



REGULAR BOARD MEETING AGENDA
BOARD OF DIRECTORS MEETING
MALAGA COUNTY WATER DISTRICT
3580 SOUTH FRANK STREET
FRESNO, CALIFORNIA 93725
Tuesday, July 12, 2022 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. 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 June 28, 2022.

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

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

5. Old Business:

- a. **Resolution 07-12-2022.** A list of delinquent accounts was presented for review at the last board meeting. This resolution authorizes the placement of delinquent charges on the county tax rolls.

Recommended action: to approve Resolution No. 07-12-2022 as presented or amended and to authorize the General Manager to submit request to the County of Fresno.

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

6. New Business:

- a. **SLFRF Agreement.** The Subrecipient Agreement for State Local Fiscal Recovery Funds for Malaga County Water District, Water Storage Tank. The proposed infrastructure improvement meets the eligibility requirements of the DWSRF under the water storage

facilities for disadvantaged communities, as it would construct a 0.75 to 1.0 million gallon (MG) water storage tank for the Well 5A site that will increase the District's drinking water storage capacity to meet the maximum day demand in the Community of Malaga.

Recommended action: to approve the Subrecipient Agreement as presented or amended.

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

- b. **FY2020-2021 Audit Report.** Jaribu W. Nelson, CPA has completed the FY 20/21 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 2020/2021 audit report as presented.

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

7. Incorporation Reports:

8. Annexations and Developments:

- a. An updated tracker list provided for review.

9. Recreation Reports:

10. Engineer Reports:

- a. District Engineer Report.
- b. CDBG Engineer Report:

11. General Manager's Report:

- a. AB 617 Grant Proposal - Tree Fresno

12. President's Report:

13. Vice President's Report:

14. Director's Reports:

15. Legal Counsel Report:

16. Communications:

- a. Written Communications:
1. **Water Board.** Proposed notification and response levels for perfluorohexane sulfonic acid (PFHxS) in drinking water are now available.
- b. Public Comment: *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. All Comments will be limited to three **(3)** minutes or less per individual/group per item per meeting, with a fifteen **(15)** minutes maximum.*

17. Closed Session:

- a. Malaga County Water District v. CVRWQCB case number 16CECG03036 (Government Code section 54956.9 (d)(1).)
- b. Malaga County Water District v CVRWQCB case number MCV071279 (Govt Code 54956.9(d)(1).)
- c. Malaga County Water District v CVRWQCB case number MCV071280 (Govt Code 54956.9(d)(1).)
- d. Personnel. General Manager contract (Government Code Section 54957)

18. 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 Regular Meeting of the Board of Directors of July 12, 2022 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 07/08/2022.

Norma Melendez

Norma Melendez, District Clerk



REGULAR BOARD MEETING MINUTES
BOARD OF DIRECTORS MEETING
MALAGA COUNTY WATER DISTRICT
3580 SOUTH FRANK STREET
FRESNO, CALIFORNIA 93725
Tuesday, June 28, 2022 at 6:00PM

item 4.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: 6:00pm

- 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: Norma Melendez, Moises Ortiz (via Zoom due to COVID) and Michael Slater.

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

- 4. 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 June 14, 2022.
- b. Minutes of the Special Board Meeting of June 21, 2021.

Correction: Minutes of the Special Board Meeting of June 21, 2022.

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

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

5. Old Business:

- a. **FY 2022-2023 Budget Review.** Suggested updates have been made to the draft budget for FY 2022-2023.

Recommended action: To approve the budget as presented or amended for FY 2022-2023.

Motion by Vice President Cerrillo; Second by Director Tovar, Jr. and by a 5-0 vote to approve the fiscal year 2022-2023 budget.

6. New Business:

- a. **New Federal Holiday.** President Joe Biden signed the Juneteenth National Independence Day Act into law on June 17, 2021. Juneteenth is observed on June 19th each year, commemorating the emancipation of the enslaved African Americans back in 1865.

Recommended action: for discussion and potential action.

President Garabedian, Jr. suggests adding a floating/personal holiday. Director Castaneda suggests bringing it back to the table once the state of California approves it as a holiday. Item tabled to a future meeting.

- b. **Resolution No. 06-28-2022.** Consideration and necessary action on a resolution to approve the list of delinquent accounts for collection on the tax rolls.

Recommend action: Approve and adopt Resolution No. 06-28-2022 as presented or amended.

No resolution provided for this meeting. List of delinquent accounts presented for review.

Motion by Director Castaneda; Second by Director Cerrillo, Jr. and by a 5-0 vote to approve the list of delinquent accounts as presented.

- c. **Resolution 06-28-2022B; COI Code.** Provided is the 2022 Local Agency Biennial Notice. Staff has reviewed the district's current code which shows no amendment is necessary. Notice must be submitted to Fresno County no later than October 3, 2022.

Recommended Action: To approve Local Agency Biennial Notice and direct General Manager to submit notice to Fresno County.

Motion by Director Castaneda; Second by Vice President Cerrillo and by a 5-0 vote to approve Local Agency Biennial Notice as presented and direct General Manager to submit the notice to Fresno County.

- d. **Draft Water Tables.** The first draft of the water and sewer rate tables. This first draft does not include any additional capital but shows what is needed to fund operations & maintenance expenses and existing debt service.

Recommended action: for review and comment.

A special board meeting workshop has been scheduled for August 16 to review water & sewer tables with District Engineer, Michael Taylor and the district's Legal Counsel.

7. Sherriff Report: Presented by CSO, Elaine Montoya.

Report presented. Burglaries have increased in the past 2 months. Elaine asked if the district would be interested in renting the kids train for monetary purposes. The board members declined but would gladly donate time.

8. Incorporation Reports:

- a. MCWD Draft Infrastructure Master Plan comments from the City of Fowler, City of Fresno, Fresno Irrigation District and Caltrans.

Discussion was held. Nothing to report.

9. Recreation Reports:

Director Castaneda suggests that Fiesta Day 'save the date' flyer be distributed to the community as soon as possible. She would like for Lizz to provide a list of items that must be completed for Fiesta Day. Potentially create a check-off list that can be used annually once it's time to prepare for Fiesta Day. Finally, the director suggests that a Fiesta Day banner be displayed on Muscat & Chestnut

10. Engineer Reports:

a. District Engineer Report. **None for this meeting.**

b. CDBG Engineer Report: **None for this meeting.**

11. General Manager's Report:

a. **ADA Compliance concrete project to commence in 2 weeks.**

b. **Fire Hydrant Project is 60% complete.**

12. President's Report:

President Garabedian, Jr. suggests first board meeting in August to be changed from August 9 to the 4th. Fellow board members agreed to this change. He also reported the passing of engineer Daniel Bond.

13. Vice President's Report:

Vice President Cerrillo reminded those who are running in this years' election to sign up as soon as the date opens.

14. Director's Reports:

Director Cerrillo, Jr. asked the General Manager if there is a way to find out how much water we lose when firefighters put out a fire. The GM replied that there is no way to find out, but a rough estimate can be calculated.

15. Legal Counsel Report: Reserved for closed session.

16. Communications:

a. Written Communications:

1. Proposed Fresno Municipal Code Language for Termination of Water Service Notification.

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

17. Closed Session: 7:28pm

a. Potential Litigation (Government Code Section 54956.9(d)(4).).

b. Pending Litigation (Gov't Code Section 54956.9) Malaga v CVRWCQB

Nothing to report.

18. Adjournment:

Motion by Vice President Cerrillo, Second by Director Tovar, Jr. and by a 5-0 vote to adjourn the meeting at 7:39pm.

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 June 28, 2022 was posted for public view on the front window of the MCWD office at 3580 S. Frank Street, Fresno Ca 93725, on 07/13/2022.

Norma Melendez

Norma Melendez, District Clerk

RESOLUTION NO. 07-12-2022

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MALAGA COUNTY WATER DISTRICT AUTHORIZING THE PLACEMENT OF
DELINQUENT CHARGES ON THE COUNTY TAX ROLLS**

WHEREAS, there are delinquent and unpaid charges for water, sewer, solid waste collection, and other services provided by the Malaga County Water District due to the Malaga County Water District; and

WHEREAS, the charges for water and other services charged by the District are property related charges by the Malaga County Water District pursuant to its powers set forth in Water Code §30000 et. seq., Article 13D of the California Constitution, and any other applicable statutes; and

WHEREAS, Water Code §31701, et. seq. provides a procedure for the collection of unpaid charges for water and other services provided by the Malaga County Water District.

**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 and incorporated by this reference herein as though fully set forth at this point.
2. That the District has unpaid charges for water and other services requested by the Owner of the property that remain delinquent and unpaid for sixty (60) or more days as of July 1, 2022, and the Board of Directors hereby gives notice to the County of Fresno of said unpaid charges outstanding pursuant to Water Code §31701(e). Those delinquent charges are set forth in Exhibit A to this Resolution and are hereby incorporated by this reference herein.
3. That all of the charges set forth in Exhibit A were charged for water, sewer, solid waste, or other services provided by the District pursuant to the Water Code §30000 et. seq. and comply with all applicable statutes including Article 13D of the California Constitution.
4. Said charges are without regard to property valuation.
5. The Statement of Charges set forth in Exhibit A shall be furnished to the Fresno County Board of Supervisors and the Fresno County Auditor to include said delinquencies on the Fresno County Property Tax Rolls pursuant to §§31701(e) and 31701.5 of the California Water Code, or any other applicable statute.

This Resolution is approved and adopted this ____ day of July, 2022, 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:

Moises Ortiz, General Manager/Secretary to the
Board of Directors of the
Malaga County Water District

CORONAVIRUS STATE LOCAL FISCAL RECOVERY FUNDS

SUBRECIPIENT AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 2022 ("Effective Date"), by and between the COUNTY OF FRESNO, a political subdivision of the state of California ("COUNTY"), and Malaga County Water District, a special district in the County of Fresno formed under Part 2 of Division 12 of the California Water Code, with a district office at 3580 South Frank Street, Fresno, CA 93725 ("SUBRECIPIENT").

WITNESSETH:

WHEREAS, on March 11, 2021, the President signed into law the American Rescue Plan Act of 2021 ("ARPA") which established the Coronavirus State and Local Fiscal Recovery Funds ("SLFRF") Program; and

WHEREAS, the ARPA authorizes the COUNTY to expend SLFRF awarded to the COUNTY for the following eligible purposes, outlined in the Interim Final Rule and Final Rule as follows (each an "Eligible Use," collectively "Eligible Uses"):

- (1) To respond to the COVID-19 public health emergency or its negative economic impacts;
- (2) To respond to workers performing essential work during the COVID-19 public health emergency;
- (3) For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health;
- (4) To make necessary investments in water, sewer, or broadband infrastructure; and

WHEREAS, the COUNTY intends to allocate a portion of its SLFRF to SUBRECIPIENT for one or more Eligible Uses; and

WHEREAS, the SUBRECIPIENT provides potable water, sewer treatment, and park and recreation services in the Community of Malaga, a Disadvantaged Community of approximately 1,337 residents, located in a census tract with a reported annual median household income of \$41,321; and

WHEREAS, the residents and members of Malaga, which is the unincorporated community served by the SUBRECIPIENT, were disproportionately impacted by the COVID-19 pandemic; and

WHEREAS, during the course of the COVID-19 pandemic, California's severe drought has

1 impacted San Joaquin Valley’s rural communities the most, in particular rural public water systems that
2 solely rely on groundwater pumping to serve its residents; and

3 **WHEREAS**, the Final Rule has designated necessary investment in water infrastructure to be one
4 that meets the eligibility requirements of the Drinking Water State Revolving Fund (DWSRF) as
5 implemented by the Environmental Protection Agency (EPA), including the DWSRF eligible project
6 category of storage; and

7 **WHEREAS**, the SUBRECIPIENT represents that the proposed infrastructure improvement
8 meets the eligibility requirements of the DWSRF under the water storage facilities for disadvantaged
9 communities, as it would construct a 0.75 to 1.0 million gallon (MG) water storage tank for the Well 5A
10 site that will increase the SUBRECIPIENT’s drinking water storage capacity to meet the maximum day
11 demand in the Community of Malaga; and

12 **WHEREAS**, the Treasury interprets “necessary” investment in infrastructure in the Final Rule to
13 mean: 1) responsive to an identified need to achieve or maintain an adequate minimum level of service,
14 which for some eligible project categories may include a reasonable projection of increased need,
15 whether due to population growth or otherwise and, 2) a cost-effective means for meeting that need,
16 taking into account available alternatives; and

17 **WHEREAS**, the SUBRECIPIENT represents that it is responsible to operate public water system
18 number CA-1010042, which is regulated and permitted by Order Number 03-11-13P-016 issued by the
19 State Water Resources Control Board, Division of Drinking Water; and,

20 **WHEREAS**, the SUBRECIPIENT represents that the water storage tank will be constructed to
21 receive and provide potable water storage for Well 5A; and

22 **WHEREAS**, the provision of SLFRF to SUBRECIPIENT under this Agreement is intended to
23 support a strong and equitable recovery from the COVID-19 pandemic and economic downturn by making
24 necessary investments in water infrastructure that support impacted communities and also improves the
25 community’s resiliency to the effects of climate change, including drought; and

26 **WHEREAS**, under Section 602(c)(3) of the ARPA, the COUNTY may transfer SLFRF to special
27 districts (special-purpose unit of local government) for Eligible Uses, for the purpose of meeting ARPA’s
28 goals; and

1 **WHEREAS**, based on SUBRECIPIENT's representations, COUNTY will grant SLFRF to
2 SUBRECIPIENT so that SUBRECIPIENT may fund the final engineering design, environmental review,
3 Department of Drinking Water permitting, construction and administration, construction review, operation
4 and maintenance manual, and project management for the construction of the new water storage tank
5 for the SUBRECIPIENT's Well 5A, which is necessary to maintain adequate and stable service levels,
6 comply with storage requirements as prescribed in California Waterworks Standards section 64554
7 capacity storage requirements for water systems, and provide for drought resiliency for the Community
8 of Malaga ("Program"); and

9 **WHEREAS**, COUNTY has determined that the Program to be provided by SUBRECIPIENT is an
10 Eligible Use of SLFRF under the ARPA, in reliance on information provided by SUBRECIPIENT; and

11 **WHEREAS**, the COUNTY and SUBRECIPIENT desire to enter into this Agreement so that the
12 COUNTY may provide SLFRF to the SUBRECIPIENT as reimbursement for appropriate and qualifying
13 expenditures, including an Eligible Use of SLFRF, as permitted under the Interim Final Rule and Final
14 Rule.

