



## **MALAGA COUNTY WATER DISTRICT**

# **Program Year 2022-2023**

## **Application for Grant Funding Unincorporated Areas**

Fresno County  
Community Development Block Grant (CDBG)  
Program  
Public Facility and Infrastructure Improvement Projects

County of Fresno  
Department of Public Works and Planning  
Community Development Division  
2220 Tulare Street, 8<sup>th</sup> Floor  
Fresno, California 93721

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**"Communities that receive entitlement funds from the CDBG program are required to use their funds in a timely manner." (HUD's handbook *Guidelines for Grantee Selection, Management, and Oversight of Subrecipients in the CDBG Program*).**

## **INTRODUCTION:**

The County of Fresno receives an annual allocation of CDBG grant funds from the federal Department of Housing and Urban Development (HUD). The County makes a portion of these grant funds available to fund public facility and infrastructure improvement activities in its unincorporated communities.

The County's Department of Public Works and Planning, Community Development Division is responsible for the administration and implementation of all CDBG-funded activities for the County and its participating cities. The application packet for the 2022-2023 Program Year is issued by the County's Community Development Division. All CDBG funding requests are subject to terms and regulations in accordance with the provisions of Title I of the Housing and Community Development Act of 1974, (the Act) as amended, and the laws of the State of California.

The Community Development Division has issued this Application for grant requests of **\$75,000** up to a maximum of **\$250,000**, for public facility and infrastructure improvement activities to be implemented beginning July 1, 2022. Applications submitted for proposed funding must be for CDBG-eligible activities that are consistent with the County's 5-year Consolidated Plan for Program Years 2020-2024 and meet one of HUD's three National Objectives.

**Only complete applications for funding, submitted on the 2022-2023 application form supplied by the County and included in this packet will be accepted.**

Therefore, review your application proposal carefully, answer all questions and attach all required supporting documentation.

**The deadline for submittal of the application and supporting documentation is 5:00 p.m., on Tuesday, August 31, 2021.**

**NOTE:** An application workshop to answer questions and assist applicants with the preparation of the CDBG Application is scheduled for **Wednesday, June 16, 2021, from 10:00 a.m. to 11:30 a.m. at the Fresno County Plaza Building, 8<sup>th</sup> Floor, Conference Room "B"**. Staff representing the Community Development Division will discuss the application process, staff representing the Design and Road Maintenance & Operations Divisions will discuss plans, specifications, and cost estimate submittals, and staff representing the Development Services Division will discuss environmental review regulations. **We invite you to attend this workshop, and to bring any project information with you that you may wish to discuss.** Please call the Community Development Division at (559) 600-4292 to reserve your space or if you have any questions.

## THRESHOLD REQUIREMENTS:

- **Submittal deadline:** Applications must be received at the Community Development Division office by **5:00 p.m., on Tuesday, August 31, 2021.**
- Each agency, District or community group may submit **one** project application.
- Applications must be submitted on the 2022-2023 application form.
- Applications must include all required attachments and all questions must be answered completely.
- Applications must include evidence of the noticed public hearing. Please attach the Minute Order authorizing submission of the application and the name of the person authorized to sign the grant agreement. Community groups must include a copy of the flier used to notify the community (include supporting documentation under **Attachment B, Evidence of Public Hearing/Local Support**).
- Application funding requests must not be less than **\$75,000** and must not exceed **\$250,000.**
- Application information must demonstrate applicant has the capacity to carry out the activity within budget and on schedule.
- Applicant must submit a current financial statement and budget, and a current certified audit.
- The activity must be able to be completed within 12 to 18 months of funding – the activity must be ready to proceed upon funding approval. This requires approval of all required land use entitlements.
- Application must include a map showing the street boundaries of the area that will benefit from the activity and/or must include a description of the eligible beneficiaries.
- Application must include evidence of community support for the activity, such as letters of support from community members, community meeting rosters and minutes, or community petitions, etc.
- If the activity will include installation of sidewalks, owners of adjacent properties must be notified of the project and informed that the property owner would be responsible for maintenance of the sidewalks upon completion of the activity.
- Application must include a copy of the current contract with the project engineer that demonstrates the term of the contract and that the engineer is authorized to provide services needed under application on behalf of the District. If the applicant is a community group, please contact the Community Development office at 600-4292 and you will be put in touch with the County's Design Division staff for further direction.
- If proposed project will require other funding in addition to requested CDBG funds, submit documentation with application demonstrating the sources of funds are available to complete the project.

Completed applications may be mailed or hand delivered. Applications must be received at the Community Development Division office by **5:00 p.m., Tuesday, August 31, 2021.**

**Mail completed applications to: Fresno County Department of Public Works and Planning, Community Development Division, Attn: Community Development Grants Program, 2220 Tulare Street, 6th Floor, Fresno, CA 93721.**

**Hand-delivered applications will be accepted at: The Community Development office located in the Fresno County Plaza Building, 2220 Tulare Street, 8th Floor, Fresno, CA.**

The 2022-2023 application packet is also available on the County's website and may be downloaded at: <http://www.co.fresno.ca.us/grants>.



