying notes to financial statements.

MALAGA COUNTY WATER DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2019 AND 2018

Note 1: Summary of Significant Accounting Policies

Malaga County Water District is a California special district that was created as a result of a State of California statute. The District was organized to provide and maintain sewer and water operations in the community of Malaga, County of Fresno, State of California. The District is governed by a board of directors. As the District is a governmental unit, it is exempt from federal and California taxes on income.

The accounting and reporting policies of the District conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*, and by the Financial Accounting Standards Board (when applicable).

A. Financial Reporting Entity

As required by generally accepted accounting principles, these general purpose financial statements present the District in conformance with GASB Statement No. 14, "The Financial Reporting Entity." Under Statement No. 14, component units are organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. The District has no component units.

B. Government-Wide and Fund Financial Statements

DRAFT

The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenue include charges to customers and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flow. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

MALAGA COUNTY WATER DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2019 AND 2018

Note 1: Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The financial statements of the District are prepared in accordance with generally accepted accounting principles. The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with the GASB pronouncements. The District's reporting entity does not apply FASB pronouncements of APB opinions issued after November 30, 1989.

Proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flow.

The District reports the following major proprietary funds:

The Sewer, Water and Recreation Funds are the District's only operating funds. The Recreation Fund accounts for community recreation activities and the Sewer and Water Funds account for the sewer and water systems operations in the community of Malaga, County of Fresno, State of California. The District also provides solid waste disposal services to residential housing within the immediate residential area of the community of Malaga by contracting with a third party vendor for the provision of that service.

Amounts reported as program revenue include charges to customers for goods and services, operating grants and contributions and capital grants and contributions.

D. Assets, Liabilities and Net Position or Equity

DRAFT

1. Cash and Investments

Investments are reported at fair value. Cash represents cash on hand, in banks and on deposit in the treasury of the County of Fresno and the State of California Local Agency Investment Fund. Investments made from pooled cash consist primarily of short-term investments.

2. Property, Plant and Equipment

Capital assets, which include property, plant and equipment are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed and any gain or loss arising from its disposal is credited or charged to operations.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

MALAGA COUNTY WATER DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2019 AND 2018

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

Depreciation is recorded by using the straight-line method. The book value of each asset is reduced by equal amounts over its estimated useful life as follows:

	<u>Estimated Useful Life in Years</u>
Buildings and improvements	20 – 40
Equipment	10 – 20

DRAFT

3. Net Position

Net position comprise the various net earnings from operating income, nonoperating revenue and expense and capital contributions. Net position is classified in the following three components:

Invested in capital assets, net of related debt – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net asset components as the unspent proceeds.

Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net position that do not meet the definition of restricted or invested in capital assets, net of related debt.

E. Budgets and Budgetary Accounting

The District established a budget for its governmental fund for the year ended June 30, 2019. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

MALAGA COUNTY WATER DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2019 AND 2018

Note 2: Cash

The District's deposits as of June 30, 2019, were entirely covered by federal depository insurance or otherwise collateralized. The Government Code of the State of California requires California financial institutions to secure District deposits by pledging government securities as collateral.

The following is an analysis of cash as of June 30, 2019:

	Bank Balance Category*			Carrying Amount
	1	2	3	
Cash on hand	\$ 52,200	\$	\$	\$ 52,200
Cash in bank	551,078	1,445,578		1,996,656
Fresno County Treasury		27,446		27,446
Local Agency Investment Fund		2,996		2,996
	<u>\$ 603,278</u>	<u>\$1,476,020</u>	<u>\$</u>	<u>\$2,079,298</u>

* These categories are as follows:

Category 1: Cash on hand or insured by the Federal Deposit Insurance Corporation or collateralized with securities held by the District or by its agents in the District's name.

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3: Uncollateralized.

DRAFT

Restricted assets consists of cash deposits from loan proceeds to be used only for capital asset acquisition.

Note 3: Property, Plant and Equipment

The following is an analysis of the District's capital assets as of June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Land*	\$ 599,613	\$	\$	\$ 599,613
Water system	5,085,566			5,085,566
Sewer system	7,365,626			7,365,626
Buildings	1,169,276			1,169,276
Construction in progress*	1,035,180	1,980,216		3,015,396
Park development	968,689			968,689
Equipment	<u>609,072</u>			<u>609,072</u>
Total	16,833,022	1,980,216		18,813,238
Allowance for depreciation	<u>(9,555,625)</u>	<u>(444,341)</u>		<u>(9,999,966)</u>
	<u>\$ 7,277,397</u>	<u>\$1,535,875</u>	<u>\$</u>	<u>\$ 8,813,272</u>

* Not currently being depreciated.

MALAGA COUNTY WATER DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2019 AND 2018

Note 4: Subsequent Events

Events affecting the District subsequent to June 30, 2019 through December 31, 2019 have been evaluated and included within these financial statements when applicable.

Note 5: Noncurrent Liabilities

The following is a summary of deferred liabilities (long-term debt) for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Classification</u>	
					<u>Due Within One Year</u>	<u>Due After One Year</u>
Note payable - debt refinancing	\$ 272,896	\$	\$ 133,412	\$ 139,484	\$ 68,966	\$ 70,518
Note payable – water and sewer systems improvements	1,064,048		67,203	996,845	34,829	962,016
Note payable – parks and recreation improvements		1,026,500	28,500	998,000	53,500	944,500
Note payable - wastewater treatment plant improvements	<u>411,795</u>		<u>20,427</u>	<u>391,368</u>	<u>21,263</u>	<u>370,105</u>
	<u>\$1,748,739</u>	<u>\$1,026,500</u>	<u>\$ 249,542</u>	<u>\$2,525,697</u>	<u>\$ 178,558</u>	<u>\$2,347,139</u>

Note 6: Note Payable – Debt Refinancing

DRAFT

Long-term debt outstanding on June 30, 2010 was refinanced on July 26, 2010. The debt was originally incurred to make improvements to the water and sewer systems. The total amount of the refinanced debt was \$1,151,053 and provides for interest at the rate of 4.50 percent per annum. Semi-annual payments of principal and interest began January 2011, and continue until paid. Full repayment of the loan is scheduled to occur in July 2020. The Water Fund finances this debt to the extent of 30 percent of the payments due and the Waste Disposal Fund finances 70 percent of the payments. Interest paid on this loan for the year ended June 30, 2019 was \$16,603.

Future payments of the note are as follows:

<u>Due during the year ending</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
June 30, 2020	\$ 3,138	\$ 68,966	\$ 72,104
June 30, 2021	<u>1,587</u>	<u>70,518</u>	<u>72,105</u>
	<u>\$ 4,725</u>	<u>\$ 139,484</u>	<u>\$ 144,209</u>

MALAGA COUNTY WATER DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2019 AND 2018

Note 7: Note Payable – Systems Improvements

This debt was incurred to finance the construction of water well number eight and improvements to the sewer system. The total amount of the debt was \$1,500,000 and provides for interest at the rate of 4.85 percent per annum. Semi-annual payments of principal and interest began January 2011, and continue until paid. Full repayment of the loan is scheduled to occur in July 2030. The Water Fund finances this debt to the extent of 80 percent of the payments due and the Waste Disposal Fund finances 20 percent of the payments. Interest paid on this loan for the year ended June 30, 2019 was \$50,960.