15 **NOW, THEREFORE**, in consideration of the mutual covenants, terms and conditions herein
16 contained, the parties hereto agree as follows:

17 1. **GENERAL OBLIGATIONS OF THE SUBRECIPIENT**

18 A. SUBRECIPIENT represents that each of the recitals, stated hereinabove and in
19 Exhibit A to this Agreement, concerning SUBRECIPIENT, and made by SUBRECIPIENT, are true and
20 correct, and that COUNTY may rely upon each of those representations in granting the SLFRF to
21 SUBRECIPIENT under this Agreement.

22 B. SUBRECIPIENT acknowledges that the SLFRF granted under this Agreement are
23 a subaward of SLFRF up to the amount stated herein to carry out the Program.

24 C. SUBRECIPIENT understands and agrees that the SLFRF disbursed under this
25 award may only be spent on documented Eligible Uses in compliance with the ARPA, the United States
26 Department of the Treasury ("TREASURY") regulations implementing section 602 of the ARPA, and
27 guidance issued by the TREASURY regarding the foregoing.

1 D. SUBRECIPIENT represents that it will use these SLFRF to the final engineering
2 design, environmental review, Department of Drinking Water permitting, construction and administration,
3 construction review, operation and maintenance manual, and project management for the construction
4 of the new water storage tank for the SUBRECIPIENT's Well 5A to be constructed, which is necessary
5 to maintain adequate and stable service levels, comply with storage requirements as prescribed in
6 California Waterworks Standards section 64554 capacity storage requirements for water systems, and
7 provide drought resiliency for the Community of Malaga.

8 E. During the Term of this Agreement, SUBRECIPIENT shall carry out the Program
9 by furnishing to the COUNTY the services described in Exhibit A, Program Description, which is
10 attached and incorporated by this reference.

11 F. Compliance. SUBRECIPIENT is obligated by this Agreement, and is responsible
12 to ensure that SLFRF granted under this Agreement are spent in compliance with all ordinances of the
13 County of Fresno, and laws of the State of California, and all laws of the federal government. This
14 includes, but is not limited to, compliance with all requirements set forth in the Uniform Administrative
15 Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200, the
16 TREASURY's Compliance and Reporting Guidance: State and Local Fiscal Recovery Funds
17 ("Compliance Guidance"), Department of the Treasury 31 CFR Part 35 Coronavirus State and Local
18 Fiscal Recovery Funds Interim Final Rule ("Interim Final Rule") (for expenditures before April 1, 2022)
19 and Final Rule ("Final Rule") (for expenditures on April 1, 2022, or later), and any subsequent updates,
20 including TREASURY's Frequently Asked Questions. The award terms and conditions required by the
21 TREASURY are set forth in Exhibit F, which is attached and incorporated by this reference, as provided
22 by the TREASURY. Notwithstanding anything provided in Section 8 of this Agreement, or in this
23 Subsection 1(F), SUBRECIPIENT has the sole responsibility for compliance under this Section 1(F).

24 G. Prevailing Wage.

25 a. For any portion of any of the work, service, and/or function (including, but
26 not limited to, any construction, alteration, installation, demolition, repair, or maintenance work), to be
27 performed, either directly or on behalf of SUBRECIPIENT under any agreements with any contractors
28 and/or suppliers (including their respective sub-contractors at any tier) or otherwise, with respect to the

1 Program that is a “public work” for the purposes of Chapter 1 (commencing with § 1720) of Part 7 of
2 Division 2 of the California Labor Code (collectively, “Chapter 1 of the Labor Code”), (i) SUBRECIPIENT
3 shall comply with, and cause all such contractors and/or suppliers (including their respective sub-
4 contractors at any tier) to comply with, all applicable provisions of Chapter 1 of the Labor Code with
5 respect to the Program, and (ii) prior to causing any work to be performed under any agreements with
6 any contractors and/or suppliers, or otherwise, SUBRECIPIENT shall incorporate all of the provisions of
7 this Section 1 (G) into such agreements.

8 b. SUBRECIPIENT shall promptly provide a copy to COUNTY of any
9 correspondence, notices, and/or orders, in any written form, and/or any documents initiating legal action
10 (collectively, “DIR Administrative or Legal Action”) by or on behalf of the Director of the Department of
11 Industrial Relations of the State of California, including any representative thereof (collectively, the
12 “DIR”) to or against SUBRECIPIENT, and SUBRECIPIENT’s written responses, in any written form,
13 thereto, that relate to any work, or any portion thereof, provided however, SUBRECIPIENT’s provision of
14 such copy of any DIR Administrative or Legal Action, and/or SUBRECIPIENT’s responses thereto, or
15 failure to provide same or to timely provide same, shall not impose any obligation upon COUNTY with
16 respect to SUBRECIPIENT’s obligations under this Section 1 (G). SUBRECIPIENT acknowledges that
17 the DIR provides the following internet resource:

18 <https://www.dir.ca.gov/OPRL/DPreWageDetermination.htm>

19 c. COUNTY does not make any representation, or provide any guidance, to
20 SUBRECIPIENT as to (i) the nature, type, or scope of the work, or any portion thereof, to be performed
21 by SUBRECIPIENT, either directly or under any agreements with any contractors and/or suppliers
22 (including their respective sub-contractors at any tier), that constitutes a “public work,” or (ii) the
23 sufficiency of the DIR’s internet resource, above, for purposes of compliance with this Section 1(G). The
24 provisions of this Section 1 (G) shall survive the termination of this Agreement.

25 H. Timeline. SUBRECIPIENT shall ensure that the Program is diligently undertaken
26 and completed, and all SLFRF granted under this Agreement are fully expended, no later than
27 December 31, 2026. By August 31, 2024, SUBRECIPIENT shall analyze, and shall report to COUNTY
28 in writing, whether it can complete the Program or fully expend the SLFRF granted under this

1 Agreement by December 31, 2026. If SUBRECIPIENT is not capable of completing the Program or fully
2 expending the SLFRF granted under this Agreement on the Program by December 31, 2026,
3 SUBRECIPIENT shall return any previously issued SLFRF, which have not been bindingly obligated to a
4 permissible use, to COUNTY within fifteen calendar days. Additionally, SUBRECIPIENT shall account
5 for all SLFRF which have not been bindingly obligated to a permissible use by December 31, 2024, and
6 shall remit the same unobligated SLFRF to the COUNTY within thirty calendar days.

7 I. No Litigation. SUBRECIPIENT shall not use any SLFRF provided by the
8 COUNTY in litigation, or to pay any enforcement agency, including, but not limited to, any fines or
9 penalties, or similar charges, and shall notify the COUNTY of any legal action which is filed by or against
10 SUBRECIPIENT. To the extent permitted by law, SUBRECIPIENT shall not institute any action or suit at
11 law or in equity against COUNTY, nor institute, prosecute, or any way aid in the institution or
12 prosecution of any claim, demand, action, or cause of action for equitable relief, damage, loss, or injury
13 either to person or property, or both, whether developed or undeveloped, resulting or to result, known or
14 unknown, past, present, or future, arising out of, in any way, the terms of this Agreement.

15 J. SUBRECIPIENT agrees that if SUBRECIPIENT receives SLFRF from any other
16 local or state entity for all or any part of the Program for which SUBRECIPIENT has received SLFRF
17 from COUNTY under this Agreement, the SUBRECIPIENT shall contact COUNTY in writing within five
18 (5) business days. SUBRECIPIENT agrees that it may be required to return all or part of the SLFRF
19 received from the COUNTY if the total amount of SLFRF from all local and state entities exceeds the
20 Program's budget, and if SUBRECIPIENT does not intend to expand the Program.

21 K. None of the personnel employed in the administration of the Program shall be in
22 any way, or to any extent engaged in, the conduct of political activities prohibited by Chapter 15 of Title
23 5, U.S. Code, as applicable.

24 L. None of the SLFRF to be paid under this Agreement shall be used for any
25 partisan political activity, or to support or defeat legislation pending before Congress.

26 2. **PROCUREMENT REQUIREMENTS**

27 A. SUBRECIPIENT shall comply with all procurement requirements specified in the
28 Uniform Guidance, including, but not limited to, 2 CFR Part 200 et. seq.

1 B. SUBRECIPIENT shall take all necessary affirmative steps to assure that minority
2 businesses, women's business enterprises, and labor surplus area firms are used when possible, when
3 procuring goods and services under this Agreement, including the affirmative steps described in 2 CFR §
4 200.321.

5 C. As appropriate, and to the extent consistent with law, SUBRECIPIENT shall provide a
6 preference for the purchase, acquisition, or use of goods, products, or materials produced in the United
7 States (including but not limited to iron, aluminum, steel, cement, and other manufactured products).

8 D. SUBRECIPIENT agrees to prioritize in its procurement decisions employers who can
9 demonstrate that their workforce meets high safety and training standards (e.g., professional certification,
10 licensure, and/or robust in-house training), that hire local workers and/or workers from historically
11 underserved communities, and who directly employ their workforce or have policies and practices in place
12 to ensure contractors and subcontractors meet high labor standards, and to prioritize employers (including
13 contractors and subcontractors) without recent violations of federal and state labor and employment laws.

14 E. All contracts made by SUBRECIPIENT in excess of \$100,000 with respect to water,
15 sewer, or broadband infrastructure projects that involve employment of mechanics or laborers must include
16 a provision for compliance with certain provisions of the Contract Work Hours and Safety Standards Act, 40
17 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5).

18 3. **REPORTING REQUIREMENTS**

19 A. **Quarterly Program Expenditure Report:** SUBRECIPIENT shall submit to the
20 COUNTY's designated contact, as designated by the COUNTY's County Administrative Officer in writing
21 at the execution of this Agreement, Quarterly Program Expenditure Reports through the term of this
22 Agreement as provided by this Section 3(A). The reports shall contain, but are not limited to, the
23 information described in Exhibit C, which is attached and incorporated by this reference, and must
24 include a statement, signed by the SUBRECIPIENT, indicating that all expenditures in the report comply
25 with the Interim Rule and the Final Rule, as applicable, and ARPA guidelines for the SLFRF, as set forth
26 by the TREASURY. Quarterly expenditure reports shall be submitted to COUNTY no later than fifteen
27 (15) days after the end of each quarter listed below for the term of this Agreement, beginning with the
28 first quarter ending after the Effective Date:

- 1) January 1 – March 31, due by April 15
- 2) April 1 – June 30, due by July 15
- 3) July 1 – September 30, due by October 15
- 4) October 1 – December 31, due by January 15

B. **Annual Performance Report:** Within fifteen (15) days after each June 30, SUBRECIPIENT shall submit one “Annual Performance Report” to the COUNTY, covering all performance by the SUBRECIPIENT under this Agreement for the fiscal year ending that June 30. The report shall contain, but not be limited to, the information contained in Exhibit D, which is attached and incorporated by this reference.

C. **Final Report:** A Final Program Report shall be submitted to COUNTY within thirty (30) days upon completion of the Program. A Final Report shall include an accounting of all costs and expenses incurred by SUBRECIPIENT, and any other information as the COUNTY deems necessary to facilitate closeout of the Program, and ensure COUNTY’s obligations and requirements under the SLFRF Program are met. The Final Program Report is not complete until COUNTY has delivered to SUBRECIPIENT written acceptance of the Final Program Report.

4. **NONDISCRIMINATION**

A. During any period in which SUBRECIPIENT is in receipt of SLFRF from COUNTY, SUBRECIPIENT and its Board, officers, employees, agents, representatives or subcontractors shall not unlawfully discriminate in violation of any Federal, State or local law, rule or regulation against any employee, applicant for employment or person receiving services under this Agreement because of race, religious creed, color, national origin, ancestry, physical or mental disability including perception of disability, medical condition, genetic information, pregnancy related condition, marital status, gender/sex, sexual orientation, gender identity, gender expression, age (over 40), political affiliation or belief, or military and veteran status. SUBRECIPIENT and its officers, employees, agents, representatives or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including, without limitation, the COUNTY’s non-discrimination policy; Title VI of the Civil Rights Act of 1964 (42 U.S.C. sections 2000d et seq.) and TREASURY’s implementing regulations at 31 C.F.R. Part 22, which prohibit discrimination on the basis of race, color, or national origin under

1 programs or activities receiving federal financial assistance; The Fair Housing Act, Title VIII of the Civil
2 Rights Act of 1968 (42 U.S.C. sections 3601 et seq.), which prohibits discrimination in housing on the basis
3 of race, color, religion, national origin, sex, familial status, or disability; Section 504 of the Rehabilitation Act
4 of 1973, as amended (42 U.S.C. sections 6101 et seq.), and the TREASURY's implementing regulations at
5 31 C.F.R. part 23, which prohibit discrimination on the basis of age in programs or activities receiving
6 federal financial assistance; and Title II of the Americans with Disabilities Act of 1990, as amended (42
7 U.S.C. sections 12101 et seq.), which prohibits discrimination on the basis of disability under programs,
8 activities, and services provided or made available by state and local governments or instrumentalities or
9 agencies thereto; The Fair Employment and Housing Act (Government Code sections 12900 et seq.);
10 California Labor Code sections 1101, and 1102; the Federal Civil Rights Act of 1964 (P.L. 88-352), as
11 amended; and all applicable regulations promulgated in the California Code of Regulations or the Code of
12 Federal Regulations.

13 B. SUBRECIPIENT shall include the non-discrimination and compliance provisions of
14 this Section 4 in all subcontracts to perform work under this Agreement.

15 C. SUBRECIPIENT shall provide a system by which recipients of service shall have the
16 opportunity to express, and have considered, their views, grievances, and complaints regarding
17 SUBRECIPIENT's delivery of services.

18 5. **CONFLICTS OF INTEREST; ETHICS**

19 A. SUBRECIPIENT understands and agrees that it must maintain a conflict-of-interest
20 policy consistent with 2 CFR § 200.318(c), and that such conflict-of-interest policy is applicable to each
21 activity funded under this award. Subrecipient must disclose in writing to the TREASURY and to COUNTY
22 any potential conflict of interest affecting the awarded SLFRF in accordance with 2 CFR § 200.12. Further,
23 no officer, agent, consultant, or employee of SUBRECIPIENT may seek or accept any gifts, service, favor,
24 employment, engagement, remuneration, or economic opportunity which would tend to improperly influence
25 a reasonable person in that position to depart from the faithful and impartial discharge of the duties of that
26 position.

27 B. No officer, agent, consultant, or employee of SUBRECIPIENT may use his or her
28 position to secure or grant any unwarranted privilege, preference, exemption, or advantage for himself or

1 herself, any member of his or her household, any business entity in which he or she has a financial interest,
2 or any other person.

3 C. No officer, agent, consultant, or employee of SUBRECIPIENT may participate as an
4 agent of SUBRECIPIENT in the negotiation or execution of any contract between SUBRECIPIENT and any
5 private business in which he or she has a financial interest.

6 D. No officer, agent, consultant, or employee of SUBRECIPIENT may suppress any
7 report or other document because it might tend to affect unfavorably his or her private financial interests.