**APPLICATION CHECKLIST:**

- \_\_\_\_Application Summary (Section I)
- \_\_\_\_Site Map/Site Control (Section I)
- \_\_\_\_Public Hearing Documents, Proof of Publication Notice (Section II)
- \_\_\_\_Letters of Support (Section II, Section V)
- \_\_\_\_Applicant Certification (Section III)
- \_\_\_\_Applicant's Legal/Organizational Documents (Section III)
- \_\_\_\_Detailed Project Description (Section V)
- \_\_\_\_Project Timeline (Section VI)
- \_\_\_\_Project Cost Estimate (VIII)
- \_\_\_\_Applicant Operating Budget (Section X)
- \_\_\_\_Environmental Questionnaire (Section XI)
- \_\_\_\_Other Supporting Documentation

## SECTION I APPLICATION SUMMARY

- A. Name of Applicant: \_\_\_\_\_
- B. Applicant Address: \_\_\_\_\_  
City: \_\_\_\_\_ County: \_\_\_\_\_ Zip Code: \_\_\_\_\_
- C. Applicant Tax ID No.: \_\_\_\_\_
- D. Applicant DUNS No.: \_\_\_\_\_
- E. Contact Person Name and Title: \_\_\_\_\_  
Phone Number: \_\_\_\_\_ E-Mail: \_\_\_\_\_
- F. Name of Project Engineer: \_\_\_\_\_  
Phone Number: \_\_\_\_\_ E-Mail: \_\_\_\_\_
- G. Project Name: \_\_\_\_\_
- H. Provide a brief description of proposed activity (detailed description to be provided in Section V): \_\_\_\_\_

I. Total Project Cost: \$ \_\_\_\_\_

J. Grant Amount Requested: \$ \_\_\_\_\_

Applicants may only submit one project application. The grant amount requested **may not be less** than \$75,000 **or exceed** \$250,000.

K. Address of Project Site (if any): \_\_\_\_\_

- L. Attach a site map (**Attachment A, Project Site Map/Site Control**) of the project location that shows street boundaries for all areas that will benefit from the project, outline the area around the project that encompasses all areas that will benefit, and/or include a description of the persons that will benefit from the activity (i.e. low-moderate income persons, at risk youth, senior citizens, disabled persons, etc). Submit supporting documentation, including photos, under **Attachment H, Other Supporting Documentation/Maps/Photos**.

## **SECTION II PUBLIC HEARING/CITIZEN PARTICIPATION**

Applicants are required to conduct a noticed public hearing before their governing boards to provide interested citizens the opportunity to comment on all activities submitted for funding.

A. Describe the means used to obtain citizen involvement, any accommodations made to encourage broad participation, and how all persons that may benefit from the project were provided an opportunity to participate:

B. The following supporting documentation will illustrate compliance with this Section. Submit as part of this application the following supporting documentation:

- Proof of publication notice.
- Certified Minute Order or resolution authorizing submission of application and naming person authorized to sign on behalf of the Applicant.
- Letters of support, flyers.

**Include all supporting documentation for this Section under Attachment B, Evidence of Public Hearing/Local Support.**

### SECTION III APPLICANT INFORMATION

This section of the application will demonstrate the applicant's capacity and ability to complete the project in a timely manner. Include any supporting documentation that illustrates the applicant's ability to complete projects on time and within budget.

- A. The applicant is a (check one): ☐ CSA ☐ CSD ☐ Fire District  
☐ Non-Profit Corporation ☐ Other \_\_\_\_\_ (specify)

1. Describe the types of services delivered by the applicant, and the beneficiaries served:

2. If a Non-Profit Corporation or a Community Service District (CSD) submit copies of the following (**Attachment C, Applicant's Legal/Organization Documents**):

- IRS designation
- Articles of Incorporation
- Bylaws
- Map showing applicant's boundaries
- List of names of Board of Directors
- Audited Financial Statements (last 2 years)
- Agency Organizational Chart (illustrating agency positions)

- B. Does the applicant have experience completing similar type CDBG projects?  
☐ Yes ☐ No (If yes, name two projects, the year funded and year completed.)

|    | Project Name | Year Funded | Year Completed |
|----|--------------|-------------|----------------|
| 1. | _____        | _____       | _____          |
| 2. | _____        | _____       | _____          |

## **SECTION IV APPLICANT CERTIFICATION AND COMMITMENT OF RESPONSIBILITY**

As the official designated by the governing body, I hereby certify that if approved by the County of Fresno for Community Development Block Grant Program funding, \_\_\_\_\_ (Applicant name) assumes the responsibilities for carrying out the activity specified in this application in a timely manner and certifies that:

- It possesses the legal authority to apply for the grant funds and to execute the proposed activity;
- The Applicant does not have any unresolved audit findings for prior CDBG or other federally-funded activities or projects;
- There are no pending lawsuits that would impact the implementation of this activity;
- It will comply with all statutes and regulations governing the federal Community Block Grant Program;
- The information, statements, and attachments contained in this application are, to the best of my knowledge and belief, true and correct;
- The Applicant has the ability to perform the duties for the activity applied for in accordance with the CDBG program regulations.