Future payments of the bonds are as follows:

<u>Due during the year(s) ending</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
June 30, 2020	\$ 24,173.	\$ 34,829	\$ 59,002
June 30, 2021	45,793	72,211	118,004
June 30, 2022	42,248	75,756	118,004
June 30, 2023	38,529	79,475	118,004
June 30, 2024	34,628	83,376	118,004
Five Years Ending June 30, 2029	107,579	482,442	590,021
Five Years Ending June 30, 2034	<u>8,250</u>	<u>168,756</u>	<u>177,006</u>
	<u>\$ 301,200</u>	<u>\$ 996,845</u>	<u>\$1,298,045</u>

Note 8: Note Payable – Wastewater Treatment Plant Improvements

This debt was incurred to finance the construction of wastewater treatment plant improvements. The total amount of the debt was \$502,500 and provides for interest at the rate of 4.05 percent per annum. Semi-annual payments of principal and interest began December 2018, and continue until paid. Full repayment of the loan is scheduled to occur in June 2033. The Waste Disposal Fund finances this debt to the extent of 100 percent of the payments. Interest paid on this loan for the year ended June 30, 2019 was \$16,450.

Future payments of the bonds are as follows:

DRAFT

<u>Due during the year ending</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
June 30, 2020	\$ 15,637	\$ 21,263	\$ 36,900
June 30, 2021	14,768	22,132	36,900
June 30, 2022	13,862	23,038	36,900
June 30, 2023	12,920	23,980	36,900
June 30, 2024	11,939	24,961	36,900
Five Years Ending June 30, 2029	43,513	140,986	184,499
Five Years Ending June 30, 2034	<u>12,591</u>	<u>135,008</u>	<u>147,599</u>
	<u>\$ 125,230</u>	<u>\$ 391,368</u>	<u>\$ 516,598</u>

MALAGA COUNTY WATER DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2019 AND 2018

Note 9: Note Payable – Parks and Recreation Improvements

This debt was incurred to finance improvements to parks and recreation department assets. The total amount of the debt was \$1,026,500 and provides for interest at the rate of 3.690 percent per annum. Semi-annual payments of principal and interest began June 2019, and continue until paid. Full repayment of the loan is scheduled to occur in December 2033. The Parks and Recreation Fund finances this debt. Interest paid on this loan for the year ended June 30, 2019 was \$43,624, including a loan fee of \$24,464.

Future payments of the bonds are as follows:

<u>Due during the year(s) ending</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
June 30, 2020	\$ 36,347	\$ 53,500	\$ 89,847
June 30, 2021	34,355	55,500	89,855
June 30, 2022	32,278	57,500	89,778
June 30, 2023	30,138	59,500	89,638
June 30, 2024	27,924	61,500	89,424
Five Years Ending June 30, 2029	103,604	342,500	446,104
Five Years Ending June 30, 2034	<u>34,779</u>	<u>368,000</u>	<u>402,779</u>
	<u>\$ 299,425</u>	<u>\$ 998,000</u>	<u>\$1,297,425</u>

DRAFT

Note 10: Restricted Assets - Cash

As of June 30, 2019, \$815,487 in cash is restricted for the improvements to the wastewater treatment plant and parks and recreation assets. This amount is not available for spending for other purposes. The improvements to the wastewater treatment plant and the parks and recreation assets should be made during the year ending June 30, 2020.

Note 11: Pension Plan

All full-time employees are participants in the District's Money Purchase Retirement Benefit Plan after twelve consecutive months of employment. Total payroll for the year ended June 30, 2019 was \$863,595 with covered payroll equaling \$775,220. The pension cost to the District is 10 percent of the participants' compensation. Required and accrued contributions to the plan for the year ended June 30, 2019 were \$77,522.

Note 12: Board of Directors

Members of the Board of Directors as of June 30, 2019, were as follows:

Charles Garabedian, Jr.	President
Salvador Cerrillo	Vice President
Irma Castaneda	Director
Frank Cerrillo, Jr.	Director
Carlos Tovar, Jr.	Director

MALAGA COUNTY WATER DISTRICT
WASTE DISPOSAL FUND
COMBINING STATEMENT OF REVENUE AND EXPENSE
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	Business-Type Activities - Waste Disposal Fund				
	2019				2018
	Sewer	Pretreatment	Solid Waste	Total	Total
Operating revenue					
Charges for services	\$ 1,312,957	\$ 173,078	\$ 431,546	\$ 1,917,581	\$ 1,665,361
Other	28,137	38,834		66,971	47,202
Total operating revenue	1,341,094	211,912	431,546	1,984,552	1,712,563
Operating expense					
Salaries and wages	388,167	69,243		457,410	458,365
Refuse collection and disposal	4,552		437,689	442,241	207,824
Depreciation	244,603			244,603	244,379
Employee benefits	198,595	32,090		230,685	219,303
Repairs and maintenance	160,286	7,757		168,043	75,241
Utilities	131,895			131,895	121,397
Professional services	125,398	1,729		127,127	148,183
Board of directors	100,524			100,524	86,941
Contract services	42,922	8,962		51,884	36,092
Insurance	22,297	22,163		44,460	32,157
Dues and memberships	29,380	11,007		40,387	37,370
Testing	27,457	9,926		37,383	51,565
Supplies and small tools	28,008	483		28,491	30,576
Telephone	22,922	3,677		26,599	21,638
Other	10,619	2,207		12,826	6,807
Office supplies and postage	6,188	1,758		7,946	9,486
Bank charges	7,521			7,521	
Rents and leases	6,331	779		7,110	7,570
Travel, meetings and education	6,569	36		6,605	5,741
Fuel and oil	4,290	1,666		5,956	6,655
Education and training	2,660	718		3,378	3,083
Total operating expense	1,571,184	174,201	437,689	2,183,074	1,810,373
Net operating income	(230,090)	37,711	(6,143)	(198,522)	(97,810)
Nonoperating revenue/(expense)					
Grant revenue	13,485			13,485	45,345
Taxes and assessments	992		831	1,823	36,178
Other					12,718
Interest and use of property	6,011		66	6,077	6,521
Interest expense	(34,777)			(34,777)	(46,026)
Net nonoperating revenue/(expense)	(14,289)		897	(13,392)	54,736
Change in net position	\$ (244,379)	\$ 37,711	\$ (5,246)	\$ (211,914)	\$ (43,074)

DRAFT

See accompanying notes to financial statements.

SANBORN & SANBORN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

1423 Eleventh Street
P O Box 1057
Reedley CA 93654

(559) 638-8600
(800) 464-5711
Fax (559) 638-8700

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*

INDEPENDENT AUDITOR'S REPORT

December 31, 2019

Board of Directors
Malaga County 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 business-type activities of Malaga County Water District as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 31, 2019.

DRAFT

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of the Report

DRAFT

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

*Sanborn and Sanborn
Accountancy Corporation*

CERTIFIED PUBLIC ACCOUNTANTS

SANBORN & SANBORN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

1423 Eleventh Street
P O Box 1057
Reedley CA 93654

(559) 638-8600
(800) 464-5711
Fax (559) 638-8700

December 1, 2019

Malaga County Water District
3580 South Frank Street
Fresno, California 93725

Dear Ladies and Gentlemen:

We are pleased to confirm our understanding of the services we are to provide Malaga County Water District for the year ended June 30, 2019. We will audit the financial statements of the business-type activities, including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended June 30, 2019. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as the management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Government Accounting Standards Board* who considered it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis

CLIENT'S COPY

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole: Waste Disposal Fund Combining Statement of Revenue and expense.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

CLIENT'S COPY

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting the District involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, grantors, regulators or others. In addition, you are responsible for identifying and ensuring that the District complies with applicable laws, regulations, contracts, agreements and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations and contracts or grant agreements or abuse that we report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report and for the timing and format for providing that information.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, agreements and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issues pursuant to *Government Auditing Standards*.