8 E. No officer, agent, consultant, employee, or elected or appointed official of the
9 COUNTY, or SUBRECIPIENT, shall have any interest, direct or indirect, financial, or otherwise, in any
10 contract, subcontract, or agreement with respect thereto, or the proceeds thereof, either for himself or
11 herself, or for those whom he or she has family or business ties, during his or her tenure, or for one year
12 thereafter, for any of the work to be performed pursuant to the Program.

13 6. **REQUIRED LICENSES, CERTIFICATES, AND PERMITS**

14 A. Any licenses, certificates or permits required by the federal, state, county, or municipal
15 governments for SUBRECIPIENT to provide the services and operate the Program described in Exhibit A
16 must be procured by SUBRECIPIENT, and be valid at the time SUBRECIPIENT enters into this
17 Agreement.

18 B. SUBRECIPIENT must maintain such licenses, certificates and permits in full force and
19 effect. Licenses, certificates and permits may include, but are not limited to, driver's licenses, professional
20 licenses or certificates, and business licenses. Such licenses, certificates, and permits will be procured and
21 maintained by SUBRECIPIENT at no expense to the COUNTY.

22 C. Subrecipient must show proof of established "indirect cost rates," as defined by the
23 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, (5
24 U.S.C. 301; 2 CFR 200) with either the Federal Government, or a final negotiated "indirect cost rate" with
25 COUNTY that complies with the Uniform Guidelines within 3 months of receipt of SLFRF.

26 7. **OFFICE SPACE, SUPPLIES, EQUIPMENT, AND OPERATING OVERHEAD**

27 SUBRECIPIENT shall provide all office space, supplies, equipment, vehicles, reference materials,
28 and telephone service necessary for SUBRECIPIENT to provide the services and operate the Program

1 identified in Exhibit A to this Agreement. COUNTY is not obligated to reimburse or pay SUBRECIPIENT for
2 any expense or cost incurred by SUBRECIPIENT in procuring or maintaining such items. Responsibility for
3 the costs and expenses incurred by SUBRECIPIENT in providing and maintaining such items is the sole
4 responsibility and obligation of SUBRECIPIENT, and if funded by SLFRF, shall comply with the Uniform
5 Cost Administrative Principles, and Audit Requirements for Federal Awards.

6 8. **SUBRECIPIENT'S ACKNOWLEDGEMENT OF COUNTY'S REPORTING TO TREASURY**

7 A. SUBRECIPIENT acknowledges that COUNTY is obligated to comply with
8 TREASURY's Compliance and Reporting Guidance, which includes submitting mandatory periodic
9 reports to TREASURY.

10 B. SUBRECIPIENT acknowledges that COUNTY is accountable to the TREASURY
11 for SUBRECIPIENT oversight, including ensuring SUBRECIPIENT's compliance with the SLFRF
12 program, SLFRF Award Terms and Conditions, Treasury's Interim Final Rule or Final Rule, as
13 applicable, and reporting requirements, as applicable.

14 C. Notwithstanding anything to the contrary in this Section 8, (i) SUBRECIPIENT's
15 compliance with ARPA and this Agreement are a pre-condition to COUNTY's obligations under
16 Subsections A and B of this Section 8, (ii) nothing in Subsections A or B of this Section 8 relieve
17 SUBRECIPIENT of its obligations under ARPA and this Agreement, and (iii) Subsections A and B of this
18 Section 8 are for the purpose of informing SUBRECIPIENT that COUNTY has certain obligations to
19 TREASURY, the performance of which depend on SUBRECIPIENT's compliance with ARPA and this
20 Agreement, and in no way create any enforceable obligation by SUBRECIPIENT against COUNTY.

21 9. **PENALTIES**

22 SUBRECIPIENT acknowledges that under ARPA, failure to comply with the restrictions on use as
23 described herein, may result in the TREASURY's recoupment of SLFRF from the COUNTY, and that in
24 such an event, COUNTY would recoup the SLFRF from SUBRECIPIENT.

25 SUBRECIPIENT also acknowledges that if SUBRECIPIENT fails to comply with the U.S.
26 Constitution, Federal statutes, regulations or the terms and conditions of this Federal award, the COUNTY
27 may impose additional conditions, as described in 2 CFR § 200.208. If the COUNTY determines that
28 noncompliance cannot be remedied by imposing additional conditions, the COUNTY may take one or more

of the following actions, as appropriate in the circumstances:

A. Demand repayment of SLFRF issued to SUBRECIPIENT. SUBRECIPIENT shall refund SLFRF upon demand by COUNTY.

B. Temporarily withhold cash payments pending correction of the deficiency by SUBRECIPIENT, or more severe enforcement action by the COUNTY;

C. Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance;

D. Wholly or partly suspend or terminate the SLFRF;

E. Recommend the TREASURY initiate suspension or debarment proceedings;

F. Withhold further SLFRF for the Program; and

G. Take other remedies that may be legally available.

10. **FINANCIAL MANAGEMENT**

A. All of the SLFRF received by SUBRECIPIENT shall be maintained by SUBRECIPIENT in a separate account (the "SLFRF Account"), which shall be distinct from any and all other accounts or funds of the SUBRECIPIENT, and any interest, income, or increase in such SLFRF as a result of any investment thereof shall be maintained in such SLFRF Account for the sole authorized use under this Agreement, provided that, in the event SUBRECIPIENT has more than one authorized use of such SLFRF under this Agreement, SUBRECIPIENT may have such number of such separate accounts that correspond to each such authorized use provided further that such separate accounts are subject to this Section 10(A), and are segregated and identified by a unique identifier. In no event shall any such SLFRF be placed in any investment that may be withdrawn only upon payment of penalty, fee, or charge.

B. SUBRECIPIENT must provide to COUNTY evidence of SUBRECIPIENT's financial accountability. SUBRECIPIENT shall comply with all applicable Uniform Guidance requirements. SUBRECIPIENT shall consult with COUNTY if SUBRECIPIENT is not certain which Uniform Guidance requirements apply or how they apply.

C. Pursuant to 2 CFR 200.303, the SUBRECIPIENT shall develop and implement written internal controls that are effective to ensure that funding decisions under the SLFRF constitute

1 Eligible Uses of SLFRF, and shall document all funding decisions. Upon request by COUNTY, the
2 SUBRECIPIENT shall provide the written internal controls and documentation of funding decisions to
3 the COUNTY.

4 D. SUBRECIPIENT shall submit to the COUNTY a copy of SUBRECIPIENT's most
5 recent single audit under 2 CFR Part 200, or a certification that SUBRECIPIENT expended less than
6 \$750,000 of Federal funds during that reporting period. If SUBRECIPIENT submits a letter stating it
7 expended less than \$750,000 in Federal funds, SUBRECIPIENT shall provide a recent financial
8 statement certified by an appropriate officer or employee of the SUBRECIPIENT. Financial
9 accountability submissions shall be provided to County of Fresno, County Administrative Office located
10 at 2281 Tulare, Room 304, Fresno, CA 93721, or electronically to e-mail address
11 fresnocal@fresnocountyca.gov.

12 E. SUBRECIPIENT certifies that neither it, nor its principals, are presently debarred,
13 suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this
14 transaction by any federal department or agency. This certification is made pursuant to the regulations
15 implemented by 2 CFR Part 200, Subpart 200.214, Debarment and Suspension, and any relevant
16 program-specific regulations. This provision shall be required of every subcontractor receiving any
17 payment in whole or in part from Federal funds.

18 F. SUBRECIPIENT shall record all costs of the Program by budget line items, which
19 shall be supported by adequate source documentation, including payroll ledgers, time records, invoices,
20 contracts, vouchers, orders, and other accounting documents evidencing in proper detail the nature and
21 propriety of all costs. At any time during normal business hours, SUBRECIPIENT's financial transactions
22 with respect to the Program may be audited by the COUNTY or independent auditors contracted by the
23 COUNTY, or any combination thereof. The representatives of the auditing agency or agencies shall
24 have access to all books, documents, accounts, records, reports, files, papers, things, property,
25 contractors of program services, and other persons pertaining to such financial transactions and
26 necessary to facilitate the audit.

27 G. Copies, excerpts, or transcripts of all of the books, documents, papers, and
28 records, including invoices, payroll registers, time records, contracts, and accounting documents

concerning matters that are reasonably related to the Program shall be provided upon request to the COUNTY.

H. Expenditures eligible for reimbursement from the SLFRF are described in Exhibit B, which is attached and incorporated by this reference. SUBRECIPIENT shall not make any changes in the line-item expenditures in Exhibit B without prior written approval of the COUNTY.

I. No cash reimbursement for purchases of any kind is allowable.

11. **TERM**

The term of this Agreement shall comply with ARPA Guidelines, and shall commence on the Effective Date, until COUNTY has delivered to SUBRECIPIENT written acceptance of the Final Program Report under Section 3(C) of this Agreement, unless sooner terminated as provided herein. Notwithstanding timelines provided in this Agreement, SUBRECIPIENT may only use ARPA SLFRF to cover costs incurred during the time period set forth by the TREASURY. The COUNTY's written acceptance of the Final Program Report under Section 3(C) of this Agreement shall include the COUNTY's written notification to the SUBRECIPIENT, on behalf of COUNTY, that the Agreement term has ended. The County Administrative Officer or his or her designee is authorized to execute this written acceptance of the Final Program Report and notification of term end to SUBRECIPIENT.

12. **TERMINATION**

A. **Non-Allocation of Funds:** The terms of this Agreement, and the services to be provided hereunder, are contingent on the approval of funds by the appropriating government agency. Should sufficient funds not be allocated, the services provided may be modified, or this Agreement terminated by COUNTY, at any time without penalty to COUNTY by giving the SUBRECIPIENT thirty (30) days advance written notice.

B. **Breach of Contract:** The COUNTY may immediately suspend or terminate this Agreement in whole or in part, where in the determination of the COUNTY there is:

- 1) An illegal or improper use of funds;
- 2) A failure to comply with any term of this Agreement;
- 3) A substantially incorrect or incomplete report submitted to the COUNTY;
- 4) Improperly performed service.

1 In no event shall any payment by the COUNTY constitute a waiver by the COUNTY of any breach
2 of this Agreement or any default which may then exist on the part of the SUBRECIPIENT. Neither shall
3 such payment impair or prejudice any remedy available to the COUNTY with respect to the breach or
4 default. The COUNTY shall have the right to demand of the SUBRECIPIENT the repayment to the
5 COUNTY of any SLFRF disbursed to the SUBRECIPIENT under this Agreement, which in the judgment of
6 the COUNTY were not expended in accordance with the terms of this Agreement. The SUBRECIPIENT
7 shall promptly refund any such SLFRF upon demand.

8 C. Without Cause: Under circumstances other than those set forth above, this
9 Agreement may be terminated by COUNTY by giving thirty (30) days advance written notice of an intention
10 to terminate to SUBRECIPIENT.

11 13. **GRANT FUNDING/COMPENSATION**

12 A. The parties understand that funding for this Agreement is SLFRF provided pursuant to
13 ARPA, codified at Title 31 CFR Part 35, and any amendments thereafter. COUNTY agrees to grant
14 SUBRECIPIENT, and SUBRECIPIENT agrees to receive such grants, up to the total SLFRF grant, in an
15 amount not to exceed two million five hundred sixty-seven thousand two hundred twenty-five dollars
16 (\$2,567,225).

17 It is expressly agreed and understood that the total amount of SLFRF to be granted by COUNTY to
18 SUBRECIPIENT for the Program shall not exceed two million five hundred sixty-seven thousand, two
19 hundred twenty-five dollars (\$2,567,225) to construct a new water storage tank at Well 5A in accordance
20 with the DWSRF, which is intended to respond to the drinking water needs of the community, to maintain
21 adequate service levels, and to improve drinking water drought resiliency in the Disadvantaged
22 Community of Malaga, which is an eligible use under the Final Rule. Drawdown requests for the COUNTY
23 to make a payment shall be in accordance with the sample Drawdown Request Form, attached as Exhibit
24 B, and incorporated by this reference. Drawdowns for the payment of eligible necessary expenses shall
25 include copies of purchase orders, receipts, and reimbursement requests, detailing items purchased, and
26 expenses incurred or anticipated to be incurred in support of the Program for eligible items listed in Table
27 1-1 of Exhibit B of this Agreement.

28 In the first thirty (30) days following the Effective Date of this Agreement, SUBRECIPIENT may

1 make drawdown requests to a maximum of six hundred forty-one thousand, eight hundred six dollars
2 (\$641,806), equivalent to twenty-five percent (25%) of the Program's total budgeted amount (\$2,567,225)
3 to cover eligible expenditures in support of the Program. The first drawdown request from SUBRECIPIENT
4 to the COUNTY shall also be accompanied by a written certification from the SUBRECIPIENT that the
5 drawdown request for payment is consistent with the amount of work scheduled to be performed with the
6 amount of funding being requested from the COUNTY, and that the drawdown request is in accordance
7 with the Program detailed in Table 1-1 of Exhibit B of this Agreement. After appropriate review and
8 inspection of the first drawdown request, the COUNTY shall make the first payment available to
9 SUBRECIPIENT in a timely manner. After the first drawdown request, SUBRECIPIENT may make
10 additional subsequent drawdown requests to the COUNTY on a quarterly basis (every 90 days) for eligible
11 expenditures to be funded with the remaining balance of the Program's budget in accordance with this
12 Agreement.

13 SUBRECIPIENT must work to minimize the time between the request from the COUNTY and the
14 disbursement of funds to meet the Program needs. Upon receipt of purchase or work orders acceptable to
15 the COUNTY, COUNTY shall grant SLFRF to SUBRECIPIENT. SUBRECIPIENT is responsible for
16 monitoring the Program's cash flow needs and submitting drawdown requests to COUNTY in a timely
17 manner to assure adequate coverage of Program needs. It is understood that all expenses incidental to
18 SUBRECIPIENT's performance of services in carrying out its Program under this Agreement shall be
19 borne by SUBRECIPIENT.

20 SUBRECIPIENT shall submit documentation to the County of Fresno, County Administrative Office
21 located at 2281 Tulare, Room 304, Fresno, CA 93721, or electronically, to e-mail address
22 fresnocal@fresnocountyca.gov. Payment by COUNTY shall be in arrears for services provided during
23 the preceding period of time, within forty-five (45) days from date of receipt, verification and approval of
24 SUBRECIPIENT's invoice and supporting documentation by COUNTY. If SUBRECIPIENT fails to comply
25 with any provision of this Agreement, COUNTY shall be relieved of its obligations for further compensation.