I authorize the Department of Public Works and Planning, Community Development Division, to contact any agency, whether or not named in this application, which may assist in determining the eligibility of the project. All information contained in this application is acknowledged to be public information.

Signature \_\_\_\_\_

Title \_\_\_\_\_

Type or Print Name \_\_\_\_\_

Date \_\_\_\_\_

## SECTION V

### DETAILED PROJECT DESCRIPTION

### A. Project Description

A complete description of the activity to be undertaken must include the activity or services to be provided, where the activity will be provided, how the activity will be provided, and whom the activity will benefit.

Photographs of the project location may also be submitted, and will be used by staff in presenting the project to the Citizens Advisory Committee during its review and ranking of the unincorporated area projects. Photographs may be included in **Attachment H, Other Supporting Documentation/Maps/Photos**, or may be submitted by email to [jnimer@fresnocountyca.gov](mailto:jnimer@fresnocountyca.gov).

1. Provide a detailed description of the project and the scope of work to be funded with CDBG grant:
2. Describe how and who (i.e. low-moderate income persons, at risk youth, senior citizens, disabled persons, etc) the project will benefit:

3. Describe the project location. Provide the street address and assessor's parcel number of the project and/or the location of the improvements and street boundaries of the entire area that will benefit from the project:
4. List any other agencies currently active in the project area:
5. Are the proposed activities part of a targeted revitalization effort?  
☐ Yes      ☐ No  
If yes, submit a copy of the neighborhood or community revitalization plan **(Attachment H, Other Supporting Documentation/Maps/Photos)**.
6. Describe other projects proposed and/or needed in the community or neighborhood that are anticipated in the next five years should funding be available (include housing, infrastructure and/or economic activities):
7. Describe how the proposed project will benefit the persons, neighborhood or community it will service:

8. How many persons are expected to benefit from this project \_\_\_\_\_  
or how many jobs will be generated or retained as a result of the project, and  
how many low/mod income persons will be employed in those jobs?

Number of jobs \_\_\_\_\_ Number employed \_\_\_\_\_

**Note: Projects that are proposed to meet the Low/Moderate-Income National Objective by creating/retaining jobs for Low/Moderate-Income persons will require a Supplemental form to be provided by the Community Development Division after this application is submitted.**

## **B. Project Funding**

List all sources of funds anticipated to be received for this project, including other grants. If a letter of commitment from other funding sources has already been received, include a copy as supporting documentation (**Attachment F, Other Funding Commitments**).

- |  |          |
|--|----------|
| 1. Community Development Block Grant (CDBG) funds: | \$ _____ |
| 2. Local funds: _____                              | \$ _____ |
| 3. Other federal funds: _____                      | \$ _____ |
| 4. State funds: _____                              | \$ _____ |
| 5. Other funds or in-kind services: _____          | \$ _____ |
| 6. Total Project Cost:                             | \$ _____ |

## **C. Project Priority**

1. Local support for the project is evidenced by letters of support and/or commitment. ☐ Yes ☐ No (Attach supporting documentation, **Attachment H, Other Supporting Documentation/Maps/Photos**)



## SECTION VI PROJECT READINESS

CDBG funds are required to be spent in a timely manner; therefore, the Applicant is required to complete this project in a timely manner. CDBG funding for Program Year 2022-2023 will become available on July 1, 2022, and funded activities can commence upon completion of a fully executed project grant agreement with Fresno County.

**A. Project Readiness to Proceed Once Funded:**

1. If selected for funding, can the project be completed within 12 to 18 months from the date of agreement? ☐ Yes ☐ No
2. Are there weather (rain, temperature, etc) conditions that could delay construction of the project? ☐ Yes ☐ No

If yes, explain any potential delays:

3. Will the project require any PG&E activity? ☐ Yes ☐ No
- If yes, explain any potential delays:

4. Will the project require CalTrans or any other outside agency review or approval? ☐ Yes ☐ No

If yes, explain any potential delays:

5. Has environmental review subject to the California Environmental Quality Act (CEQA and/or the National Environmental Policy Act (NEPA) been completed or initiated for this project? ☐ Yes ☐ No

Initial Study / Environmental Assessment No. \_\_\_\_\_

**CEQA**

**NEPA**

Initiated on: \_\_\_\_\_

Completed on: \_\_\_\_\_

**2022-2023 Community Development Block Grant Application Unincorporated Area**

6. Have any environmental reviews for CEQA and/or NEPA been completed within the last five years for other projects within ½ mile from the location of this project? ☐ Yes (Please list appropriate information below) ☐ No

Initial Study / Environmental Assessment No. \_\_\_\_\_

|               | <b>CEQA</b> | <b>NEPA</b> |
|---------------|-------------|-------------|
| Completed on: | _____       | _____       |

Project Description/Geographical Area Reviewed:

- B. Identify any known facts that could delay the implementation of this project (for example, archeological or historical environmental concerns, right of way acquisition, easements, etc.):

- C. Does the applicant have site control as evidenced by supporting documentation **(Attachment H, Other Supporting Documentation/Maps/Photos)**?