Engagement Administration, Fees and Other

CLIENT'S COPY

We may, from time-to-time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service providers. We will remain responsible for the work provided by any such third-party service provider.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing. We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Sanborn and Sanborn Accountancy Corporation and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to California State Controller's Office or its designee, a federal agency providing direct or indirect funding or the U.S. Government Accountability Office for purpose of a quality review of the audit, to resolve audit findings or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Sanborn and Sanborn Accountancy Corporation personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other government agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional periods requested by the California State Controller's Office. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.



MALAGA COUNTY WATER DISTRICT

3580 SOUTH FRANK STREET - FRESNO, CALIFORNIA 93725

PHONE (559) 485-7353 - FAX (559) 485-7319

BOARD OF DIRECTORS

CHARLES E. GARABEDIAN JR.
PRESIDENT

SALVADOR CERRILLO IRMA CASTANEDA
VICE-PRESIDENT DIRECTOR

FRANK CERRILLO
DIRECTOR

CARLOS TOVAR
DIRECTOR

JENNIFER AHL-GENERAL MANAGER

December 31, 2019

Costanzo & Associates
575 Locust Avenue, Suite 115
Fresno, CA 93720

Ladies and Gentlemen:

Our independent auditors, Sanborn and Sanborn Accountancy Corporation, Certified Public Accountants, 1423 Eleventh Street, Reedley, California 93654, are currently conducting an audit of our financial statements for the year ended June 30, 2019. Part of this audit includes the direct confirmation with our legal counsel concerning the following:

- (1) Any litigation in which Malaga County Water District is involved and, if possible, an estimate of any potential liability to the District.
- (2) Any claims pending against the District and, if possible, an estimate of any potential liability.
- (3) Any liabilities, contingent or otherwise, which to your knowledge exist against the District.
- (4) Any accounts you held for collection as of June 30, 2019, and what amounts have since been collected thereon. Please also provide such information as you are in a position to offer with respect to the collectibility of the accounts.

Please forward the above information directly to our auditors in the self-addressed, stamped envelope attached. Thank you for your cooperation.

Sincerely,

CLIENT'S COPY

JENNIFER AHL, General Manager



MALAGA COUNTY WATER DISTRICT

3580 SOUTH FRANK STREET - FRESNO, CALIFORNIA 93725

PHONE (559) 485-7353 - FAX (559) 485-7319

BOARD OF DIRECTORS

CHARLES E. GARABEDIAN JR.
PRESIDENT

SALVADOR CERRILLO
VICE-PRESIDENT

IRMA CASTANEDA
DIRECTOR

FRANK CERRILLO
DIRECTOR

CARLOS TOVAR
DIRECTOR

JENNIFER AHL-GENERAL MANAGER

December 31, 2019

Special District Risk Management Authority
1112 I Street, Suite 300
Sacramento, CA 95814-2865

Ladies and Gentlemen:

Our auditors, Sanborn and Sanborn Accountancy Corporation, are conducting an audit of our financial statements. Please furnish directly to them the following information concerning our insurance coverage as of June 30, 2019:

- 1) A detailed list of insurance policies in force, showing:
 - a) Policy number
 - b) Nature of insurance
 - c) Amount of coverage
 - d) Term of policy
 - e) Annual premium
 - f) Parties at interest
- 2) The amounts of any refunds on insurance premiums due to us, including dividends and credits on mutual or reciprocal insurance policies to which we may be entitled.
- 3) A list of claims submitted by us that remain unpaid as of June 30, 2019, and the date of your return correspondence estimated date of payment and collectible amounts.
- 4) A detailed list of the nature and amount of any claims paid during the year ended June 30, 2019, and through the date of your return correspondence.
- 5) Unaudited periods for each reporting form policy.
- 6) Any amounts due from us for unpaid insurance premiums, including amounts due on blanket coverage for which no policies have as yet been issued and assessments on mutual or reciprocal insurance policies for which we may be liable.

After signing and dating your reply, please mail it directly to Sanborn and Sanborn Accountancy Corporation in the enclosed stamped, addressed return envelope. Thank you for your cooperation in this matter.

Sincerely,

CLIENT'S COPY

JENNIFER AHL, General Manager



MALAGA COUNTY WATER DISTRICT

3580 SOUTH FRANK STREET - FRESNO, CALIFORNIA 93725

PHONE (559) 485-7353 - FAX (559) 485-7319

BOARD OF DIRECTORS

CHARLES E. GARABEDIAN JR.
PRESIDENT

SALVADOR CERRILLO
VICE-PRESIDENT

IRMA CASTANEDA
DIRECTOR

FRANK CERRILLO
DIRECTOR

CARLOS TOVAR
DIRECTOR

JENNIFER AHL-GENERAL MANAGER

December 31, 2019

Sanborn & Sanborn
Accountancy Corporation
P O Box 1057
Reedley, CA 93654

Ladies and Gentlemen:

This representation letter is provided in connection with your audit of the financial statements of Malaga County Water District, which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, make it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 31, 2019, the following representations made to you during your audit.

Financial Statements

CLIENT'S COPY

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 1, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the District and involves management, employees who have significant roles in internal control or others, where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

CLIENT'S COPY

Government - specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse, if any, that you have reported to us.
21. We have a process to track the status of audit findings and recommendations, if any.
22. We have identified to you any previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
23. We have provided our views on reported findings, conclusions, and recommendations, if any, as well as our planned corrective actions, for the report.
24. The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
25. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
26. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believed have a material effect on the financial statements or other financial data significant to the audit objectives and any other instances that warrant the attention of those charged with governance.

39. Expenses have been appropriately classified in or allocated to function and programs in the statement of activities and allocations have been made on a reasonable basis.
40. Revenues are appropriately classified in the statement of activities within program revenue, general revenue, contributions to term or permanent endowments and contributions to permanent fund principal.
41. Interfund, internal, and inter-entity activity and balances have been appropriately classified and reported.
42. Special and extraordinary items, if any, are appropriately classified and reported.
43. Deposit and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
44. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
45. If applicable, the District meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.
46. We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
47. We are following our established accounting policy regarding which resources (that is, restricted committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classification for financial reporting purposes.
48. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
49. With respect to other supplementary information, if any,
 - e. We acknowledge our responsibility for presenting other supplementary information in accordance with accounting principles generally accepted in the United States of America and we believe the other supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of other supplementary information have not changed from those used in the prior period, and we have disclosed any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information

CLIENT'S COPY

Grizzly Construction, Inc.

P.O. Box 26793 Fresno, CA 93729 • (559) 323-1200 • (559) 323-1241 (FAX) • Lic. 813970

item 5.b.