26 B. To ensure compliance with Federal and State regulations, COUNTY may require
27 additional supporting documentation or clarification of claimed expenses as follows:

28 i. COUNTY staff shall notify SUBRECIPIENT to obtain necessary additional

documentation or clarification.

ii. SUBRECIPIENT shall respond within five (5) business days with required additional documentation or clarification to avoid disallowances/partial payment of invoice.

iii. All invoices containing expenses that need additional documentation or clarification not provided to COUNTY within five (5) business days of request shall have those expenses disallowed, and only the allowed expenses shall be paid.

iv. SUBRECIPIENT may resubmit disallowed expenses as a supplemental invoice only, and must be accompanied by required documentation.

C. All expenses incidental to SUBRECIPIENT'S performance of services in carrying out its Program under this Agreement shall be borne by SUBRECIPIENT. Except as expressly provided in this Agreement, SUBRECIPIENT shall not be entitled to, nor receive from COUNTY, any additional consideration, compensation, salary, wages, or other type of remuneration for services rendered under this Agreement. COUNTY shall not withhold any Federal or State income taxes or Social Security tax from any payments made by COUNTY to SUBRECIPIENT under the terms and conditions of this Agreement. Payment of all taxes and assessments on such sums is the sole responsibility of SUBRECIPIENT. County has no responsibility or liability for payment of SUBRECIPIENT's taxes or assessments.

14. **INDEPENDENT CONTRACTOR**

In performance of the work, duties and obligations assumed by SUBRECIPIENT under this Agreement, it is mutually understood and agreed that SUBRECIPIENT, including any and all of the SUBRECIPIENT'S officers, agents, and employees will at all times be acting and performing as an independent contractor, and shall act in an independent capacity and not as an officer, agent, servant, employee, joint venturer, partner, or associate of the COUNTY. Furthermore, COUNTY shall have no right to control or supervise or direct the manner or method by which SUBRECIPIENT shall perform its work and function. However, COUNTY shall retain the right to administer this Agreement so as to verify that SUBRECIPIENT is performing its obligations in accordance with the terms and conditions thereof.

SUBRECIPIENT and COUNTY shall comply with all applicable provisions of law and the rules and regulations, if any, of governmental authorities having jurisdiction over all matters subject thereto.

Because of its status as an independent contractor, SUBRECIPIENT shall have absolutely no right

to employment rights and benefits available to COUNTY employees. SUBRECIPIENT shall be solely liable and responsible for providing to, or on behalf of, its employees all legally-required employee benefits. In addition, SUBRECIPIENT shall be solely responsible and save COUNTY harmless from all matters relating to payment of SUBRECIPIENT'S employees, including compliance with Social Security withholding and all other regulations governing such matters. It is acknowledged that during the term of this Agreement, SUBRECIPIENT may be providing services to others unrelated to the COUNTY or to this Agreement.

15. **MODIFICATION**

Any matters of this Agreement may be modified from time to time by the written consent of all the parties without, in any way, affecting the remainder.

16. **NON-ASSIGNMENT**

Neither party shall assign, transfer, or sub-contract this Agreement, nor their rights or duties under this Agreement without the prior written consent of the other party.

17. **HOLD HARMLESS** SUBRECIPIENT agrees to indemnify, save, hold harmless, and at COUNTY'S request, defend the COUNTY, its officers, agents, and employees from any and all costs and expenses (including attorney's fees and costs), penalties, fines, damages, liabilities, claims, and losses occurring or resulting to COUNTY in connection with the performance, or failure to perform, by SUBRECIPIENT, its officers, agents, or employees under this Agreement, and from any and all costs and expenses (including attorney's fees and costs), penalties, fines, damages, liabilities, claims, and losses occurring or resulting to any person, firm, or corporation who may be injured or damaged by the performance, or failure to perform, of SUBRECIPIENT, its officers, agents, or employees under this Agreement.

SUBRECIPIENT shall indemnify COUNTY against any and all actions of recoupment by the TREASURY arising from this Agreement. Such indemnification shall not be limited to the term of this Agreement. SUBRECIPIENT shall indemnify COUNTY against any and all claims or actions by any person or entity arising from any violation or alleged violation of Section 1.G, herein.

The provisions of this Section 17 shall survive the expiration or termination of this Agreement.

18. **INSURANCE**

Without limiting the COUNTY's right to obtain indemnification from SUBRECIPIENT or any third

parties, SUBRECIPIENT, at its sole expense, shall maintain in full force and effect, the following insurance policies or a program of self-insurance, including but not limited to, an insurance pooling arrangement or Joint Powers Agreement (JPA) throughout the term of the Agreement:

A. Commercial General Liability

Commercial General Liability Insurance with limits of not less than Two Million Dollars (\$2,000,000.00) per occurrence and an annual aggregate of Four Million Dollars (\$4,000,000.00). This policy shall be issued on a per occurrence basis. COUNTY may require specific coverages including completed operations, products liability, contractual liability, Explosion-Collapse-Underground, fire legal liability or any other liability insurance deemed necessary because of the nature of this contract.

B. Automobile Liability

Comprehensive Automobile Liability Insurance with limits of not less than One Million Dollars (\$1,000,000.00) per accident for bodily injury and for property damages. Coverage should include any auto used in connection with this Agreement.

C. Professional Liability

If SUBRECIPIENT employs licensed professional staff, (e.g., Ph.D., R.N., L.C.S.W., M.F.C.C.) in providing services, Professional Liability Insurance with limits of not less than One Million Dollars (\$1,000,000.00) per occurrence, Three Million Dollars (\$3,000,000.00) annual aggregate.

SUBRECIPIENT agrees that it shall maintain, at its sole expense, in full force and effect for a period of three (3) years following the termination of this Agreement, one or more policies of professional liability insurance with limits of coverage as specified herein.

D. Worker's Compensation

A policy of Worker's Compensation insurance as may be required by the Labor Code.

Additional Requirements Relating to Insurance

SUBRECIPIENT shall obtain endorsements to the Commercial General Liability insurance naming the County of Fresno, its officers, agents, and employees, individually and collectively, as additional insured, but only insofar as the operations under this Agreement are concerned. Such coverage for additional insured shall apply as primary insurance and any other insurance, or self-insurance, maintained by COUNTY, its officers, agents and employees shall be excess only and not contributing with insurance

1 provided under SUBRECIPIENT's policies herein. This insurance shall not be cancelled or changed without
2 a minimum of thirty (30) days advance written notice given to COUNTY.

3 SUBRECIPIENT hereby waives its right to recover from COUNTY, its officers, agents, and
4 employees any amounts paid by the policy of worker's compensation insurance required by this
5 Agreement. SUBRECIPIENT is solely responsible to obtain any endorsement to such policy that may be
6 necessary to accomplish such waiver of subrogation, but SUBRECIPIENT's waiver of subrogation under
7 this paragraph is effective whether or not SUBRECIPIENT obtains such an endorsement.

8 Within Thirty (30) days from the date SUBRECIPIENT signs and executes this Agreement,
9 SUBRECIPIENT shall provide certificates of insurance and endorsement as stated above for all of the
10 foregoing policies, as required herein, to the County of Fresno, County Administrative Office, Attention:
11 ARPA – SLFRF Coordinator, 2281 Tulare Street, Room 304, Fresno, CA 93721, stating that such
12 insurance coverages have been obtained and are in full force; that the County of Fresno, its officers, agents
13 and employees will not be responsible for any premiums on the policies; that for such worker's
14 compensation insurance the SUBRECIPIENT has waived its right to recover from the COUNTY, its officers,
15 agents, and employees any amounts paid under the insurance policy and that waiver does not invalidate
16 the insurance policy; that such Commercial General Liability insurance names the County of Fresno, its
17 officers, agents and employees, individually and collectively, as additional insured, but only insofar as the
18 operations under this Agreement are concerned; that such coverages for additional insured shall apply as
19 primary insurance and any other insurance, or self-insurance, maintained by COUNTY, its officers, agents
20 and employees, shall be excess only and not contributing with insurance provided under SUBRECIPIENT's
21 policies herein; and that this insurance shall not be cancelled or changed without a minimum of thirty (30)
22 days advance, written notice given to COUNTY.

23 In the event SUBRECIPIENT fails to keep in effect at all times insurance coverage as herein
24 provided, the COUNTY may, in addition to other remedies it may have, suspend or terminate this
25 Agreement upon the occurrence of such event.

26 All policies shall be issued by admitted insurers licensed to do business in the State of California,
27 and such insurance shall be purchased from companies possessing a current A.M. Best, Inc. rating of A
28 FSC VII or better.

1 19. **RECORDKEEPING AND CONFIDENTIALITY**

2 A. Pursuant to the Compliance Guidance published by TREASURY, the SUBRECIPIENT
3 must maintain records and financial documents for five (5) years after all SLFRF have been expended or
4 returned to TREASURY. SUBRECIPIENT acknowledges that the Compliance Guidance published by
5 TREASURY may change, and understands that any changes must be complied with. SUBRECIPIENT is
6 responsible to comply with any changes made to the Compliance Guidance, and COUNTY has no
7 responsibility to notify the SUBRECIPIENT of any changes to the Compliance Guidance by TREASURY.

8 B. SUBRECIPIENT shall maintain reasonable security measures to protect records
9 containing personal information from unauthorized access, acquisition, destruction, use, modification, or
10 disclosure pursuant to the California Consumer Privacy Act (CCPA) to ensure against a breach of
11 security of personal information of clients, staff, or other individuals. SUBRECIPIENT shall have
12 established written policies and procedures that align with CCPA, and shall follow such procedures.
13 Upon request, SUBRECIPIENT shall make available to COUNTY staff such written policies and
14 procedures, and shall be monitored for compliance.

15 20. **AUDITS AND INSPECTIONS:**

16 A. SUBRECIPIENT shall, at any time during business hours, and as often as the
17 COUNTY may deem necessary, make available to the COUNTY for examination all of its records and data
18 with respect to the matters covered by this Agreement. The SUBRECIPIENT shall, upon request by the
19 COUNTY, permit the COUNTY to audit and inspect all of such records and data necessary to ensure
20 SUBRECIPIENT'S compliance with the terms of this Agreement. SUBRECIPIENT shall allow duly
21 authorized representatives of the COUNTY or independent auditors contracted by the COUNTY, or any
22 combination thereof, to conduct such reviews, audits, and on-site monitoring of the Program as the
23 reviewing entity deems to be appropriate in order to determine:

- 24 1) Whether the objectives of the Program are being achieved;
25 2) Where the Program is being operated in an efficient and effective
26 manner;
27 3) Whether management control systems and internal procedures have
28 been established to meet the objectives of the Program;

- 1 4) Whether the financial operations of the Program are being conducted
2 properly;
3 5) Whether the periodic reports to the COUNTY contain accurate and
4 reliable information;
5 6) Whether all of the activities of the Program are conducted in compliance
6 with the provisions of state and federal laws and regulations and this
7 Agreement; and
8 7) Whether all activities associated with the Program are in compliance with
9 the Interim Final Rule and Final Rule for the SLFRF, the Compliance
10 Guidance, and any subsequent guidance issued by TREASURY.

11 B. SUBRECIPIENT shall maintain all books, documents, and other materials relevant to
12 its performance under this Agreement. These records shall be subject to the inspection, review, and audit
13 by the COUNTY or its designees, and the TREASURY, for five (5) years following termination of this
14 Agreement. If it is determined during the course of the audit that the SUBRECIPIENT was reimbursed for
15 unallowable costs under this Agreement, the ARPA Guidelines, or the Final Rule, SUBRECIPIENT agrees
16 to promptly reimburse the COUNTY for such payments upon request.

17 C. SUBRECIPIENT agrees and acknowledges that if SUBRECIPIENT expends more
18 than \$750,000 in Federal awards during a fiscal year, SUBRECIPIENT shall be subject to an audit under
19 the Single Audit Act and its implementing regulation at 2 CFR Part 200, Subpart F, regarding audit
20 requirements.

21 21. **NOTICES** The persons and their addresses having authority to give and receive notices
22 under this Agreement include the following:

23 COUNTY
24 COUNTY OF FRESNO
25 ARPA - SLFRF Coordinator
26 2281 Tulare Street, Room 304
Fresno, CA 93721

SUBRECIPIENT
Malaga County Water District
3580 South Frank Street
Fresno, CA 93725
Attn: Moises Ortiz
General Manager

27 All notices between the COUNTY and SUBRECIPIENT provided for or permitted under this Agreement
28 must be in writing and delivered either by personal service, by first-class United States mail, by an overnight

commercial courier service, or by telephonic facsimile transmission. A notice delivered by personal service is effective upon service to the recipient. A notice delivered by first-class United States mail is effective three COUNTY business days after deposit in the United States mail, postage prepaid, addressed to the recipient. A notice delivered by an overnight commercial courier service is effective one COUNTY business day after deposit with the overnight commercial courier service, delivery fees prepaid, with delivery instructions given for next day delivery, addressed to the recipient. A notice delivered by telephonic facsimile is effective when transmission to the recipient is completed (but, if such transmission is completed outside of COUNTY business hours, then such delivery shall be deemed to be effective at the next beginning of a COUNTY business day), provided that the sender maintains a machine record of the completed transmission. For all claims arising out of or related to this Agreement, nothing in this section establishes, waives, or modifies any claims presentation requirements or procedures provided by law, including but not limited to the Government Claims Act (Division 3.6 of Title 1 of the Government Code, beginning with section 810).

22. **GOVERNING LAW**

Venue for any action arising out of or related to this Agreement shall only be in Fresno County, California. The rights and obligations of the parties and all interpretation and performance of this Agreement shall be governed in all respects by the laws of the State of California.

23. **ADVICE OF ATTORNEY**

Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys, or the opportunity to seek such advice.

24. **DISCLOSURE OF SELF-DEALING TRANSACTIONS**

This provision is only applicable if the SUBRECIPIENT is operating as a corporation (a for-profit or non-profit corporation) or if during the term of the agreement, the SUBRECIPIENT changes its status to operate as a corporation.

Members of the SUBRECIPIENT's Board of Directors shall disclose any self-dealing transactions that they are a party to while SUBRECIPIENT is providing goods or performing services under this agreement. A self-dealing transaction shall mean a transaction to which the SUBRECIPIENT is a party and in which one or more of its directors has a material financial interest. Members of the Board of

1 Directors shall disclose any self-dealing transactions that they are a party to by completing and signing a
2 Self-Dealing Transaction Disclosure Form, attached hereto as Exhibit D and incorporated herein by
3 reference, and submitting it to the COUNTY prior to commencing with the self-dealing transaction or
4 immediately thereafter.