☐ Yes ☐ No Site control is expected by \_\_\_\_\_

The Malaga CWD owns and operates the Wastewater Treatment Facility.

## SECTION VII PROJECT TIMELINE

Attach a timeline for the proposed project, from application submittal to project completion. Include milestones or key actions that will take place if the project is approved for a CDBG grant by the County Board of Supervisors. Show the dates for each milestone and indicate the project's completion date (the notice of completion date).

A **sample** timeline is below for your use. The first item on the timeline will be the submittal date of the application to the County. NOTE: If project is recommended for approval, Community Development staff will contact you during preparation of the agreement. Any subsequent changes to agreement execution dates and/or timeline will be revised accordingly.

### PROPOSED CDBG PROJECT TIMELINE AND MILESTONES

| Project Milestones/Actions   | Notes  | Date            |
|--|--|-----------------|
| 1. Application Submitted   |  | August 31, 2021 |
| 2. Environmental Review  | Minimum 90-day review  | April 2022      |
| 3. Agreement for CDBG Grant  |  | July 2022       |
| 4. Engineer Selected/Hired   | Must go through formal RFP process if not already secured, or if secured for more than 3 years | Completed       |
| 5. Submit Plans/Specs/Current Cost Estimate (P/S/E)                                      |  |                 |
| 6. County Review, Comment, Return of P/S/E   | Period = 30 days from receipt of P/S/E   |                 |
| 7. Submit Final Plans/Specs/Cost Estimate, if needed                                     | Must be stamped, certified by ENG  |                 |
| 8. County Review of Final P/S/E and issue Authorization to Advertise                     | Period = 30 days from receipt of Final P/S/E   |                 |
| 9. Begin Advertising Project (Publication Date)  | Advertise minimum of 2 weeks   |                 |
| 10. Bid Opening  | Submit bid canvas and low bid proposal with 7 days of bid opening                              |                 |
| 11. County Authorization to Award  | Period = 21 days from receipt of Bid Package   |                 |
| 12. Award of Contract  | Must be the date of a Board meeting  |                 |
| 13. Preconstruction Meeting  |  |                 |
| 14. Complete Construction of Project   | Estimate construction days per contract  |                 |
| 15. Complete Punch-List Items  | Time for addressing post-construction items  |                 |
| 16. Final Inspection   | Walk-through with County / other parties prior to NOC  |                 |
| 17. Record Notice of Completion (NOC)  | Allow time for Board meeting   |                 |
| 18. Submit Final Invoice, Project Outcome Measurement Report, Project Cost Summary, etc. | Deadline is 60 days following filing of NOC  |                 |

## SECTION VIII PROJECT COST ESTIMATE

### A. Construction Costs:

| Work Item # | Description | Quantity | Unit of Measure | Unit Price | Total Cost of Work Item |
|-------------|-------------|----------|-----------------|------------|-------------------------|
|             |             |          |                 |            |                         |
|             |             |          |                 |            |                         |
|             |             |          |                 |            |                         |
|             |             |          |                 |            |                         |
|             |             |          |                 |            |                         |
|             |             |          |                 |            |                         |
|             |             |          |                 |            |                         |
|             |             |          |                 |            |                         |
| SUBTOTAL    |             |          |                 |            | \$                      |

### B. Estimated Engineering or Architectural Cost Including:

1. Design engineering and/or architectural fee \$ \_\_\_\_\_
2. Special requirements (conditional use permit/zone change/site plan review, foundation or archeological investigations, extensive environmental work) \$ \_\_\_\_\_
3. Construction Engineering \$ \_\_\_\_\_
4. Maintenance Plan Preparation \$ \_\_\_\_\_

### C. Advertising/Award (printing and noticing)

\$ \_\_\_\_\_

### D. Property Acquisition (if applicable)

1. Real Property \$ \_\_\_\_\_
2. Appraisals, title work and related work \$ \_\_\_\_\_

### E. Contingency

\$ \_\_\_\_\_

### F. Other (specify)

\$ \_\_\_\_\_

### G. TOTAL PROJECT COST

\$ \_\_\_\_\_

\_\_\_\_\_  
Prepared by: Name and Title (print or type)

Date \_\_\_\_\_

## SECTION IX LOCAL FINANCIAL RESOURCES

Districts/Agencies/Nonprofits

☐ Check this box if you are a Neighborhood or Community Citizen Group (if so, this page does not apply).

The local financial resources available to the applicant will be considered as a criterion to evaluate the applicant's administrative capacity to timely implement the proposed activity once funded. Answer all questions completely and include materials requested and any additional supporting documentation that illustrates the applicant's capacity.