TO: MALAGA COUNTY WATER DISTRICT
ATTN: MR. BURT SIVERLING
3749 S. MAPLE AVE.
FRESNO, CA 93725

PHONE: 559-647-4029
FAX: 559-495-1070

PROJECT: CLARIFIER #3 - INSTALL NEW CHAIN & FLIGHT COLLECTOR

MALAGA WWTP - MALAGA

OWNER: MALAGA COUNTY WATER DISTRICT

DATE: 11/15/2019

PLANS: PER SITE VISIT & INSTRUCTIONS - 11-5-19 (NO PLANS)

Grizzly Construction submits the following Proposal on the above referenced project. Exclusions / Clarifications are listed below. Should you have any questions please contact this Office.

ITEM	DESCRIPTION	UNIT	QUANTITY		TOTAL COST
SCOPE OF WORK					
1	LABOR ONLY TO INSTALL NEW CHAIN & FLIGHT COLLECTOR IN CLARIFIER #3. INCLUDES REMOVAL OF OLD EQUIPMENT.	LS	1		\$57,325.00
2	MATERIAL & EQUIPMENT	LS	1	BY MCWD	BY MCWD
3	DEWATERING / FLOW CONTROL	LS	1	BY MCWD	BY MCWD
4	PAINTING & COATINGS	LS	1	BY OTHERS	BY OTHERS
5	ELECTRICAL & CONTROLS	LS	1	BY OTHERS	BY OTHERS
TOTAL BID					\$57,325.00

EXCLUSIONS:

Permits / Fees, Bonds, Survey / Staking, Compaction Testing, Engineering, SWPPP, Hazardous Matl. Handling, Dewatering/Pumping, Utility Relocation, Brace/Hold Existing Power Poles, Pressure test of pipe, Boring / Jacking utilities, Painting & Coatings, Asphalt / Concrete patch, Traffic Control, Prevailing Wages.

NOTES & CLARIFICATIONS:

Bid is based on all Work Quoted Only.

Longitudinal Chain & Flight Collector equipment is furnished by owner.

Offloading of equipment by owner.

Any electrical & control work required is not included.

This Quote to become an integral part of any Subcontract Agreement.

Grizzly Construction carries an General Liability policy of \$ 2 Million aggregate, and any excess of this amount is not included.

Grizzly Construction is a "Merit Shop" contractor, and is not affiliated with any unions.

Tim Kemp - Grizzly Construction, Inc.

09/17/19

File: BID QUOTE-MALAGA WWTP-19-103

item 5.b.

SMITH CONSTRUCTION COMPANY, INC.

2139 N. Briarwood Ave.
Fresno, CA 93705
(559) 233-1515 - Office
(559) 233-1551 - Fax
Contractors License No. 326336

BID QUOTE

To: Malaga County Water District
3580 S. Frank St.
Fresno, CA 93725
Attn: Jim Anderson
ja@malagacwd.org

DATE: 09/17/19

QUOTE NO.: 19-103

RE: MALAGA WWTP

DESCRIPTION	AMOUNT
Smith Construction Company, Inc. will supply Labor, Material, and Misc. Equipment to Demo and Install Owner Furnished Viking Equipment in Clarifier #3, Per Viking Equipment Quote. The Work Duration is Estimated at 16 to 20 Working Days after Viking Equipment is at Malaga.	
Total Cost for Labor, Material and Equip. for Work is:	\$ 44,803.00
(Forty Four Thousand Eight Hundred Three Dollar and 00/00)	
<u>'Exclusions:</u>	
1. Permit, Engineering, Testing and/or Fee.	
2. Off Load of Viking Equipment from Freight Company.	
3. Any Costs to Remove Items to Special Dump Site.	
4. By-Passing or Cleaning of Clarifier #3 Basin.	
Quote Good for 30 Days.	
Work will be Scheduled with Current Existing Jobs in Progress.	
Thank You.	

RESOLUTION NO. 01-15-2020

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MALAGA COUNTY WATER DISTRICT APPROVING EDUCATIONAL EXPENSES**

WHEREAS, The Board of Directors has established policies of reimbursing employees and directors for actual and necessary expenses incurred in the performance of official duties including education programs; and

WHEREAS, the General Manager has arranged for educational classes for employees at the WWTF related to certification of employees necessary for the operation of the WWTF and/or the Pretreatment Program and beneficial to the District; and

WHEREAS, the Board of Director hereby finds that the expenses below are necessary and will be incurred in the performance the employee's duties and are allowable under existing District policies.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF
THE MALAGA COUNTY WATER DISTRICT AS FOLLOWS:**

1. That the forgoing recitals are true and correct as through fully set forth at this point.
2. The Board of Directors hereby authorizes the payment by the district of the following expenses:
 - A. \$2,200 Class 1: Grade 1 & 2 Certification Exam Review and
Class 2: Grade 4-5 Certification Exam Review.
\$1,800 lodge: March 2-4, 2020 and March 16-18, 2020.
\$1,500 food
 - B. Lodging Expenses not to exceed the maximum amount of the group rate offered by the activity, if available, or comparable rates in the area where the activity is located, two persons to a room if possible.
 - C. Use of the District vehicle and gas card for fuel expenses only.
 - D. Food allowance of \$40 per day per employee.

This Resolution is approved and adopted this 15th day of January, 2020, at the regular meeting of the Malaga County Water District, by the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

Charles Garabedian, President of the
Malaga County Water District

ATTEST:

Jennifer Ahl, Secretary to the
Board of Directors of the
Malaga County Water District

RESOLUTION NO. 1-15-2020A

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MALAGA COUNTY WATER DISTRICT ADOPTING AND AMENDED MALAGA
COUNTY WATER DISTRICT MASTER SCHEDULE OF FEES, CHARGES,
PENALTIES AND RECOVERED COSTS**

WHEREAS, the Malaga County Water District ("District") has adopted and amends, from time to time, a Master Schedule of Fees, Charges, Penalties and Recovered Costs which lists various fees and charges for services provided by the District; and

WHEREAS, the Board of Directors of the District now desires to amend the Master Schedule of Fees, Charges, Penalties and Recovered Costs to, amend the Penalty for a violation of the Pretreatment Program from \$1,000.00 for every violation to \$200.00 for first violation, \$500.00 for a second violation and \$1,000.00 for a third and additional violations as set forth in the Master Schedule of Fees, Charges, Penalties and Recovered Costs; and

WHEREAS, the Board of Directors of the District has considered the staff report, testimony given at the public hearing, and all other information available to the Board and determined that the amended fees as set forth in the Master Schedule of Fees, Charges, Penalties and Recovered Costs attached hereto and incorporated by this reference herein as Attachment A, and finds that the fees, charges and recovered costs as set forth in Attachment A are reasonable and do not exceed the costs to the District for providing the service or services related to said fees, charges and recovered costs.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MALAGA COUNTY WATER DISTRICT AS FOLLOWS:

1. That the foregoing recitals are true and correct and are incorporated by this reference as fully set forth at this point.

2. That the Board of Director of the Malaga County Water District hereby adopts the amended Master Schedule of Fees, Charges, Penalties and Recovered Costs as attached hereto as Attachment A, effective immediately upon passage of this Resolution.