5 25. **ELECTRONIC SIGNATURES**

6 The parties agree that this Agreement may be executed by electronic signature as provided in
7 this section. An "electronic signature" means any symbol or process intended by an individual signing
8 this Agreement to represent their signature, including but not limited to (1) a digital signature; (2) a faxed
9 version of an original handwritten signature; or (3) an electronically scanned and transmitted (for
10 example by PDF document) of a handwritten signature. Each electronic signature affixed or attached to
11 this Agreement (1) is deemed equivalent to a valid original handwritten signature of the person signing
12 this Agreement for all purposes, including but not limited to evidentiary proof in any administrative or
13 judicial proceeding, and (2) has the same force and effect as the valid original handwritten signature of
14 that person. The provisions of this section satisfy the requirements of Civil Code section 1633.5,
15 subdivision (b), in the Uniform Electronic Transaction Act (Civil Code, Division 3, Part 2, Title 2.5,
16 beginning with section 1633.1). Each party using a digital signature represents that it has undertaken
17 and satisfied the requirements of Government Code section 16.5, subdivision (a), paragraphs (1)
18 through (5), and agrees that each other party may rely upon that representation. This Agreement is not
19 conditioned upon the parties conducting the transactions under it by electronic means and either party
20 may sign this Agreement with an original handwritten signature.

21 26. **ENTIRE AGREEMENT**: This Agreement constitutes the entire agreement between the
22 SUBRECIPIENT and COUNTY with respect to the subject matter hereof, and supersedes all previous
23 Agreement negotiations, proposals, commitments, writings, advertisements, publications, and
24 understanding of any nature whatsoever unless expressly included in this Agreement. Notwithstanding this
25 provision, any additional requirements and/or guidelines set forth by the TREASURY regarding the uses
26 and reporting requirements for ARPA SLFRF after the execution of this Agreement shall be understood to
27 be integrated into this Agreement, and binding on the parties.

28 ///

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first hereinabove written.

SUBRECIPIENT

COUNTY OF FRESNO

Charles E. Garabedian Jr., President
of the Board of Directors
Malaga County Water District

Mailing Address:
3580 South Frank Street
Fresno, CA 93725

Brian Pacheco, Chairman of the Board of
Supervisors of the County of Fresno

ATTEST:

Bernice E. Seidel
Clerk of the Board of Supervisors
County of Fresno, State of California

By:

Deputy

FOR ACCOUNTING USE ONLY:

Fund: 0026

Subclass: 91021

ORG: 1033

Account:

EXHIBIT A

Program Description

SUBRECIPIENT provides domestic water supply regulated by the California State Water Resources Control Board, Division of Drinking Water (SWRCB). SUBRECIPIENT is responsible to operate public water system number CA-1010042 under order 03-11-13P-016 issued by SWRCB.

SUBRECIPIENT represents that its existing three active wells are not sufficient to meet Malaga's maximum day demand of 2,654 gallons per minute (gpm) if one well were to go out of service. The SUBRECIPIENT's existing wells are capable of providing the following flow rates: Well 6 (1,000 gpm); Well 7 (1,000 gpm); and, Well 8 (1,000 gpm). SUBRECIPIENT represents that it owns five inactive well sites, one of which (Well 5) will be replaced through the construction of a new groundwater well, which construction is scheduled to begin in 2023.

The program will fund the design, planning, and construction of a new water storage tank for Well 5A with a capacity of 0.75 MG to 1 MG that will store potable water supply. The program is responsive to an identified need in the Community of Malaga, as it will increase drinking water resiliency, maintain adequate and stable service levels, improve drought resiliency, and increase drinking water capacity for the Disadvantaged Community of Malaga. Subrecipient represents that the program qualifies under the DWSRF eligible project category of water storage. The Community of Malaga is designated as a Disadvantaged Community, with an average median household income of \$41,321 (census tract 06019001500).

EXHIBIT B

Subrecipient Expenditure Plan

SUBRECIPIENT shall provide to COUNTY drawdown requests for payments for eligible expenses to complete the Program. In the first thirty (30) days following the Effective Date of this Agreement, SUBRECIPIENT may make drawdown requests to a maximum of six hundred forty-one thousand, eight hundred six dollars (\$641,806), equivalent to twenty-five percent (25%) of the Program's total budgeted amount (\$2,567,225), to cover eligible expenditures in support of the Program. Drawdown requests shall be made on a quarterly basis (every 90 days) thereafter. SUBRECIPIENT shall use the Drawdown Request Form to submit detailed drawdown requests for eligible expenses, and include copies purchase orders, receipts, and reimbursement requests, detailing items purchased, and expenses incurred or anticipated to be incurred in support of the Program as represented in Table 1-1, below.

**Table 1-1
Expenditure Plan**

Items	Budget	Drawdown Request
Final Design and Final Environmental Review	\$177,300	
State, Department of Drinking Water Approval Advertisement	\$14,668	
Construction	\$2,036,400	
Construction Administration	\$39,712	
Construction Review	\$177,514	
Operation and Maintenance Manual	\$10,699	
Funding Administration	\$26,602	
Project Management	\$84,330	
Total	\$2,657,225	

EXHIBIT B (continued)

Drawdown Request Form

Date:

County of Fresno
ARPA - SLFRF Coordinator
2281 Tulare Street, Room 304
Fresno, CA 93721

Subject: Drawdown Request for

Subrecipient Program Subrecipient Name

In accordance with the executed Agreement for the above-referenced Program, the [SUBRECIPIENT NAME] is requesting drawdown payment of \$ _____ in support of the Program.

The [SUBRECIPIENT NAME] certifies that this request for payment is consistent with the amount of work that has been completed to date, detailing items purchased, and expenses incurred or anticipated to be incurred in support of the Program in accordance with the subrecipient expenditure plan (Exhibit B, Table 1-1) documented in the executed Agreement, and as evidenced by the enclosed invoices and supporting documents.

Payee

Invoice # / Contract #

Amount

Sincerely,

[Subrecipient Officer]

[Subrecipient Name]

Enclosure(s)

EXHIBIT C

Subrecipient Quarterly Program Expenditure Report (Template)

PROGRAM	
Identifying and demographic information (DUNS):	Agreement Number:
Name of Entity:	Program Name:
Reporting Period Start Date:	Reporting Period End Date:
Expenditure Category: 5 Infrastructure, Water	
Total Award: \$2,567,225	Remaining Balance:

EXPENDITURES					
Category		Cumulative Expenditures to date (\$)	Cumulative Obligations to date (\$)	Current Period Expenditures	Current Period Obligations
5	Infrastructure, Water				
5.14	Drinking Water: Storage				
TOTAL					

PROJECT STATUS

Describe program achievements and upcoming milestones:

Quarterly Status Report, select one.

<input type="checkbox"/>	Not started
<input type="checkbox"/>	completed less than 50 percent
<input type="checkbox"/>	completed more than 50 percent
<input checked="" type="checkbox"/>	Completed

AUTHORIZED SIGNATURE

Prepared by: (print name)

Date

EXHIBIT D

Annual Performance Report

All SUBRECIPIENTs that receive State and Local Fiscal Recovery Funds (SLFRF) awards are required to produce an Annual Report. The Annual Report provides information on the SUBRECIPIENT's Program, and how it plans to ensure program outcomes are achieved in an effective and equitable manner.

The initial Annual Report must cover the period from the date of award to the following June 30th and must be submitted to the County within 15 calendar days after the end of the reporting period. Thereafter, the Annual Report will cover a 12-month period and subrecipients will be required to submit the report to the County within 15 calendar days after the end of the 12-month period (by July 15th).

Annual Report	Period Covered	Due Date
1	Award – June 30, 2022	July 15, 2022
2	July 1, 2022 – June 30, 2023	July 15, 2023
3	July 1, 2023 – June 30, 2024	July 15, 2024
4	July 1, 2024 – June 30, 2025	July 15, 2025
5	July 1, 2025 – June 30, 2026	July 15, 2026
6	July 1, 2026 – December 31, 2026	January 15, 2027

Instructions:

SUBRECIPIENT should consult the SLFRF Guidance on Recipient Compliance and Reporting Responsibilities (Reporting Guidance) located at: <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf> for detailed guidance on the submission of this report.

Exhibit E

Self-Dealing Transaction Disclosure Form

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SELF-DEALING TRANSACTION DISCLOSURE FORM

In order to conduct business with the County of Fresno (hereinafter referred to as "County"), members of a contractor's board of directors (hereinafter referred to as "County Contractor"), must disclose any self-dealing transactions that they are a party to while providing goods, performing services, or both for the County. A self-dealing transaction is defined below:

"A self-dealing transaction means a transaction to which the corporation is a party and in which one or more of its directors has a material financial interest"

The definition above will be utilized for purposes of completing this disclosure form.

INSTRUCTIONS

- (1) Enter board member's name, job title (if applicable), and date this disclosure is being made.
- (2) Enter the board member's company/agency name and address.
- (3) Describe in detail the nature of the self-dealing transaction that is being disclosed to the County. At a minimum, include a description of the following:
 - a. The name of the agency/company with which the corporation has the transaction; and
 - b. The nature of the material financial interest in the Corporation's transaction that the board member has.
- (4) Describe in detail why the self-dealing transaction is appropriate based on applicable provisions of the Corporations Code.
- (5) Form must be signed by the board member that is involved in the self-dealing transaction described in Sections (3) and (4).

Exhibit E

(1) Company Board Member Information:			
Name:		Date:	
Job Title:			
(2) Company/Agency Name and Address:			
(3) Disclosure (Please describe the nature of the self-dealing transaction you are a party to):			
(4) Explain why this self-dealing transaction is consistent with the requirements of Corporations Code 5233 (a):			
(5) Authorized Signature			
Signature:		Date:	

1 **EXHIBIT F**

2 U.S. DEPARTMENT OF THE TREASURY CORONAVIRUS LOCAL FISCAL RECOVERY FUND
3 AWARD TERMS AND CONDITIONS

4 1. Use of Funds.

- 5 a) Subrecipient understands and agrees that the funds disbursed under this award may only be used
6 in compliance with section 603(c) of the Social Security Act (the Act), Treasury's regulations
7 implementing that section, and guidance issued by Treasury regarding the foregoing.
8 b) Subrecipient will determine prior to engaging in any project using this assistance that it has the
9 institutional, managerial, and financial capability to ensure proper planning, management, and
10 completion of such project.
11

12 2. Period of Performance. The period of performance for this award begins on the date hereof and
13 ends on December 31, 2026. As set forth in Treasury's implementing regulations, Subrecipient may use
14 award funds to cover eligible costs incurred during the period that begins on March 3, 2021 and ends on
15 December 31, 2024.
16

17 3. Reporting. Subrecipient agrees to comply with any reporting obligations established by Treasury as
18 they relate to this award.
19

20 4. Maintenance of and Access to Records.

- 21 a) Subrecipient shall maintain records and financial documents sufficient to evidence compliance with
22 section 603(c) of the Act, Treasury's regulations implementing that section, and guidance issued by
23 Treasury regarding the foregoing.
24 b) The Treasury Office of Inspector General and the Government Accountability Office, or their
25 authorized representatives, shall have the right of access to records (electronic and otherwise) of
26 Subrecipient in order to conduct audits or other investigations.
27 c) Records shall be maintained by Subrecipient for a period of five (5) years after all funds have been
28 expended or returned to Treasury, whichever is later.

1
2 5. Pre-award Costs. Pre-award costs, as defined in 2 C.F.R. § 200.458, may not be paid with funding
3 from this award.

4
5 6. Administrative Costs. Subrecipient may use funds provided under this award to cover both direct
6 and indirect costs as specified in the Scope of Work.

7
8 7. Cost Sharing. Cost sharing or matching funds are not required to be provided by Subrecipient.

9
10 8. Conflicts of Interest. Subrecipient understands and agrees it must maintain a conflict-of-interest
11 policy consistent with 2 C.F.R. § 200.318(c), and that such conflict-of-interest policy is applicable to each
12 activity funded under this award. Subrecipient and subrecipients must disclose in writing to Treasury or the
13 pass-through entity, as appropriate, any potential conflict of interest affecting the awarded funds in
14 accordance with 2 C.F.R. § 200.112.

15
16 9. Compliance with Applicable Law and Regulations.

17 a) Subrecipient agrees to comply with the requirements of section 602 of the Act, regulations adopted
18 by Treasury pursuant to section 602(f) of the Act, and guidance issued by Treasury regarding the
19 foregoing. Subrecipient also agrees to comply with all other applicable federal statutes, regulations,
20 and executive orders, and Subrecipient shall provide for such compliance by other parties in any
21 agreements it enters into with other parties relating to this award.

22 b) Federal regulations applicable to this award include, without limitation, the following:

23 i. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal
24 Awards, 2 C.F.R. Part 200, other than such provisions as Treasury may determine are
25 inapplicable to this Award and subject to such exceptions as may be otherwise provided by
26 Treasury. Subpart F - Audit Requirements of the Uniform Guidance, implementing the
27 Single Audit Act, shall apply to this award.

- 1 ii. Universal Identifier and System for Award Management (SAM), 2 C.F.R. Part 25, pursuant
2 to which the award term set forth in Appendix A to 2 C.F.R. Part 25 is hereby incorporated
3 by reference.
- 4 iii. Reporting Subaward and Executive Compensation Information , 2 C.F.R. Part 170, pursuant
5 to which the award term set forth in Appendix A to 2 C.F.R. Part 170 is hereby incorporated
6 by reference.
- 7 iv. OMB Guidelines to Agencies on Governmentwide Debarment and Suspension
8 (Nonprocurement), 2 C.F.R. Part 180, including the requirement to include a term or
9 condition in all lower tier covered transactions (contracts and subcontracts described in 2
10 C.F.R. Part 180, subpart B) that the award is subject to 2 C.F.R. Part 180 and Treasury's
11 implementing regulation at 31 C.F.R. Part 19.
- 12 v. Subrecipient Integrity and Performance Matters, pursuant to which the award term set forth
13 in 2 C.F.R. Part 200, Appendix XII to Part 200 is hereby incorporated by reference.
- 14 vi. Governmentwide Requirements for Drug-Free Workplace, 31 C.F.R. Part 20.
- 15 vii. New Restrictions on Lobbying, 31 C.F.R. Part 21.
- 16 viii. Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (42
17 ix. U.S.C. §§ 4601-4655) and implementing regulations.
- 18 x. Generally applicable federal environmental laws and regulations.
- 19 c) Statutes and regulations prohibiting discrimination applicable to this award include, without
20 limitation, the following:
- 21 i. Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.) and Treasury's
22 ii. implementing regulations at 31 C.F.R. Part 22, which prohibit discrimination on the basis of
23 race, color, or national origin under programs or activities receiving federal financial
24 assistance;
- 25 iii. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 et seq.),
26 which prohibits discrimination in housing on the basis of race, color,
27 iv. religion, national origin, sex, familial status, or disability;
- 28

- v. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of disability under any program or activity receiving federal financial assistance;
- vi. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101 et seq.), and Treasury's implementing regulations at 31 C.F.R. Part 23, which prohibit discrimination on the basis of age in programs or activities receiving federal financial assistance; and
- vii. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101 et seq.), which prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.