A. Name of responsible Financial Officer (CFO/Accountant): \_\_\_\_\_  
Phone: \_\_\_\_\_ Email: \_\_\_\_\_

B. Name of person responsible for conducting day-to-day financial transactions: \_\_\_\_\_  
Phone: \_\_\_\_\_ Email: \_\_\_\_\_

C. Information/Documents Required:

1. Complete **Operating Budget and Budget Resources** form on following page. **Do not modify** or use a different form. **Completion of the Operating Budget and Budget Resources form is required in addition to the applicant's audit and financial statement.**
2. Attach a Minute Order or Resolution authorizing adoption of the applicant's current budget (2021-22). Include as **Attachment D, Minute Order/Resolution.**
3. Attach most recent Audit and a current Financial Statement signed and dated by an authorized officer, showing amounts and specific nature of assets and liabilities. Include under **Attachment E, Applicant's Financial Documents.**
4. Districts only—provide copy of District's service fee schedule and/or connection fee schedule. Include with **Attachment E, Applicant's Financial Documents.**
5. Provide a list of all funding commitments received for this project, and/or other pending funding for which the applicant has applied for on behalf of project. Describe status of other funding. Include supporting documentation under **Attachment F, Other Funding Commitments.**

**SECTION X**  
**APPLICANT OPERATING BUDGET**  
 Districts/Agencies/Nonprofits

☐ Check this box if you are a Neighborhood or Community Group (if so, this page does not apply).

**Operating Budget**

| Description  | Actual Current<br>FY 2021-22 | Proposed<br>FY 2022-23 |
|--|------------------------------|------------------------|
| 1. Total Budget Expenditures<br>(include salaries, employee benefits,<br>services, supplies, fixed assets, etc.) | _____                        | _____                  |
| 2. Appropriations for Contingencies<br>(cannot exceed 15% of Total Budget<br>Expenditures)                       | _____                        | _____                  |
| 3. General Reserves  | _____                        | _____                  |
| 4. Other Reserves  | _____                        | _____                  |
| *5. TOTAL BUDGET (1 thru 4)  | _____                        | _____                  |

**Budget Resources**

| Description   | Actual Current<br>FY 2021-22 | Proposed<br>FY 2022-23 |
|---|------------------------------|------------------------|
| 1. Total Available Cash & Reserves                  | _____                        | _____                  |
| 2. Taxes  | _____                        | _____                  |
| 3. Interest   | _____                        | _____                  |
| 4. Charges for Services                             | _____                        | _____                  |
| 5. All Other Revenues                               | _____                        | _____                  |
| *6. TOTAL ESTIMATED FINANCING<br>SOURCES (1 thru 5) | _____                        | _____                  |

\* **NOTE: Line 5 of the Operating Budget (Total Budget) and Line 6 of the Budget Resources (Total Estimated Financing Sources) must equal.**

## SECTION XI ENVIRONMENTAL ASSESSMENT QUESTIONNAIRE

Districts/Agencies/Nonprofits

- ☐ Check this box if you are a local Neighborhood or Community Citizen Group (if so, this page does not apply).

The following information will be provided to the County's environmental staff to be used in the required environmental review, in accordance with Federal and State (NEPA and CEQA) regulations. All questions must be addressed and supporting documentation included. It is advised that the Project Engineer answer the questions and sign the form. **This Section is a threshold requirement which will assist in determining project readiness.**

1. Project Name: \_\_\_\_\_
2. Existing Zone District: \_\_\_\_\_
3. Existing General Plan Land Use Designation: \_\_\_\_\_
4. Is the project in conformance with local land use, circulation and drainage plans?  
Yes ☐ (include supporting documentation)      No ☐      Unknown ☐
5. Present land use: \_\_\_\_\_
6. Describe major vegetative cover: \_\_\_\_\_
7. Proposed source of water: \_\_\_\_\_
8. Proposed sewage disposal method: \_\_\_\_\_
9. List existing physical site conditions to be improved by the project, such as buildings, wells, pipelines, roads, etc. (if improvement is to an existing building, provide the age of the building(s) and indicate if any surrounding buildings may be 50 years or older):  
  
\_\_\_\_\_

Are there any buildings or structures of historical or cultural value in the surrounding area?

☐ Yes      ☐ No

Please describe structure and location:

10. What are the existing, surrounding land uses (e.g., agriculture, residences, school, factory)? Include photographs as **Attachment G, Environmental Supporting Documentation**:

North: \_\_\_\_\_

East: \_\_\_\_\_

South: \_\_\_\_\_

West: \_\_\_\_\_

11. What land uses in the area may be impacted by the project?
12. What land uses in the area may impact the project?
13. If any of the following items are located within 3,000 feet of project location, please describe and include photographs as **Attachment G, Environmental Supporting Documentation**:
- Major roads/highways: \_\_\_\_\_
- Railroad tracks: \_\_\_\_\_
- Water resources: \_\_\_\_\_
- Storage tanks: \_\_\_\_\_
- Hazard sites: \_\_\_\_\_
- Airports: \_\_\_\_\_
14. During the next two years, if there are other similar or related project(s) under consideration in the same geographical area, describe the project and its proposed location.
- Attach summary as **Attachment I, Other Projects**
15. Identify any agencies from which a permit is required for this project (i.e. County of Fresno, San Joaquin Valley Air Pollution Control District, CRWQCB, etc.):
- \_\_\_\_\_
16. Please identify other reasonable courses of action that were considered and not selected, such as other sites, design modifications, or other uses of the subject site. Indicate why those actions were not selected.