* * * * *

Passed and adopted by the Board of Directors of the Malaga County Water District
at their meeting held on this 15th day of January 2020, by the following vote:

AYES:

NOES:

ABSENT:

Charles Garabedian, President of the
Malaga County Water District

ATTEST:

Jennifer Ahl, Secretary to the Board
of Directors of the Malaga County Water District

{00018586.DOCX;1}

**MALAGA COUNTY WATER DISTRICT
MASTER SCHEDULE OF FEES, CHARGES, PENALTIES AND RECOVERED COSTS**

CHAPTER FIVE

PENALTIES AND CITATIONS

1. General Penalties. The penalties for violating any provision of the Malaga Ordinance Code are set forth in Chapter 7 of Title One of the Malaga Code. Nothing set forth in this Master Schedule of Fees, Charges, Penalties and Recovered Costs shall limit or restrict the District's authority or ability to utilize any other penalty or remedy available to it at law.
2. Administrative Citations. The violation of any provision of the Malaga Code is subject to an Administrative Citation and administrative fine. The administrative fines for violating the Malaga Code are as follows:
 - a. Every violation of the Malaga Code, unless otherwise defined, is punishable by:
 - (1) a fine not exceeding \$100 for a first violation;
 - (2) a fine not exceeding \$200 for a second violation of the same ordinance within one (1) year; and
 - (3) a fine not exceeding \$500 for each additional violation of the same ordinance within one (1) year;
 - b. Notwithstanding the foregoing, any violation of an Individual Wastewater Discharge Permit, Pretreatment Standard, compliance order, or any other order is subject to the following penalties:
 - (1) a fine not exceeding \$200 for a first violation;
 - (2) a fine not exceeding \$500 for a second violation of the same ordinance within one (1) year; and
 - (3) a fine not exceeding \$1000 for each additional violation of the same ordinance within one (1) year;
 - (4) Each day a violation exists shall constitute a separate violation and in the case of a monthly or a long-term average violation of a Discharge limit, fines shall accrue for each day during the period of the violation.
 - c. Watering/Water Wasting Violations:
 - (1) penalties for violating the District's Water Waste Ordinance Section 2.07.070 shall be as follows:
 - (a) first violation, warning;
 - (b) second violation within a one (1) year period - \$25 fine;
 - (c) third violation within one (1) year - \$50 fine;
 - (d) fourth violation within one (1) year - \$100 fine;
 - (e) fifth violation within one (1) year - \$200 fine;
 - (f) for the sixth and each additional violation within one (1) year - \$500 fine.

RESOLUTION NO. 1-15-2020B

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MALAGA COUNTY
WATER DISTRICT ADOPTING A POLICY FOR DISCONTINUATION OF WATER
SERVICE TO RESIDENCES**

WHEREAS, by February 1, 2020, the Malaga County Water District as a community water system having more than 200 connections must have in place a written policy, in both English and Spanish, in addition to any other language spoken by 10 or more percent of the residential water customers pursuant to SB 998, now codified at Division 104, Part 12, Chapter 6, commencing with Section 116900 of the Health & Safety Code; and

WHEREAS, the District has developed a policy which conforms to the requirements of Health & Safety Code Section 116900 et seq. (SB – 998) a copy of which is attached and incorporated by reference as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The foregoing recitals are true and correct.
2. The Board approves and adopts the policy on discontinuation of residential water service attached and incorporated by reference as Exhibit A.
3. The General Manager is authorized and directed to have the policy translated to Spanish and to post the policy on the Board's website and to make the policy available to anyone upon request and without charge.

Passed and adopted by the Board of Directors of the Malaga County Water District at their meeting held on this 15th day of January 2020, by the following vote:

AYES:

NOES:

ABSENT:

Charles Garabedian, Jr., President
Malaga County Water District

ATTEST:

Jennifer Ahl, General Manager-
Secretary of the Board of Directors
Malaga County Water District

**POLICY ON DISCONTINUATION OF RESIDENTIAL
WATER SERVICE FOR NON-PAYMENT**

The Malaga County Water District operates a community water system providing water service to, among others, residences located within the District. The District shall adhere to the following policy, which shall be posted to the District's internet website on discontinuance of residential water service for non-payment.

1. Length of Delinquency. The District shall not discontinue residential water service for non-payment until payment by a customer has been delinquent for at least 60 days.

2. Procedure for Contacting Customers. Before discontinuation of residential water service for non-payment, the District shall contact the customer named on the account by telephone or written notice. When the District contacts the customer named on the account by telephone, the District shall offer to provide the customer this policy on discontinuation of residential water service for non-payment. The District shall offer to discuss with the customer options to avert discontinuation of residential service for non-payment, including but not limited to, alternative payment schedules, deferred payments, minimum payments, procedures for requesting amortization of the unpaid balance and a petition for bill review and appeal. When the District contacts the customer named on the account by written notice the notice of payment delinquency shall be mailed to the customer of the residence to which the residential service is provided. If the customer's address is not the address of the property to which the residential service is provided, the notice shall also be sent to the address of the property to which residential service is provided, addressed to "occupant". The notice shall include the following information:

- (A) The customer's name and address.
- (B) The amount of the delinquency.
- (C) The date by which payment or arrangement for a payment is required in order to avoid discontinuation of residential service.
- (D) A description of the process to apply for an extension of time to pay the delinquent charges.
- (E) A description of the procedure to petition for bill review and appeal.
- (F) A description of the procedure by which the customer may request a deferral, reduced or alternative payment schedule, including an amortization of the delinquent residential service charges, consistent with these policies.

2.2. Failure to Make Contact. If the District is unable to make contact with the customer or an adult occupying the residence by telephone, and written notice is

returned as undeliverable, the District shall make a good faith effort to visit the residence and leave or make other arrangements for placement in a conspicuous place of a notice of discontinuation of residential service for non-payment and a copy of this policy.

3. Effect of Appeal. If an adult at the residence contacted by the District either telephonically or by mail, or by posting the notice of potential discontinuation of service at a conspicuous location at the residence, appeals the water bill to the District the District shall not discontinue residential water service while the appeal is pending.

4. When Water Service May Not be Discontinued. The District shall not discontinue residential water service for non-payment, provided that all of the following conditions are met:

(A) The customer, or a tenant of the customer, submits to the District certification of a primary care provider that a discontinuation of the residential service will be life threatening, or pose a serious threat to the health and safety of, a resident of the premises where the residential water service is provided.

(B) The customer demonstrates that he or she is financially unable to pay the residential water service charges within the District's normal billing cycle. A customer is deemed to be financially unable to pay during the District's normal billing cycle if any member of the customer's household is a current recipient of Cal Works, Cal Fresh, General Assistance, MediCal, Supplemental Security Income/State Supplemental Payment Program, or California Special Supplement Nutrition Program for Woman's Infants and Children, or the customer declares that the household's annual income is less than 200% of the federal poverty level.

(C) The customer is willing to enter into an amortization agreement, alternative payment schedule, or a plan for deferred or reduced payment, consistent with this policy with respect to all delinquent charges.

(D) If a customer meets all the conditions of subparagraphs (A) through (C), above, the District shall offer the customer one or more of the following options:

(a) Amortization of the unpaid balance.

(b) Participation in an alternative payment schedule.

(c) A partial or full reduction of the unpaid balance without additional charges to other ratepayers.

(d) Temporary deferral of payment.

5. Nature of Payment Options Offered. The repayment options offered to a customer shall be structured in such a way as to allow the delinquent balance to be paid within 12 months. The District may grant a longer repayment period if it finds the longer period is necessary to avoid undue hardship to the customer based on the circumstances of the individual case.

6. Discontinuation of Service. Residential service may be discontinued no sooner than five business days after the District posts a final notice of intent to disconnect service in a prominent and conspicuous location at the property under either of the following circumstances:

(A) The customer fails to comply with an amortization agreement, an alternative payment schedule, or a deferral or reduction in payment plan of delinquent charges for 60 days or more.