10. Remedial Actions. In the event of Subrecipient's noncompliance with section 602 or 603 of the Act, other applicable laws, Treasury's implementing regulations, guidance, or any reporting or other program requirements, Treasury may impose additional conditions on the receipt of a subsequent tranche of future award funds, if any, or take other available remedies as set forth in 2 C.F.R. § 200.339. In the case of a violation of section 602 (c) (1) or 603 (c) (1) of the Act regarding the use of funds, previous payments shall be subject to recoupment as provided in section 602(e) of the Act and any additional payments may be subject to withholding as provided in sections 602(b)(6)(A)(ii)(III) of the Act, as applicable.

11. Hatch Act. Subrecipient agrees to comply, as applicable, with requirements of the Hatch Act (5 U.S.C. §§ 1501-1508 and 7324-7328), which limit certain political activities of State or local government employees whose principal employment is in connection with an activity financed in whole or in part by this federal assistance.

12. False Statements. Subrecipient understands that making false statements or claims in connection with this award is a violation of federal law and may result in criminal, civil, or administrative sanctions, including fines, imprisonment, civil damages and penalties, debarment from participating in federal awards or contracts, and/or any other remedy available by law.

1
2 13. Publications. Any publications produced with funds from this award must display the following
3 language: "This project [is being] [was] supported, in whole or in part, by federal award number SLFRP
4 3678 awarded to County of Fresno by the U.S. Department of the Treasury."

5
6 14. Debts Owed the Federal Government.

- 7 a) Any funds paid to Subrecipient (1) in excess of the amount to which Subrecipient is finally
8 determined to be authorized to retain under the terms of this award; (2) that are determined by the
9 Treasury Office of Inspector General to have been misused; or (3) that are determined by Treasury
10 to be subject to a repayment obligation pursuant to sections 602(e) and 603(b)(2)(D) of the Act and
11 have not been repaid by Subrecipient shall constitute a debt to the federal government.
- 12 b) Any debts determined to be owed the federal government must be paid promptly by Subrecipient. A
13 debt is delinquent if it has not been paid by the date specified in Treasury's initial written demand for
14 payment, unless other satisfactory arrangements have been made or if the Subrecipient knowingly
15 or improperly retains funds that are a debt as defined in paragraph 14(a). Treasury will take any
16 actions available to it to collect such a debt.

17
18 15. Disclaimer.

- 19 a) The United States expressly disclaims any and all responsibility or liability to Subrecipient or third
20 persons for the actions of Subrecipient or third persons resulting in death, bodily injury, property
21 damages, or any other losses resulting in any way from the performance of this award or any
22 contract, or subcontract under this award.
- 23 b) The acceptance of this award by Subrecipient does not in any way establish an agency relationship
24 between the United States and Subrecipient.

25
26 16. Protections for Whistleblowers.

- 27 a) In accordance with 41 U.S.C. § 4712, Subrecipient may not discharge, demote, or otherwise
28 discriminate against an employee in reprisal for disclosing to any of the list of persons or entities

provided below, information that the employee reasonably believes is evidence of gross mismanagement of a federal contract or grant, a gross waste of federal funds, an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant.

b) The list of persons and entities referenced in the paragraph above includes the following:

- i. A member of Congress or a representative of a committee of Congress;
- ii. An Inspector General;
- iii. The Government Accountability Office;
- iv. A Treasury employee responsible for contract or grant oversight or management;
- v. An authorized official of the Department of Justice or other law enforcement agency;
- vi. A court or grand jury; or
- vii. A management official or other employee of Subrecipient, contractor, or subcontractor who has the responsibility to investigate, discover, or address misconduct.

c) Subrecipient shall inform its employees in writing of the rights and remedies provided under this section, in the predominant native language of the workforce.

17. Increasing Seat Belt Use in the United States. Pursuant to Executive Order 13043, 62 FR 19217 (Apr. 18, 1997), Subrecipient should encourage its contractors to adopt and enforce on-the-job seat belt policies and programs for their employees when operating company-owned, rented or personally owned vehicles.

18. Reducing Text Messaging While Driving. Pursuant to Executive Order 13513, 74 FR 51225 (Oct. 6, 2009), Subrecipient should encourage its employees, subrecipients, and contractors to adopt and enforce policies that ban text messaging while driving, and Subrecipient should establish workplace safety policies to decrease accidents caused by distracted drivers.

1 ASSURANCES OF COMPLIANCE WITH CIVIL RIGHTS REQUIREMENTS

2 ASSURANCES OF COMPLIANCE WITH TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

3
4 As a condition of receipt of federal financial assistance from the Department of the Treasury, the
5 Subrecipient provides the assurances stated herein. The federal financial assistance may include federal
6 grants, loans, and contracts to provide assistance to the Subrecipient's beneficiaries, the use or rent of
7 Federal land or property at below market value, Federal training, a loan of Federal personnel, subsidies,
8 and other arrangements with the intention of providing assistance. Federal financial assistance does not
9 encompass contracts of guarantee or insurance, regulated programs, licenses, procurement contracts by
10 the Federal government at market value, or programs that provide direct benefits.

11 The assurances apply to all federal financial assistance from, or funds made available through the
12 Department of the Treasury, including any assistance that the Subrecipient may request in the future.

13 The Civil Rights Restoration Act of 1987 provides that the provisions of the assurances apply to all of
14 the operations of the Subrecipient's program(s) and activity(ies), so long as any portion of the
15 Subrecipient's program(s) or activity(ies) is federally assisted in the manner prescribed above.

- 16
17 1. Subrecipient ensures its current and future compliance with Title VI of the Civil Rights Act of 1964,
18 as amended, which prohibits exclusion from participation, denial of the benefits of, or subjection to
19 discrimination under programs and activities receiving federal financial assistance, of any person in
20 the United States on the ground of race, color, or national origin (42 U.S.C. § 2000d et seq.), as
21 implemented by the Department of the Treasury Title VI regulations at 31 CFR Part 22 and other
22 pertinent executive orders such as Executive Order 13166, directives, circulars, policies,
23 memoranda, and/or guidance documents.
- 24 2. Subrecipient acknowledges that Executive Order 13166, "Improving Access to Services for Persons
25 with Limited English Proficiency," seeks to improve access to federally assisted programs and
26 activities for individuals who, because of national origin, have Limited English proficiency (LEP).
27 Subrecipient understands that denying a person access to its programs, services, and activities
28 because of LEP is a form of national origin discrimination prohibited under Title VI of the Civil Rights

1 Act of 1964 and the Department of the Treasury's implementing regulations. Accordingly,
2 Subrecipient shall initiate reasonable steps, or comply with the Department of the Treasury's
3 directives, to ensure that LEP persons have meaningful access to its programs, services, and
4 activities. Subrecipient understands and agrees that meaningful access may entail providing
5 language assistance services, including oral interpretation and written translation where necessary,
6 to ensure effective communication in the Subrecipient's programs, services, and activities.

- 7 3. Subrecipient agrees to consider the need for language services for LEP persons when Subrecipient
8 develops applicable budgets and conducts programs, services, and activities. As a resource, the
9 Department of the Treasury has published its LEP guidance at 70 FR 6067. For more information
10 on taking reasonable steps to provide meaningful access for LEP persons, please visit
11 <http://www.lep.gov>.
- 12 4. Subrecipient acknowledges and agrees that compliance with the assurances constitutes a condition
13 of continued receipt of federal financial assistance and is binding upon Subrecipient and
14 Subrecipient's successors, transferees, and assignees for the period in which such assistance is
15 provided.
- 16 5. Subrecipient acknowledges and agrees that it must require any sub-grantees, contractors,
17 subcontractors, successors, transferees, and assignees to comply with assurances 1-4 above, and
18 agrees to incorporate the following language in every contract or agreement subject to Title VI and
19 its regulations between the Subrecipient and the Subrecipient's sub-grantees, contractors,
20 subcontractors, successors, transferees, and assignees:

21 *The sub-grantee, contractor, subcontractor, successor, transferee, and assignee shall*
22 *comply with Title VI of the Civil Rights Act of 1964, which prohibits subrecipients of federal*
23 *financial assistance from excluding from a program or activity, denying benefits of, or*
24 *otherwise discriminating against a person on the basis of race, color, or national origin (42*
25 *U.S.C. § 2000d et seq.), as implemented by the Department of the Treasury's Title VI*
26 *regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of*
27 *this contract (or agreement). Title VI also includes protection to persons with "Limited*
28 *English Proficiency" in any program or activity receiving federal financial assistance , 42*

U.S.C. § 2000d et seq., as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this contract or agreement.

6. Subrecipient understands and agrees that if any real property or structure is provided or improved with the aid of federal financial assistance by the Department of the Treasury, this assurance obligates the Subrecipient, or in the case of a subsequent transfer, the transferee, for the period during which the real property or structure is used for a purpose for which the federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. If any personal property is provided, this assurance obligates the Subrecipient for the period during which it retains ownership or possession of the property.
7. Subrecipient shall cooperate in any enforcement or compliance review activities by the Department of the Treasury of the aforementioned obligations. Enforcement may include investigation, arbitration, mediation, litigation, and monitoring of any settlement agreements that may result from these actions. The Subrecipient shall comply with information requests, on-site compliance reviews and reporting requirements.
8. Subrecipient shall maintain a complaint log and inform the Department of the Treasury of any complaints of discrimination on the grounds of race, color, or national origin, and limited English proficiency covered by Title VI of the Civil Rights Act of 1964 and implementing regulations and provide, upon request, a list of all such reviews or proceedings based on the complaint, pending or completed, including outcome. Subrecipient also must inform the Department of the Treasury if Subrecipient has received no complaints under Title VI.
9. Subrecipient must provide documentation of an administrative agency's or court's findings of non-compliance of Title VI and efforts to address the non-compliance, including any voluntary compliance or other agreements between the Subrecipient and the administrative agency that made the finding. If the Subrecipient settles a case or matter alleging such discrimination, the Subrecipient must provide documentation of the settlement. If Subrecipient has not been the subject of any court or administrative agency finding of discrimination, please so state.

1 10. If the Subrecipient makes sub-awards to other agencies or other entities, the Subrecipient is
2 responsible for ensuring that sub-recipients also comply with Title VI and other applicable
3 authorities covered in this document. State agencies that make sub-awards must have in place
4 standard grant assurances and review procedures to demonstrate that they are effectively
5 monitoring the civil rights compliance of subrecipients.
6

7 The United States of America has the right to seek judicial enforcement of the terms of this assurances
8 document, and nothing in this document alters or limits the federal enforcement measures that the United
9 States may take in order to address violations of this document or applicable federal law.
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MALAGA COUNTY WATER DISTRICT

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
JUNE 30, 2021**

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**MALAGA COUNTY WATER DISTRICT
BOARD OF DIRECTORS AND ADMINISTRATION
JUNE 30, 2021**

Board of Directors

Charles E. Garabedian Jr.	President
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Salvador Cerrillo Jr.	Vice-President
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Irma Castaneda	Director
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Frank A. Cerrillo, Jr.	Director
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Carlos Tovar, Jr.	Director
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Administration

Moises Ortiz	General Manager
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Laurie R. Cortez	Office Manager
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Malaga County Water District

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Malaga County Water District (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's 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 controls 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 an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows 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 the Management's Discussion and Analysis on page 4-7 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

Management has omitted the budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, on our consideration of the 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 the 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.

Jaribu W. Nelson, CPA

Jaribu W. Nelson, CPA
June 24, 2022

MALAGA COUNTY WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

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, 2021. We encourage readers to consider the information presented here in conjunction with information that is included within the financial statements.

Financial Highlights

- Assets of the District exceeded its liabilities as of June 30, 2021 by \$7,931,065. Of this amount, unrestricted net position of \$1,307,035 may be used to meet the District's ongoing obligations to customers and creditors. As of June 30, 2020, assets exceeded liabilities by \$8,060,247 with unrestricted net position equaling \$1,164,755.
- Total net position decreased by \$129,182 for the year ended June 30, 2021. For the year ended June 30, 2020, total net position increased by \$123,949.
- During the current year, the District's fixed assets increased by a net of \$158,583. 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 \$380,448 for the current year. Prior year depreciation was \$486,295.
- Total debt decreased by a net of \$225,029 during the current year. The decrease was mostly attributable to the debt service payments. During the prior year, total debt increased by a net of \$218,432. This was mostly attributable to the acquisition of a loan to finance improvements to safe water drinking.

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.

**MALAGA COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
YEAR ENDED JUNE 30, 2021**

Financial Highlights (continued)

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 four proprietary funds, the Water Fund, the Waste Disposal Fund, the Recreation Fund, and the Solid Waste.

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2021, the District's assets exceeded liabilities by \$7,931,065. A significant portion of the District's net position (77 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 \$129,182 in net position (two 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
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
YEAR ENDED JUNE 30, 2021

Malaga County Water District's Net Position

	Business-Type Activities	Total	Prior Year Total
ASSETS			
Current assets	\$ 1,870,192	\$ 1,870,192	\$ 1,658,169
Other assets	9,143,130	9,143,130	9,639,623
Total assets	11,013,322	11,013,322	11,297,792
LIABILITIES			
Current liabilities	563,157	563,157	493,414
Deferred liabilities	2,519,100	2,519,100	2,744,131
Total liabilities	3,082,257	3,082,257	3,237,545
NET POSITION			
Net investment in capital assets, net of related debt	6,083,171	6,083,171	6,080,005
Restricted	540,859	540,859	815,487
Unrestricted	1,307,035	1,307,035	1,164,755
Total net position	\$ 7,931,065	\$ 7,931,065	\$ 8,060,247

Malaga County Water District's Changes in Net Position

	Business-Type Activities	Current Year Total	Prior Year Total (as restated)
REVENUE			
Program revenue			
Charges for services	\$ 3,143,493	\$ 3,143,493	\$ 3,195,133
Other	90,224	90,224	287,979
Total Revenues	3,233,717	3,233,717	3,483,112
EXPENSE			
Waste disposal utility activities	1,643,970	1,643,970	2,323,932
Water utility activities	1,388,990	1,388,990	1,368,253
Solid waste activities	457,333	457,333	-
Community recreation activities	322,000	322,000	765,065
Total Expenses	3,812,293	3,812,293	4,457,250
Net operating income/(loss)	(578,576)	(578,576)	(974,138)
Net nonoperating revenue/(expense)	449,394	449,394	1,098,087
Increase/(decrease) in net position	(129,182)	(129,182)	123,949
Net position, beginning of year	8,060,247	8,060,247	7,936,298
Net position, end of year	\$ 7,931,065	\$ 7,931,065	\$ 8,060,247

MALAGA COUNTY WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

YEAR ENDED JUNE 30, 2021

Business-type activities. Business-type activities decreased the District's net position by \$129,182, accounting for 100 percent of the total decrease 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, 2021, the District's proprietary funds reported a combined ending fund balance of \$7,931,065, an decrease of \$129,182, in comparison to the prior year. Of the entire ending fund balance, \$1,307,035 is unrestricted and is available for spending at the District's discretion.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its business-type activities as of June 30, 2021 amounted to \$8,602,271 (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 \$2,519,100 as of June 30, 2021. Of this total amount, \$170,306 is due and payable during the year ending June 30, 2021. The remainder, referred to as deferred liabilities, is due and payable over the next 22 years.