**Information requested in questions 17, 18 and 19 below must be provided in Attachment G, Environmental Supporting Documentation**

17. Provide a written description and map (or maps) illustrating (in detail) the location and size of **existing** sewer, water and/or drainage lines to be replaced or installed and/or location and size of **existing** curb, gutter and/or sidewalk improvements to be improved or constructed.
18. Provide a written description and map (or maps) illustrating (in detail) the location and size of **proposed** sewer, water and/or drainage lines to be replaced or installed and/or location and size of **proposed** curb, gutter, and/or sidewalk improvements to be improved or constructed, and size and location of material or equipment staging areas.
19. Provide a written statement of purpose and need for the project.
20. Complete the Environmental Supplemental Questionnaire on the following page.

## ENVIRONMENTAL SUPPLEMENTAL QUESTIONNAIRE

In order to determine if this project is ready to proceed, and meet HUD's timeliness of expenditure requirements for the CDBG Program, funded projects must be ready to proceed once an agreement with the County is executed. Please answer all of the following questions. This information will assist in determining whether the project is ready to proceed.

- |   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 1. Is the project in conformance with your local land use, circulation, and drainage plans?<br><b>(NOTE: A project may not be accepted or processed if it does not conform to the appropriate General or Community Plan.)</b> |            |           |            |
| 2. Will the project require rezoning, a conditional use permit, variance, parcel map, or subdivision map?   |            |           |            |
| a. Will required entitlement clearances be completed by October 1, 2021?  |            |           |            |
| 3. Does the applicant have clear title to all properties involved in the project?   |            |           |            |
| a. Will the applicant need to acquire real property, road rights-of-way, or easements as part of the project?<br><b>(NOTE: HUD requires compliance with its acquisition procedures.)</b>                                      |            |           |            |
| b. Will the project cause displacement of residents, businesses, or farms?  |            |           |            |
| c. Can an alternate site be selected to avoid displacement?   |            |           |            |
| 4. Does the applicant's operating budget include revenues and/or mechanisms in place to maintain improvements?  |            |           |            |
| 5. Does the applicant have sufficient, qualified personnel to properly maintain the project upon completion?  |            |           |            |
| a. If not, are local service fees sufficient to hire additional staff to properly maintain the project?   |            |           |            |
| b. If not, is the applicant willing to raise local service fees to meet this obligation?  |            |           |            |

Yes    No    N/A

- c. Does the applicant have a written maintenance plan for improvements made with CDBG funds? If yes, attach Plan as **Attachment H, Other Supporting Documentation/Maps/Photos**.
6. Does the project involve the installation of sidewalks?
- a. Have owners of adjacent properties been notified of the project, and informed that the property owner would be responsible for maintenance of the sidewalk upon project completion?
  - b. Have owners of adjacent properties indicated support for the project and willingness to maintain the sidewalks upon project completion? If yes, attach letters of support, if any, as **Attachment B, Evidence of Public Hearing/Local Support**.
7. If required by the County, will the applicant set up a depreciation fund to replace the project?
- a. Would this requirement cause an increase in service fees?
  - b. If so, is the applicant willing to increase service fees to set up a fund?
8. Are all improvements affixed to the property?  
(NOTE: Furniture, and other equipment and improvements, [except for fire equipment] not affixed to the property are ineligible for CDBG funding.)
9. Is all of the property in the project area within the applicant's jurisdictional limits (i.e. the project area will not require annexation prior to project construction)?
10. Is the project designed to eliminate slum and blight?  
(Answer N/A if the project predominantly serves low and moderate income persons.)
11. Will all other funding needed to complete the project be in place by July 1, 2022?
- a. If no, can the project be completed without all the funding?

Yes    No    N/A

12. Can the project be designed with deduct items if bids exceed budget?
- a. If no, is the applicant able to cover cost overruns from local resources?
  - b. If no, can the project proceed in phases using the CDBG funds in the initial phase?
  - c. Will the project require the formation of an assessment district?  
**(NOTE: There may be Federal eligibility problems when an applicant intends to form an assessment district. Discuss with County staff.)**
13. Does the applicant have a current contract with an engineering firm to perform engineering work?
- a. If yes, attach a copy of the contract as **Attachment H, Other Supporting Documentation/Maps/Photos.**
  - b. If no, will the applicant contract with an engineer and/or architect to design this project?
  - c. Will the applicant complete the contract process prior to July 1, 2022 with its own local resources?  
**(NOTE: Contact County staff for required federal procedures for hiring consulting engineers/ architects.)**
14. If necessary, has the applicant received all clearances, and/or funding commitments, from any public utilities or railroads that may be involved in the project?
- a. Will the applicant have these clearances, and/or commitments, by the date for beginning construction as indicated in your time schedule?
15. If the project involves a water well, has the applicant received necessary permits from the Health Department?