(B) While undertaking an amortization agreement, an alternative payment schedule, or a deferral or reduction in payment plan for delinquent charges, the customer does not pay his or her current residential service charges for 60 days or more.

7. Providing Information on Restoration of Service. In the event the District does discontinue any residential service for non-payment it shall provide that customer with information on how to restore the residential service.

8. Reconnection of Customers Who Meet Poverty Related Standards. With respect to a residential customer who demonstrates household income below 200% of the Federal Poverty Line, the District shall do both of the following in the event that water service is discontinued for non-payment:

(A) Set a reconnection of service fee for reconnection during normal operating hours at \$50.00, but not to exceed the actual cost of reconnection if it is less than \$50.00. Reconnection fees shall be annually adjusted according to the Consumer Price Index beginning January 1, 2021. For the reconnection of residential service during non-operational hours, the District shall set a reconnection of service fee at \$150.00, but not to exceed the actual cost of reconnection if it is less.

(B) Waive interest charges on delinquent bills once every 12 months.

(C) A customer shall be deemed to have a household income of below 200% the Federal Poverty Line if any member of the household is a current recipient of any of the assistance programs identified in Section 4(B) of this policy.

9. Service to Residence Occupied by Tenants. Where the owner, manager or operator of any dwelling, structure, apartment, apartment complex or park is the customer of record, the District shall make good faith efforts to inform the occupants by

means of written notice, when the account is in arrears that the service will be terminated at least 10 days prior to the termination. The written notice shall further inform the resident occupants that they have the right to become customers, to whom the service will then be billed, without being required to pay any amount which may due on the delinquent account if water service to the residence occupied by the tenant is separately metered to that residence or if the resident pays the cost of establishing a separate metered connection, and the tenant agrees to all terms and conditions of service including applicable rates and charges.

10. Reporting. The District shall report the number of annual disconnections of residential water service for inability to pay on its website and to the State Water Resources Control Board.

11. Petition for Review of Bill. A customer may petition for review of the bill for water service to a residence by filing a written request or petition for review of the bill within thirty (30) days of receipt of the bill. The petition or request shall identify the bill sought to be reviewed and shall state the adjustment or changes to the bill requested, and the reasons for that request. The request or petition may be mailed or delivered to any employee at District Hall and shall be referred to the District Manager or District Administrator or his or her designee. The review will be conducted within ten (10) days of receipt of the written petition or request and a written determination will be mailed or delivered to the customer. If the customer is not satisfied with the determination, the customer may appeal to the District Board by mailing or delivering to the District Clerk a written appeal identifying those aspects of the determination with which the customer disagrees and why. The District Board's determination of the appeal shall be final.

December 18, 2019

State Water Resources Control Board
Division of Financial Assistance
Attn: Disbursement Unit
State Revolving Fund Unit
Post Office Box 944212
Sacramento, CA 94244-2120

**RE: Malaga County Water District
Water Meter Project
Proposition 1 Drinking Water Agreement No. D16-02072, Project No. 1010042-014C
PROJECT COMPLETION REPORT**

As required in the Proposition 1 Drinking Water Project No. 1010042-014C, Agreement No. D16-02072, Malaga County Water District (MCWD or District) is to prepare a status report at least quarterly, and a Project Completion Report at the end of the project. Each Status Report will include a summary of progress to date, list of change orders, and problems encountered. The Project Completion Report must describe the final constructed project, describe the water quality or quantity problem the project sought to address, discuss the project's likelihood of successfully addressing that water quality or quantity problem, and summarize compliance with environmental conditions, if applicable.

This is intended to serve as the final status report and the Project Completion Report for the Malaga County Water District Water Meter Project. The sixteenth disbursement request for this project is attached.

Final Constructed Project

The project included evaluation of water meters and meter reading components, final design, installation of water meters with automatic meter reading system at all residential service connections, modification or replacement of water meters on all commercial water services with automatic read meters, and retrofitting the existing flow meters at each of the three existing supply wells.

The project construction is complete, and a Notice of Completion was filed on July 5, 2019. The major construction components that were completed on the project are as follows:

Residential Services

- 226 1-inch meters and cellular transmitters have been installed
- 3 2-inch meters and cellular transmitters have been installed
- 168 standard meter boxes have been installed
- 25 medium duty meter boxes have been installed
- 196 standard lids for meter boxes have been installed
- 27 medium duty lids for meter boxes have been installed
- 12 existing meter boxes have been raised
- 9 connections to the existing service line due to service line material and condition

Commercial Services

- 6 3/4-inch meters and cellular transmitters have been installed
- 51 1-inch meters and cellular transmitters have been installed
- 54 1.5-inch meters and cellular transmitters have been installed
- 106 2-inch meters and cellular transmitters have been installed
- 5 3-inch meters and cellular transmitters have been installed
- 5 4-inch meters and cellular transmitters have been installed
- 73 standard meter boxes have been installed
- 1 medium duty meter box have been installed
- 13 traffic rated meter box have been installed
- 215 standard lids for meter box have been installed
- 2 medium duty lids for meter box have been installed
- 14 traffic rated lids for meter box have been installed
- 10 custom installations have been completed

Table 1. Percentage of Work Tasks Completed				
Description	Agreement Amount	Amount Claimed to Date	Current Claim Amount ²	Percent Complete
Vulcan Construction	\$1,310,435	\$ 1,006,728	\$ 0	77%
Change Order Contingency ¹	\$ 135,100	\$ 158,805	\$ 0	118%
Allowances	\$ 195,500	\$ 188,893	\$ 16,349	97%
Total	\$1,641,035	\$ 1,354,426	\$ 16,349	83%

- 1. It is noted that positive change order items exceed the \$135,100 change order contingency. However, there have been negative change order items that were reduced from the unit cost items. Therefore, the total project cost was less than the bid cost, and well within the contingency allowed.**
- 2. The current claim amount includes resubmittal of Invoice 66988, for the Design phase in the amount of \$4,948.50, which was omitted from the Claim #5 reimbursement amount. The current claim also includes \$8,094.64 in RCAC bridge loan fees associated with a bridge loan obtained due to anticipated delays in State reimbursements.**

Water Quality or Quantity Problem

Malaga County Water District is located south of the City of Fresno and draws from the same groundwater basin. The overdraft within this region is evidenced by falling groundwater levels and manifested by increasing costs of groundwater pumping and some groundwater degradation. This meter installation project sought to provide an incentive for users to conserve water and to help the District better analyze and manage its use of the groundwater. The meters will also provide better accuracy in measurement of water used, which should help minimize unaccounted for water.

The problem being addressed is within the DWSRF and Proposition 1 Drinking Water project ranking Category D – Inadequate Reliability, due to non-metered service connections.

Likelihood of Success

The installation of water meters will provide improved water management and conservation by users within the system. Users will be encouraged to conserve water now that they will be billed

based on consumption, rather than a flat rate. Individual users will have the ability to track their consumption in real time, so they can make adjustments throughout the month. The project benefits are to conserve water and increase reliability.

With the automatic read system, the District gets real time consumption data, and it is alerted when unusual circumstances occur. For example, the District has already located several services with leaks, as determined by continual flows through a meter. They were able to notify the user and get the issue corrected.

The project has therefore already been successful in conserving water, and the monthly usage charges will most likely continue to encourage conservation throughout the District.