Additional information on the District's long-term debt can be found in notes four and five.

Economic Factors and Next Year's Budgets and Rates

The budget for the year ending June 30, 2022 projects a surplus of \$192,525. Revenue is anticipated to decrease by \$38,098 compared to 2020/2021, while expenses are expected to decrease by \$13,401. Charges for services are anticipated to decrease by \$17,347, while non-operating revenue is expected to increase by \$24,811. Salaries, wages and employee benefits are expected to decrease by \$53,203 and services and supplies are anticipated to decrease by \$39,802 compared to 2020/2021.

User rates are not expected to increase during the year ending June 30, 2021.

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, 2021

ASSETS

Cash and investments	\$ 1,477,622
Accounts receivable	304,365
Prepays	<u>88,205</u>
Total current assets	<u>1,870,192</u>

OTHER ASSETS

Restricted assets - cash	540,859
Capital assets, net of allowance for depreciation	<u>8,602,271</u>
Total other assets	<u>9,143,130</u>
Total assets	<u>11,013,322</u>

LIABILITIES

Accounts payable and accrued expense	521,091
Customer deposits payable	<u>42,066</u>
Total current liabilities	<u>563,157</u>

NONCURRENT LIABILITIES

Due within one year	170,306
Due in more than one year	<u>2,348,794</u>
Total Noncurrent liabilities	<u>2,519,100</u>

NET POSITION

Net investment in capital assets, net of related debt	6,083,171
Restricted	540,859
Unrestricted	<u>1,307,035</u>
Total net position	<u>\$ 7,931,065</u>
Total Liabilities and Net Position	<u>\$ 11,013,322</u>

MALAGA COUNTY WATER DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

BUSINESS-TYPE ACTIVITIES

Operating revenue		
Charges for services		\$ 3,143,493
Other		<u>90,224</u>
Total operating revenues		3,233,717
Operating expense		
Waste disposal utility activities	\$ 1,643,970	
Water utility activities	1,388,990	
Solid waste activities	457,333	
Community recreation activities	<u>322,000</u>	
Total operating expense		<u>3,812,293</u>
Net operating income/(loss)		(578,576)
Net nonoperating revenue/(expense)		<u>449,394</u>
Change in net position		(129,182)
Net position, beginning of year		<u>8,060,247</u>
Net position, end of year		<u>\$ 7,931,065</u>

MALAGA COUNTY WATER DISTRICT
COMPARATIVE STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Business-Type Activities - Enterprise Funds				
	2021				
	Water	Waste Disposal	Recreation	Solid Waste	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 955,583	\$ 67,657	\$ 453,872	\$ 510	\$ 1,477,622
Accounts receivable	88,490	214,113	1,762	-	304,365
Prepaid expense	28,024	43,701	16,480	-	88,205
Total current assets	1,072,097	325,471	472,114	510	1,870,192
Other assets					
Restricted cash and investments	-	-	540,859	-	540,859
Advances to other activities	3,720,560	-	-	-	3,720,560
Capital assets, net of accumulated depreciation	3,723,538	3,547,927	1,330,806	-	8,602,271
Total non-current assets	7,444,098	3,547,927	1,871,665	-	12,863,690
Total assets	8,516,195	3,873,398	2,343,779	510	14,733,882
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	145,564	213,720	144,519	17,318	521,121
Customer deposits payable	3,714	20,127	18,225	-	42,066
Current portion of long-term debt	100,738	12,068	57,500	-	170,306
Total current liabilities	250,016	245,915	220,244	17,318	733,493
Other liabilities					
Advances from other activities	-	1,098,879	2,621,651	-	3,720,530
Non-current liabilities					
Notes payable, less current portion	1,039,643	477,651	831,500	-	2,348,794
Total liabilities	1,289,659	1,822,445	3,673,395	17,318	6,802,817
NET POSITION					
Net investment in capital assets	2,583,157	3,058,208	441,806	-	6,083,171
Nonspendable	2,561,166	-	-	-	2,561,166
Restricted	-	-	540,859	-	540,859
Unrestricted / (deficit)	2,082,213	(1,007,255)	(2,312,281)	(16,808)	(1,254,131)
Total net position	\$ 7,226,536	\$ 2,050,953	\$ (1,329,616)	\$ (16,808)	\$ 7,931,065

MALAGA COUNTY WATER DISTRICT
COMPARATIVE STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Business-Type Activities - Enterprise Funds					
	2021					2020
	Water	Waste Disposal	Recreation	Solid Waste	Total	Total
Operating Revenue						
Charges for services	\$ 1,486,732	\$ 1,180,673	\$ 2,200	\$ 473,888	\$ 3,143,493	\$ 3,195,133
Other	36,142	52,652	695	735	90,224	287,979
Total operating revenue	1,522,874	1,233,325	2,895	474,623	3,233,717	3,483,112
Operating Expense						
Salaries and wages	319,135	486,036	44,511	-	849,682	1,010,419
Employee benefits	197,857	197,945	16,638	-	412,440	579,727
Refuse collection and disposal	5,574	6,578	4,896	457,333	474,381	418,860
Depreciation	129,352	194,029	57,068	-	380,449	486,295
Utilities	222,946	157,955	55,837	-	436,738	426,088
Professional services	117,692	91,655	11,952	-	221,299	184,246
Repairs and maintenance	35,575	106,267	67,731	-	209,573	247,002
Board of directors	105,058	105,029	-	-	210,087	217,542
Contract services	29,731	29,385	8,149	-	67,265	120,242
Insurance	61,452	31,227	23,496	-	116,175	92,552
Supplies and small tools	29,242	36,909	13,006	-	79,157	64,234
Dues and memberships	32,162	43,458	925	-	76,545	71,720
Other	22,908	51,727	2,254	-	76,889	243,180
Telephone	15,855	24,825	6,977	-	47,657	47,699
Testing	14,517	21,641	-	-	36,158	31,247
Travel, meetings and education	2,341	1,212	375	-	3,928	21,650
Fuel and oil	11,990	7,047	1,274	-	20,311	24,080
Bank charges	4,005	3,251	11	-	7,267	27,624
Office supplies and postage	6,800	6,332	99	-	13,231	14,821
Rents and leases	1,872	4,146	2,115	-	8,133	13,704
Education and training	905	530	1,580	-	3,015	8,838
Total operating expense	1,366,969	1,607,184	318,894	457,333	3,750,380	4,351,770
Net operating income/(loss)	155,905	(373,859)	(315,999)	17,290	(516,663)	(868,658)
Nonoperating Revenues/(Expenses)						
Grant revenue	-	-	-	-	-	666,859
Taxes and assessments	7,610	7,624	372,276	29	387,539	368,242
Other	7,999	4,808	41,469	-	54,276	50,050
Interest and use of property	2,176	2,110	3,293	-	7,579	12,936
Interest expense	(22,021)	(36,786)	(3,106)	-	(61,913)	(105,480)
Net nonoperating revenues/(expenses)	(4,236)	(22,244)	413,932	29	387,481	992,607
Other Financing Sources/(Uses)						
Transfers in	-	-	34,127	-	34,127	-
Transfers out	-	-	-	(34,127)	(34,127)	-
Net other financing sources / (uses)	-	-	34,127	(34,127)	-	-
Change in net position	151,669	(396,103)	132,060	(16,808)	(129,182)	123,949
Net Position - beginning of year	7,074,867	2,447,056	(1,461,676)	-	8,060,247	7,936,298
Net Position, End of Year	\$ 7,226,536	\$ 2,050,953	\$ (1,329,616)	\$ (16,808)	\$ 7,931,065	\$ 8,060,247

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

MALAGA COUNTY WATER DISTRICT
COMPARATIVE STATEMENT OF CASH FLOW
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Business-Type Activities - Enterprise Funds				
	2021				
	Water	Waset Disposal	Recreation	Solid Waste	Total
Operating Activities					
Received from customers	\$ 1,522,874	\$ 1,233,325	\$ 2,895	\$ 474,623	\$ 3,233,717
Payments to suppliers	(761,314)	(694,841)	(88,481)	(457,333)	(2,001,969)
Payments to employees	(516,992)	(683,981)	(61,149)	-	(1,262,122)
Net cash provided by (used in) operating activities	<u>244,568</u>	<u>(145,497)</u>	<u>(146,735)</u>	<u>17,290</u>	<u>(30,374)</u>
Non-capital Financing Activities					
Advances (to)/from other funds	(30)	-	-	-	(30)
Property taxes and other nonoperating revenue	<u>15,609</u>	<u>12,432</u>	<u>413,745</u>	<u>29</u>	<u>441,815</u>
Net cash provided by (used in) noncapital financing activities	<u>15,579</u>	<u>12,432</u>	<u>413,745</u>	<u>29</u>	<u>441,785</u>
Capital and Related Financing Activities					
Grant revenue	-	-	-	-	-
Proceeds from construction loan	-	-	-	-	-
Principal paid on notes payable	(47,378)	(122,153)	(55,500)	-	(225,031)
Interest paid on notes payable	(22,021)	(36,786)	(3,106)	-	(61,913)
Disposition of capital assets	-	-	-	-	-
Transfers in / (out)	-	-	34,127	(34,127)	-
Purchase of capital assets	<u>(22,785)</u>	<u>(22,497)</u>	<u>(113,302)</u>	<u>-</u>	<u>(158,584)</u>
Net cash provided (used) in capital and related financing activities	<u>(92,184)</u>	<u>(181,436)</u>	<u>(137,781)</u>	<u>(34,127)</u>	<u>(445,528)</u>
Investing Activities					
Interest and use of property	<u>2,232</u>	<u>2,093</u>	<u>3,254</u>	<u>17,318</u>	<u>24,897</u>
Net Increase / (Decrease) in Cash	170,195	(312,408)	132,483	510	(9,220)
Cash and Investments					
Beginning of year	<u>785,388</u>	<u>380,065</u>	<u>862,248</u>	<u>-</u>	<u>2,027,701</u>
End of year	<u>\$ 955,583</u>	<u>\$ 67,657</u>	<u>\$ 994,731</u>	<u>\$ 510</u>	<u>\$ 2,018,481</u>

MALAGA COUNTY WATER DISTRICT
COMPARATIVE STATEMENT OF CASH FLOW
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Business-Type Activities - Enterprise Funds				
	2021				
	Water	Waste Disposal	Recreation	Solid Waste	Total
Reconciliation of Operating Income (Loss)					
to Net Cash Provided By/(Used) for Operating Activities					
Operating income (loss)	\$ 155,905	\$ (373,859)	\$ (315,999)	\$ 17,290	\$ (516,663)
Adjustments to reconcile operating income (loss)					
to net cash provided (used) by operating activities:					
Depreciation	129,352	194,029	57,068	-	380,449
Changes in assets and liabilities:					
(Increase) Decrease in accounts receivable	-	-	-	-	-
(Increase) Decrease in prepaid expense	13,628	26,232	13,525	-	53,385
Increase (Decrease) in accounts payable and accrued expense	(35,481)	10,524	80,446	-	55,489
(Increase) Decrease in deposits	(18,836)	(2,423)	18,225	-	(3,034)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 244,568</u>	<u>\$ (145,497)</u>	<u>\$ (146,735)</u>	<u>\$ 17,290</u>	<u>\$ (30,374)</u>
 Summary of cash balances, end of year					
Cash and cash equivalents	955,583	67,657	453,872	510	1,477,622
Restricted cash	-	-	540,859	-	540,859
	<u>\$ 955,583</u>	<u>\$ 67,657</u>	<u>\$ 994,731</u>	<u>\$ 510</u>	<u>\$ 2,018,481</u>

MALAGA COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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).

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.

Government-Wide and Fund Financial Statements

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, 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.

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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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.

Assets, Liabilities and Net Position or Equity

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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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:

	Estimated Useful Life in Years
Buildings and improvements	20 – 40
Equipment	10 – 20

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:

Nonspendable – Amounts that are not in spendable form (such as inventory) or are required either legally or contractually to be maintained intact. 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 capital assets, net of related debt.

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.

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.

Budgets and Budgetary Accounting

The District established a budget for its governmental fund for the year ended June 30, 2021. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

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.

Statement Reclassifications

Certain reclassifications may have been made in the prior year's amounts to conform with current year financial statement presentation.

MALAGA COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 2: Cash and Investments

The District's deposits as of June 30, 2021, 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, 2021:

	Bank Balance Category *			Carrying Amount
	1	2	3	
Cash on hand	\$ 23,663	\$ -	\$ -	\$ 23,663
Cash in bank	449,605	1,015,859	-	1,465,464
Fresno County Treasury	-	26,882	-	26,882
Local Agency Investment Fund	-	502,472	-	502,472
Total cash and investments	<u>\$ 473,268</u>	<u>\$1,545,213</u>	<u>\$ -</u>	<u>\$2,018,481</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.

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, 2021:

	Beginning Balance	Additions/ Completions	Disposals/ Adjustments	Ending Balance
Land*	\$ 299,264	\$ -	\$ -	\$ 299,264
Water system	8,206,044	22,785	-	8,228,829
Sewer system	7,365,626	22,497	-	7,388,123
Buildings	1,169,276	-	-	1,169,276
Construction in progress*	686,426	26,684	-	713,110
Park development	968,689	86,617	-	1,055,306
Equipment	615,072	-	-	615,072
Total	19,310,397	158,583	-	19,468,980
Allowance for depreciation	<u>(10,486,261)</u>	<u>(380,448)</u>	<u>-</u>	<u>(10,866,709)</u>
	<u>8,824,136</u>	<u>(221,865)</u>	<u>-</u>	<u>8,602,271</u>

* Not currently being depreciated.

MALAGA COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 4: Noncurrent Liabilities

The following is a summary of deferred liabilities (long-term debt) for the year ended June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance	Classification	
					Due Within One Year	Due After One Year
Note payable						
Debt refinancing	\$ 70,518	\$ -	\$ (70,518)	\$ -	\$ -	\$ -
Water and sewer systems improvements	962,017	-	(72,212)	889,805	75,756	814,049
Parks and recreation improvements	944,500	-	(55,500)	889,000	57,500	831,500
Wastewater treatment plant improvements	370,105	-	(22,131)	347,974	23,038	324,936
Safe drinking water	396,990	9,343	(14,011)	392,322	14,012	378,310
Total long-term debt	<u>\$ 2,744,130</u>	<u>\$ 9,343</u>	<u>\$ (234,372)</u>	<u>\$ 2,519,101</u>	<u>\$ 170,306</u>	<u>\$ 2,348,795</u>

Note 5: Note Payables

Water and Sewer 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, 2021 was \$45,793.