Yes   No   N/A

16. Will all drainage, as a result of the project, be contained on-site or in applicant-owned drainage basins?

- a. If no, has the applicant paid required State permit fees for storm water discharges into rivers and streams? If fees have been paid, attach proof of payment as **Attachment H, Other Supporting Documentation/Maps/Photos.**

17. Will the project correct or address any serious health and/or safety issues?

If yes, attach correspondence the agency has received from a health or regulatory agency to demonstrate the seriousness of the problem with **Attachment H, Other Supporting Documentation/Maps/Photos.**

18. Is any of the land to be improved by the project under an agricultural land conservation contract (Williamson Act)?

19. Is any of the land to be improved subject to the approval of the Airport Land Use Commission due to the property's proximity to an airport?

To the best of my knowledge, the foregoing information is true.

\_\_\_\_\_  
Signature - Project Engineer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

# **APPENDICES**

Application Approval Timeline  
CDBG Program Description  
Sample Press Release/Public Notice

## **Appendix 1**

### **APPLICATION APPROVAL TIMELINE**

| <b><u>Activity</u></b>   | <b><u>Time Frame</u></b> |
|--|--------------------------|
| Public Hearing(s) Conducted by Applicant   | June - August 2021       |
| CDBG Application Submittal Deadline  | August 31, 2021          |
| County Review of CDBG Applications   | September 2021           |
| Citizens Advisory Committee (CAC) Review of CDBG Project Proposals                             | October – November 2021  |
| Rating and Ranking of CDBG Project Proposals by CAC  | March 2022               |
| Board of Supervisors Conducts Public Hearing for Approval of Recommended Projects and Programs | April – May 2022         |
| Initial Study/Environmental Assessment Review Period   | April – July 2022        |
| Applicant Notification of Grant Award  | May 2022 (Estimated)     |
| 2022-2023 Program Year Begins  | July 1, 2022             |

## **Appendix 2**

### **COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM Public Facilities and Infrastructure Improvement Projects**

The CDBG Program, initiated in 1974, is a federally assisted program administered through the U.S. Department of Housing & Urban Development (HUD). Under the Program, Fresno County is entitled to receive a certain annual allocation for various housing and community development activities. The following is a list of eligible and ineligible projects. In addition to eligibility, a proposed project must be determined to meet a National Objective, which analysis is performed by Community Development staff.

#### **ELIGIBLE ACTIVITIES**

- I. Public Facility and Infrastructure Improvements  
(includes acquisition, construction, reconstruction, rehabilitation or installation of the following types of activities on publicly-owned infrastructure and facilities)
  - A. Water System Improvements - Acquisition of private systems, installation of new systems, extensions to under-served areas and improvements to existing systems.
  - B. Sewer System Improvements - Extensions to non-sewered areas, replacement of existing lines, connections of private properties, and improvements to sewer treatment plants.
  - C. Street and Drainage Improvements - Drainage basins and lines, streets, curbs, gutters, sidewalks, lights, bridges, and canal undergrounding.
  - D. Fire Protection Improvements - Fire stations, hydrants, and fire protection equipment.
  - E. Neighborhood Facilities - Single or multi-purpose facilities to provide health, social, recreational, or similar services as well as branch libraries and facilities for specific groups, such as senior citizens and the handicapped.
  - F. Parks & Recreation Facilities - Site acquisition, development and improvements to new and existing parks, playgrounds and other recreational facilities.
  - G. Solid Waste Facilities & Equipment



- H. Removal of Architectural Barriers (curb cuts, park improvements, and improvements to public buildings to meet ADA requirements)
- I. Energy Conservation Measures

## **INELIGIBLE ACTIVITIES**

Activities involving the following are **ineligible activities** under the CDBG Program:

- I. Civic Buildings - such as city halls, courthouses, police stations
- II. Operating and/or maintenance expenses
- III. Political activities
- IV. Purchase of equipment – furnishings and personal property (except for fire protection equipment)

## Appendix 3

Every project proposal **MUST** contain evidence of citizen participation and support for the proposal. This evidence must include documentation of at least one Public Hearing at which the specific project was discussed and opportunities provided for citizen input.

### SAMPLE PRESS RELEASE/PUBLIC NOTICE

---

to Consider Proposals  
for CDBG Funds

The \_\_\_\_\_ (Insert Applicant Name) will hold a public hearing to consider projects that could be financed by the Federal Community Development Block Grant (CDBG) Program.

The meeting will be held on \_\_\_\_\_, 2021, at \_\_\_\_\_ p.m. in the \_\_\_\_\_, located at \_\_\_\_\_. Interested individuals and organizations are encouraged to attend to voice project recommendations for their community or neighborhood.

The Community Development Block Grant (CDBG) is a Federal grant program administered by Fresno County to address housing and community development needs of low- and moderate-income persons. Types of eligible projects include (public works improvements such as water, sewer, streets and drainage, fire protection facilities and equipment, solid waste facilities, libraries and community centers.)

For further information, please contact the \_\_\_\_\_ (Applicant/Agency Name) at (559) \_\_\_\_\_ or the Fresno County Community Development office at (559) 600-4292.

# **ATTACHMENTS**

Include all required material and supporting documentation under the appropriate Attachment. If needed, Applicants may provide additional attachments beyond those listed in the Table of Contents.