Environmental Requirements

A Notice of Exemption was filed for this project. This section is therefore not applicable.

Percent Schedule Elapsed

The project has been completed within the timeframe allowed in the funding agreement.

Change Orders

There were six change orders. The net change of the six change orders is a negative amount (net reduction), and therefore within the change order contingency amount.

Problems Encountered

There were no significant problems encountered on the project. There were a few meters that were found to have setup errors that caused higher than normal readings. These errors have been corrected and the issue is now resolved. In addition, there were two meters that were defective and have now been replaced.

Please contact me at 559-449-2700 or mmadec@ppeng.com with any questions you have regarding this project completion report.

Respectfully,



Maija Madec, PE
Project Manager

c: Malaga County Water District
Tricia Wathen, Division of Drinking Water
File

**STATE OF CALIFORNIA
STATE WATER RESOURCES CONTROL BOARD
INVOICE (REQUEST FOR REIMBURSEMENT)**

INVOICE DATE:	12/18/2019	MAIL TO: STATE WATER RESOURCES CONTROL BOARD
INVOICE NO.:	16	DIVISION OF FINANCIAL ASSISTANCE
CONTRACT NO.:	SWRCB0000000000D160207200	ATTN: DISBURSEMENT UNIT
PROJECT NO.:	1010042-014C	POST OFFICE BOX 944212
		SACRAMENTO, CA 94244-2120

AGREEMENT LOAN and/or GRANT RECIPIENT:	MALAGA COUNTY WATER DISTRICT
STREET/P.O. BOX:	3580 S. FRANK STREET
CITY, STATE, AND ZIP CODE:	FRESNO, CA 93723

For Mailing Address Changes, Check Box and Complete a "Payee Data Record (Std. 204) Form"

FOLLOWING SECTION TO BE COMPLETED BY RECIPIENT

REQUESTED REIMBURSEMENT AMOUNT:	\$16,349.00	
---------------------------------	--------------------	--

RECIPIENT CERTIFICATION

I certify that the costs shown under Costs Incurred to Date/Requested Reimbursement Amount have been incurred and that these costs have been paid or will be paid within 30 days of receipt of the funds requested hereby. If such costs have not been paid within 30 days, funds received under this request will be returned to the State Water Resources Control Board (SWRCB). I certify that all prior funds received from this Finance Agreement/Grant have been disbursed within 30 days of receipt or have been returned to the SWRCB.

I certify that all amounts on this invoice are for costs incurred for the Project and represent only costs directly related to the Project Finance Agreement/Grant and within the approved scope of work. I also certify that overhead or indirect costs rates or surcharges (to account for a reasonable portion of the administrative costs of day-to-day operations such as rent, telephone, fax, copying, computer-related expenses, postage, electricity, human resources) do not exceed 25%. Note: If entity chooses to add a surcharge, this surcharge must be supportable and documented by direct costs related to the Project. These records can be requested at any time for auditing purposes to ensure costs are justified and directly related to the Project.

(6) Signature of the Recipient's Authorized Representative	Date <u>12-19-2019</u>
--	------------------------

FOLLOWING SECTION IS FOR STATE USE ONLY

CALCULATION FOR REIMBURSEMENT

REQUESTED REIMBURSEMENT AMOUNT:		Reason(s) for Adjustment:
ADJUSTMENT AMOUNT:	\$0.00	
REIMBURSEMENT AMOUNT APPROVED:		

FUNDING LINE PAYMENT ALLOCATION (ACCOUNTING DETAIL)

FISCAL SUPPLIER ID NO.:

PURCHASE ORDER NO.	FY	FUNDING DESCRIPTION	PROGRAM NO.	RECEIPT NO.	AMOUNT

TOTAL REIMBURSEMENT APPROVED FOR THIS REQUEST:

STATE USE ONLY: APPROVAL FOR PAYMENT

Disbursement Manager Signature	Disb Unit Manager Title	Date
Program Manager Signature	LGA Section Chief Title	Date

Central Valley Regional Water Quality Control Board

7 January 2020

Jennifer Ahl, General Manager
Malaga County Water District
3580 South Frank Street
Fresno, CA 93725



**NOTICE
TENTATIVE WASTE DISCHARGE REQUIREMENTS
FOR
MALAGA COUNTY WATER DISTRICT
WASTEWATER TREATMENT FACILITY
FRESNO COUNTY**

TO ALL CONCERNED PERSONS AND AGENCIES:

Enclosed are tentative Waste Discharge Requirements (WDRs) for the Malaga County Water District, Wastewater Treatment Facility (Facility). A public hearing concerning this matter will be held during the Central Valley Regional Water Quality Control Board (Central Valley Water Board) meeting which is scheduled for:

DATE: 20-21 February 2020
TIME: To be determined
PLACE: California Regional Water Quality Control Board
Central Valley Region
11020 Sun Center Drive, Suite 200
Rancho Cordova, CA

To be given full consideration, any written comments or recommendations you may have concerning the tentative WDRs must be submitted to the Central Valley Water Board's office by **5:00 pm on 7 February 2020**. Absent a showing of good cause and lack of prejudice to other parties, the Board Chair may exclude comments and evidence received after this deadline.

In order to conserve paper and reduce mailing costs, a paper copy of the tentative WDRs has been sent only to the Discharger. Others are advised that a [copy of the tentative WDRs](#) will be available (within approximately two business days) on the

KARL E. LONGLEY ScD, P.E., CHAIR | PATRICK PULUPA, ESQ., EXECUTIVE OFFICER

Central Valley Water Board's website at the link below under the heading "Discharger-Specific Items for Future Approval and/or Regional Water Board Meetings.":

https://www.waterboards.ca.gov/centralvalley/board_decisions/tentative_orders/

Persons wishing to make public statements at the Board meeting (such statements will be generally limited to three minutes) are not required to submit written comments, but the Board appreciates those comments in writing by the due date listed above so that they may be included in the packages that the Board members will receive ahead of the meeting. Anyone without access to the internet who needs a paper copy of the tentative Order should contact Nicolette Dentoni at (559) 444-2505 or at Nicolette.Dentoni@waterboards.ca.gov.



MATTHEW S. SCROGGINS
Senior Engineer

Attachment: Native American Heritage Commission Native American Contacts, Fresno County

Enclosure: Tentative Waste Discharge Requirements (Discharger only)

cc w/o enc.:

David Lancaster, State Water Resources Control Board, OCC, Sacramento (via email)
Scott Couch, State Water Resources Control Board, DWQ, Sacramento (via email)
Jennifer Chen, State Water Resources Control Board, DWQ, Sacramento (via email)
Jose Robledo, State Water Resources Control Board, DDW, Fresno (via email)
California Department of Fish and Wildlife, Region IV, Fresno
California Department of Toxic Substances Control, Clovis
California Department of Water Resources, San Joaquin District, Fresno
San Joaquin Valley Air Pollution Control District, Fresno
Native American Tribal Government Consultation List, Fresno County (list attached)
Fresno County Department of Public Health, Division of Environmental Health, Fresno
Fresno County Department of Public Works and Planning, Fresno
Laurence Kimura, Fresno Irrigation District, Fresno



REGULAR BOARD MEETING MINUTES
BOARD OF DIRECTORS MEETING
MALAGA COUNTY WATER DISTRICT
3580 SOUTH FRANK STREET FRESNO,
CALIFORNIA 93725 Tuesday, December
10, 2019 at 6:00PM

item 14.a.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a District Board Meeting, please contact the District Office at 559-485-7353 at least 48 hours prior to the meeting, to ensure that reasonable arrangements can be made to provide accessibility to the meeting.