Future payments of the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 75,756	\$ 42,248	\$ 118,004
2023	79,475	38,529	118,004
2024	83,376	34,628	118,004
2025	87,469	30,535	118,004
2026 - 2030	506,124	83,897	590,021
2031 - 2035	57,605	1,397	59,002
	<u>\$ 889,805</u>	<u>\$ 231,234</u>	<u>\$ 1,121,039</u>

MALAGA COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 5: Note Payables (continued)

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, 2021 was \$14,767.

Future payments of the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 23,038	\$ 13,862	\$ 36,900
2023	23,980	12,920	36,900
2024	24,961	11,939	36,900
2025	25,982	10,917	36,899
2026 - 2030	146,753	37,746	184,499
2031 - 2035	103,259	7,441	110,700
	<u>\$ 347,973</u>	<u>\$ 94,825</u>	<u>\$ 442,798</u>

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 for the year ended June 30, 2021 was \$34,345.

Future payments of the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 57,500	\$ 32,278	\$ 89,778
2023	59,500	30,138	89,638
2024	61,500	27,924	89,424
2025	63,500	25,636	89,136
2026 - 2030	355,500	90,848	446,348
2031 - 2035	291,500	21,900	313,400
	<u>\$ 889,000</u>	<u>\$ 228,724</u>	<u>\$ 1,117,724</u>

MALAGA COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 5: Note Payables (continued)

Safe Drinking Water

This debt was incurred to finance water meters for safe drinking water. The total amount of the debt was \$403,417 and provides for interest at the rate of 0 percent per annum. Semi-annual payments of principal began January 2020, and continue until paid. Full repayment of the loan is scheduled to occur in January 2049. The Water Fund finances this debt. Interest paid on this for the year ended June 30, 2021 was \$0.

Future payments of the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 14,012	\$ -	\$ 14,012
2023	14,012	-	14,012
2024	14,012	-	14,012
2025	14,012	-	14,012
2026 - 2030	70,058	-	70,058
2031 - 2035	70,058	-	70,058
Thereafter	196,158	-	196,158
	<u>\$ 392,322</u>	<u>\$ -</u>	<u>\$ 392,322</u>

Note 6: Restricted Assets – Cash

As of June 30, 2021, \$540,859 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, 2021.

Note 7: 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, 2021 was \$849,682 with covered payroll equaling \$813,908. The pensions cost to the District is 10 percent of the participants' compensation. Required and accrued contributions to the plan for the year ended June 30, 2021 were \$79,428.

Note 8: Subsequent Events

In compliance with accounting standards, subsequent events were evaluated through June 24, 2022, which is the date the financial statements were available to be issued. Management has determined that no events require disclosure in accordance with the accounting standards subsequent to June 30, 2021.

MALAGA COUNTY WATER DISTRICT
COMBINING STATEMENT OF REVENUE AND EXPENSE
WASTE DISPOSAL FUND
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Business-Type Activities - Waste Disposal Fund				
	2021				2020
	Sewer	Pretreatment	Solid Waste	Total	Total
OPERATING REVENUE					
Charges for services	\$ 1,180,673	\$ 156,546	\$ 473,888	\$ 1,811,107	\$ 1,867,616
Other	<u>52,652</u>	<u>21,751</u>	<u>735</u>	<u>75,138</u>	<u>251,026</u>
Total operating revenue	<u>1,233,325</u>	<u>178,297</u>	<u>474,623</u>	<u>1,886,245</u>	<u>2,118,642</u>
OPERATING EXPENSE					
Salaries and wages	486,036	72,236	-	558,272	533,308
Employee benefits	197,945	32,505	-	230,450	259,307
Refuse collection and disposal	6,578	-	457,333	463,911	414,886
Depreciation	194,029	-	-	194,029	243,085
Utilities	157,955	-	-	157,955	160,422
Professional services	91,655	18,820	-	110,475	101,125
Repairs and maintenance	106,267	5,650	-	111,917	177,955
Board of directors	105,029	-	-	105,029	108,576
Contract services	29,385	8,676	-	38,061	44,294
Insurance	31,227	21,359	-	52,586	45,218
Supplies and small tools	36,909	468	-	37,377	32,587
Dues and memberships	43,458	2,559	-	46,017	32,413
Other	51,727	3,234	-	54,961	17,910
Telephone	24,825	3,661	-	28,486	27,791
Testing	21,641	5,521	-	27,162	27,086
Travel, meetings and education	1,212	67	-	1,279	11,850
Fuel and oil	7,047	2,832	-	9,879	11,098
Bank charges	3,251	145	-	3,396	5,369
Office supplies and postage	6,332	1,716	-	8,048	8,791
Rents and leases	4,146	160	-	4,306	11,554
Education and training	<u>530</u>	<u>1,140</u>	<u>-</u>	<u>1,670</u>	<u>6,919</u>
Total operating expense	<u>1,607,184</u>	<u>180,749</u>	<u>457,333</u>	<u>2,245,266</u>	<u>2,281,544</u>
Net operating income	(373,859)	(2,452)	17,290	(359,021)	(162,902)
Nonoperating revenue/(expense)					
Grant revenue	-	-	-	-	-
Taxes and assessments	7,624	-	29	7,653	8,467
Other	4,808	-	-	4,808	951
Interest and use of property	2,110	-	-	2,110	4,318
Interest expense	<u>(36,786)</u>	<u>-</u>	<u>-</u>	<u>(36,786)</u>	<u>(42,370)</u>
Net nonoperating revenue/(expense)	<u>(22,244)</u>	<u>-</u>	<u>29</u>	<u>(22,215)</u>	<u>(28,634)</u>
Change in net position	\$ (396,103)	\$ (2,452)	\$ 17,319	\$ (381,236)	\$ (191,536)

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



Jaribu W. Nelson, CPA

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

To the Board of Directors
Malaga County Water District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Malaga County Water District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 24, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-01.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jaribu W. Nelson, CPA

June 24, 2022

MALAGA COUNTY WATER DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- | | | | | |
|---|-------------------------------------|-----|-------------------------------------|-----|
| • Material weaknesses identified? | <input type="checkbox"/> | Yes | <input checked="" type="checkbox"/> | No |
| • Significant deficiency(ies) identified? | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | Yes |

Non-compliance material to financial statements noted?

<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
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SECTION II – FINANCIAL STATEMENT FINDINGS

There was one (1) financial statement finding to be reported in accordance with *Generally Accepted Government Auditing Standards (GAGAS)*. See Finding 2021-01

SECTION III – FEDERAL AWARDS FINDINGS

There are no federal award findings in accordance with *GAGAS* and the Compliance Supplement.

MALAGA COUNTY WATER DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS

Finding 2021-01

Improve the preparation of the financial statements

Criteria:

Internal controls should be in place which will provide assurance that the financial statements along with preparation of the notes to the financial statements and supplementary information, are prepared accurately on a timely basis at year-end.

Condition:

During the course of performing our audit procedures, we noted that many proposed adjusting journal entries were to reclassify amounts to their proper account. We noted transfers to the Recreation Fund were not being reported as transfers and subsequently understating the Solid Waste Fund.

Cause:

Management did not perform its closing procedures to ensure all ledger account balances were properly classified to the appropriate fund on a timely basis at year-end.

Effect:

There is a risk that a material financial statement may exist and not be prevented or detected by the District's system of internal control.

Recommendation:

We recommend that the review of all year-end account balances include an accounting professional to validate the accuracy of all accounts.

District Response:

The District will work with external CPA to provide accurate and timely financial reporting to minimize the misstatements that could occur. The District is currently engaging an external CPA to complete the current year financial statements in a more timely manner.

MALAGA COUNTY WATER DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2020

Finding 2020-01

Improve the preparation of the financial statements

Recommendation:

We recommend that the review of all year-end account balances include an accounting professional to validate the accuracy of all accounts.

Status:

Partially implemented, the District was able to procure an accounting professional. However, transactions were being presented inaccurately in the Recreation Fund and the Solid Waste Fund.

item 8.a.

Malaga County Water District
Grants/Annexations/Developments Tracker
June 23, 2022

Submitted	Program	Name	Funder	Amount Requested	Board Report Date	Date of Award	Amount Awarded
4/1/2022	Consolidation Program, Clean Water State Revolving Fund	Shady Lakes MHP Consolidation Planning	Pending Technical Assistance Grant from DFA	\$539,200			
4/1/2022	Clean Water State Revolving Fund	MCWD WWTF Improvements Planning	Pending Technical Assistance Grant from DFA	Combined with request above			
9/17/2021	Drought Relief	Well 3A	DWR, pending final contract	\$1,678,960		4/13/2022	\$1,678,960
9/17/2021	Drought Relief	Tank at Well 3 site	DWR, pending final contract	\$2,488,821		4/13/2022	\$2,488,821
1/6/2022	ARPA	Well 5A	County of Fresno, pending final contract	\$1,823,299		5/3/2022	\$1,850,000
3/9/2022	ARPA	Tank at Well 5 site	Pending County of Fresno	\$2,567,225			
3/9/2022	ARPA	Tank at Well 7 site	Pending County of Fresno	\$2,567,225			
2020, 2021, 2022	CDBG/HUD	Nitrate Reduction	CDBG from 2021-2022 pending contract	\$250,000			pending

Annexations

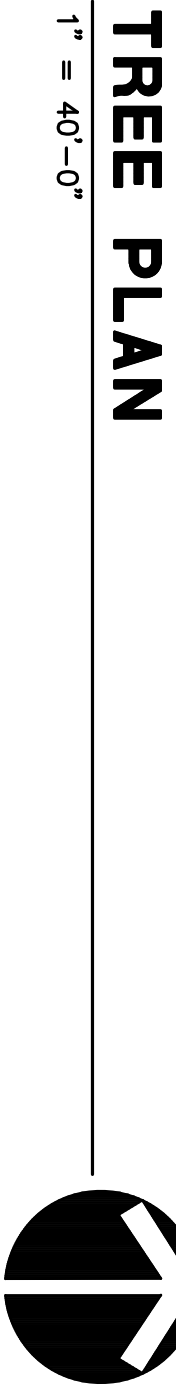
Received	Name	Will Serve	Total Fees Due	Date Completed		
03/5/2018	Parnagian proposed near Peach and Central	Pending complete application from developer	TBD			
Awareness in 2017	DDG SE corner of Willow and Central	Pending complete application from DDG for consideration of annexation	TBD			
Notification of request 2/2/2018. No formal request or application has been received by MCWD	Assemi development east of Minnewawa and south of North Ave		TBD			

Developments

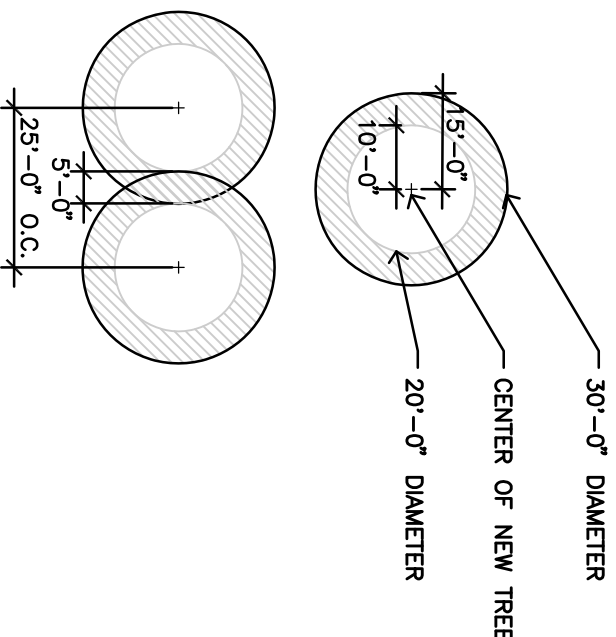
Submitted	Name	Will Serve	Total Fees Due	Comments	Date Completed
Initial inquiry in 2016. Pending complete application	Jamail Singh Development SPR 7966		TBD		
Initial inquiry in 2016. Pending complete application	Central east of Peach SPR 7970		TBD		
7/7/2020 - Pending water capacity	Chestnut Ave SPR 8180	Intent to Serve issued 4/6/2022	TBD	Pending potential parcel splits and impacts	
7/6/2020 - Pending water capacity	Central Ave SPR 8181	Intent to Serve issued 4/6/2022	TBD		
9/9/2016 - Pending information from developer, also recommended to annex to District	4656 S Chestnut	9/27/2021 conditional letter	TBD		
12/18/2020	Chestnut and Cartwright SPR 8201. Enterprise Truck Rental	1/1/2021	\$8,797.00		

3/19/2021 Pending resubmittal of information from developer	Bagley and Malaga SPR 8208		TBD		
11/29/2021 Pending water capacity	Minnewawa near Muscat SPR 8241	Intent to Serve issued 3/11/2022	TBD		
11/30/2021 Pending water capacity. Pending extension of water main and sewer main.	Peach near Malaga SPR 8244	Intent to Serve issued 4/6/2022	TBD	Potential Bottling Facility. Significant issues on water demand, wastewater, SGMA implications. Master plan water and sewer implications.	
12/16/2021 Pending definition of proposed use	Willow and Muscat SPR 8247	Pending confirmation of proposed use relative to previous use of property.	TBD		
4/5/2022 Pending additional information from developer	SPR 8257. CNG Fueling Facility.		TBD		

6/14/2022. Response to County provided.	SPR 8268. Potential Truck Wash		TBD	Requires connection to water and sewer. Requires destruction of on-site well and septic.	
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TREE SYMBOL



- 3) ALL MEASUREMENTS ARE APPROXIMATIONS AND MUST BE VERIFIED IN FIELD.

TREE PLAN



item 16.a.1.

This is a message from the State Water Resources Control Board.

PROPOSED NOTIFICATION AND RESPONSE LEVELS FOR PERFLUOROHEXANE SULFONIC ACID (PFHxS) IN DRINKING WATER ARE NOW AVAILABLE

The State Water Board's Division of Drinking Water (Division) is proposing a notification level of 2 parts per trillion (ppt) and a response level of 20 ppt for perfluorohexane sulfonic acid (PFHxS). These levels are based on a recommendation from the Office of Environmental Health Hazard Assessment (OEHHA), which included review of more than one peer reviewed study.

An informational item on the proposed PFHxS notification and response levels is planned for the State Water Board's August 16, 2022 meeting.

The proposed notification and response levels, the [OEHHA recommendation](#), and links to the studies are available at the Division's website at https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/NotificationLevels.html.