- ❖ Please submit all written correspondence for the Board of Directors by 12:00 pm the Friday prior to the meeting. Please deliver or mail to the District Clerk.
- ❖ Public comments are limited to three (3) minutes or less per individual per item, with a fifteen (15) minute maximum per group per item and will be heard during the communication portion of the agenda.

1. Call to Order: 6:00 p.m.

2. Roll Call: President Charles Garabedian, Jr.; Vice President Salvador Cerrillo; Director Irma Castaneda; Director Frank Cerrillo, Jr.; Director Carlos Tovar, Jr.

All present. Also present: Jennifer Ahl, Romana Campos & Norma Melendez.

3. Certification: Certification was made that the Board Meeting Agenda was posted 72 hours in advance of the meeting.

4. Old Business:

- a. **PCI Inspection Report Workplan Update.** Update on progress on changes to the pre-treatment program and recommendation that the board set a public hearing to adopt those changes for January 28, 2020 and to give notice of the public hearing by publication in the newspaper and by sending notice to each SIU or other effected discharge permit holder.

Recommended Action: to set a public hearing on proposed changes to the District's pretreatment program to be held on January 28, 2020 and direct staff to complete necessary changes to the pretreatment program and give notice of the public hearing by publication and by mailing to each SIU and effected permit holder.

Motion by Vice President Cerrillo; Second by Director Tovar, Jr. and by a 5-0 vote to approve the public hearing of January 28, 2020 for proposed changes to the District's pretreatment program.

5. New Business: None for this meeting.

6. Recreation Reports: To be submitted at the meeting.

Recreation Center Director, Romana Campos, gave an update on the toy drive that will be held on December 14. Various vendors have signed up and the Karate Club donated \$100.00 to go towards the purchase of toys. There was also a report on the use of the recreation center facilities which will be used for practice for Malaga/Fowler grammar school cheer/dance practice.

7. Engineer Reports:

- a. District Engineer Report. None for this meeting
- b. CDBG Engineer Report:
 - i. MCWD has two applications pending for the CDBG Program that is administered through the County of Fresno.
 - 1. **FY19-20- Replacement of broken, mission or obsolete fire hydrants.** The application submitted on August 2018 was not funded, however afterwards County received additional revenue. County staff is conducting the environmental review for the work, and it is expected to fund the project early 2020.
 - 2. **FY 20-21 WWTP Improvements.** The application was submitted August 2019. County is still reviewing the applications. Award announcement will be in March or April 2020.

8. General Manager's Report:

- a. Golden State Truck Wash response to Compliance Order Dated November 25, 2019.

9. President's Report:

President Garabedian, Jr. would like to wish everyone a Merry Christmas.

10. Vice President's Report:

Vice President Cerrillo gave an update on the preparation of Primo's Toy Drive. DJ Taz has donated his DJ services and bicycles have been donated for the event.

11. Director's Reports:

Director Castaneda reported she will be donating scooters for the Christmas Program and family bingo night has been changed to the 2nd Wednesday of the month of January due to the 1st Wednesday being New Year's Day.

Director Cerrillo, Jr. gave a brief report on the ACWA conference. The most interesting class was regarding the Brown Act.

12. Legal Counsel Report:

13. Communications:

- a. Written Communications:
 - 1. Public Hearing Notice to the Fresno County Planning Commission regarding rezoning a 42.6-acre parcel located on the SE corner of E. Central Avenue and S. Willow Avenue. Hearing is scheduled for Thursday, December 12 at 8:45a.m.
- b. Public Comment:

14. Consent Agenda. The items listed below in the Consent Agenda are routine in nature and are usually approved by a single vote. Prior to any action by the Board of Directors, any Board member may remove an item from the consent agenda for further discussion. Items removed from the Consent Agenda may be heard immediately following approval of the Consent Agenda or set aside for discussion and action after Regular Business.

- a. Minutes of the Regular Board Meeting of November 26, 2019
- b. Financial reports and account payable reports

Recommended action: To approve the Consent Agenda as presented or amended.

Board of Directors gave direction to the General Manager to withdraw funds from the Self Help savings account to cover extra gift expenses for the Christmas Program.

Motion by Vice President Cerrillo; Second by Director Cerrillo, and by a 5-0 vote to approve the Consent Agenda as presented.

15. Closed Session: 7:08p.m.

- a. Potential Litigation (Government Code Section 54956.9) Conference with legal counsel.

16. Adjournment:

Motion by Vice President Cerrillo, Second by Director Cerrillo, Jr. and by a 5-0 vote to adjourn the meeting at 7:33p.m.

Certification of Posting

I, Norma Melendez, District Clerk of the Malaga County Water District, do hereby certify that the foregoing minutes for the Regular Meeting of the Board of Directors of December 10, 2019 was posted for public view on the front window of the MCWD office at 3580 S. Frank Street, Fresno Ca 93725, 01/15/2019.

Norma Melendez

Norma Melendez, District Clerk



SPECIAL MEETING MINUTES
BOARD OF DIRECTORS MEETING
MALAGA COUNTY WATER DISTRICT
3580 SOUTH FRANK STREET
FRESNO, CALIFORNIA 93725
THURSDAY JANUARY 2, 2020, 6:00PM

item 14.b

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a District Board Meeting, please contact the District Office at 559-485-7353 as soon as possible to ensure that reasonable arrangements can be made to provide accessibility to the meeting.

1. **Call to order:** At 6:00 p.m.
2. **Roll Call:** President Charles Garabedian, Jr., Vice President Salvador Cerrillo, Director Irma Castaneda, Director Frank Cerrillo, Jr., and Director Carlos Tovar, Jr.

All directors present. Also present: Romana Campos, Laurie Cortez, Michael Slater and Jennifer Ahl via telephone.

3. **Certification:** Certification is made that the Board Meeting agenda was posted 24 hours before the meeting.
Agenda was posted as set forth below.
4. **Verbal Communications – Public Comments:** The Public may address the Malaga County Water District Board on item(s) of interest within the jurisdiction of the Board, not appearing on the agenda. The Board will listen to comments presented; however, in compliance with the Brown Act, the Board cannot take action on items that are not on the agenda. The public should address the Board on agenda items at the time they are addressed by the Board. All speakers are requested to wait until recognized by the Board President.

Public Comment Limitations: All Comments will be limited to three **(3)** minutes or less per individual/group per item per meeting, with a fifteen **(15)** minutes maximum.

No comments from the Public.

5. **Closed Session: Evaluation of Performance; Position: Recreation Director (Government Code Section 54957(b).):**
Adjourned to Closed Session at 6:04 p.m. Reconvened in open session at 6:49. Attorney Slater reported that there was no reportable action taken in closed session.
6. **Adjournment:** At 6:50 p.m.
Motion by: Director Castaneda, Seconded by: Director Tovar.

Certification of Posting

I, Norma Melendez, District Clerk of the Malaga County Water District, do hereby certify that the foregoing minutes for the Special Meeting of the Board of Directors of January 2, 2020 was posted for public view on the front window of the MCWD office at 3580 S. Frank Street, Fresno Ca 93725, 01/16/2019.

Norma Melendez

Norma Melendez, District Clerk