# **ATTACHMENT A**

## **Project Site Map/Site Control**



Path: F:\2020\20-274\GIS\Malaga CDBG Application 21-22.aprx



 Project Limits

0 500 1,000  
Feet

Malaga County Water District

CDBG Application

 **Yamabe & Horn  
Engineering, Inc.**  
CIVIL ENGINEERS • LAND SURVEYORS



# **ATTACHMENT B**

## **Evidence of Public Hearing/Local Support**

MINUTES BOARD MEETING AUGUST 24, 2021

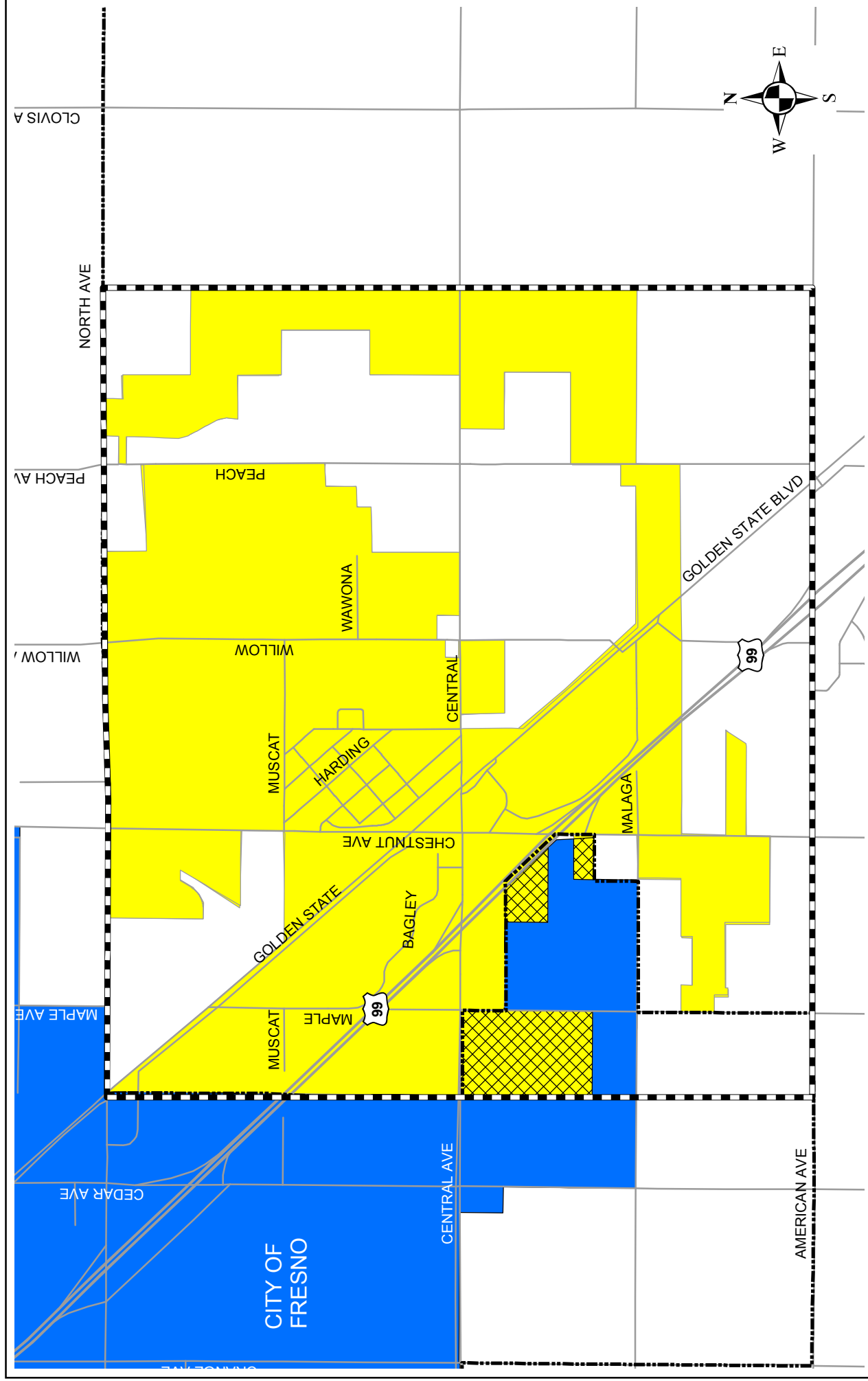
# **ATTACHMENT C**

## **Applicant's Legal/Organizational Documents**

MALAGA COUNTY WATER DISTRICT MAP

CURRENT BOARD OF DIRECTORS

ORGANIZATION CHART



# **Fresno Local Agency Formation Commission** **Malaga County Water District**

Map Date: September 2015  
 District Area: 1,624 Acres  
 Sphere Area: 2,642 Acres

District Formed: 1958  
 SOI Adopted: 4/23/1975  
 SOI Updated: 10/10/2007

- District SOI
- District Service Area
- District Overlapping City
- Fresno SOI
- City of Fresno





# MALAGA COUNTY WATER DISTRICT

3580 SOUTH FRANK STREET FRESNO, CALIFORNIA 93725  
PHONE: 559-485-7353 FAX: 559-485-7319

## BOARD OF DIRECTORS

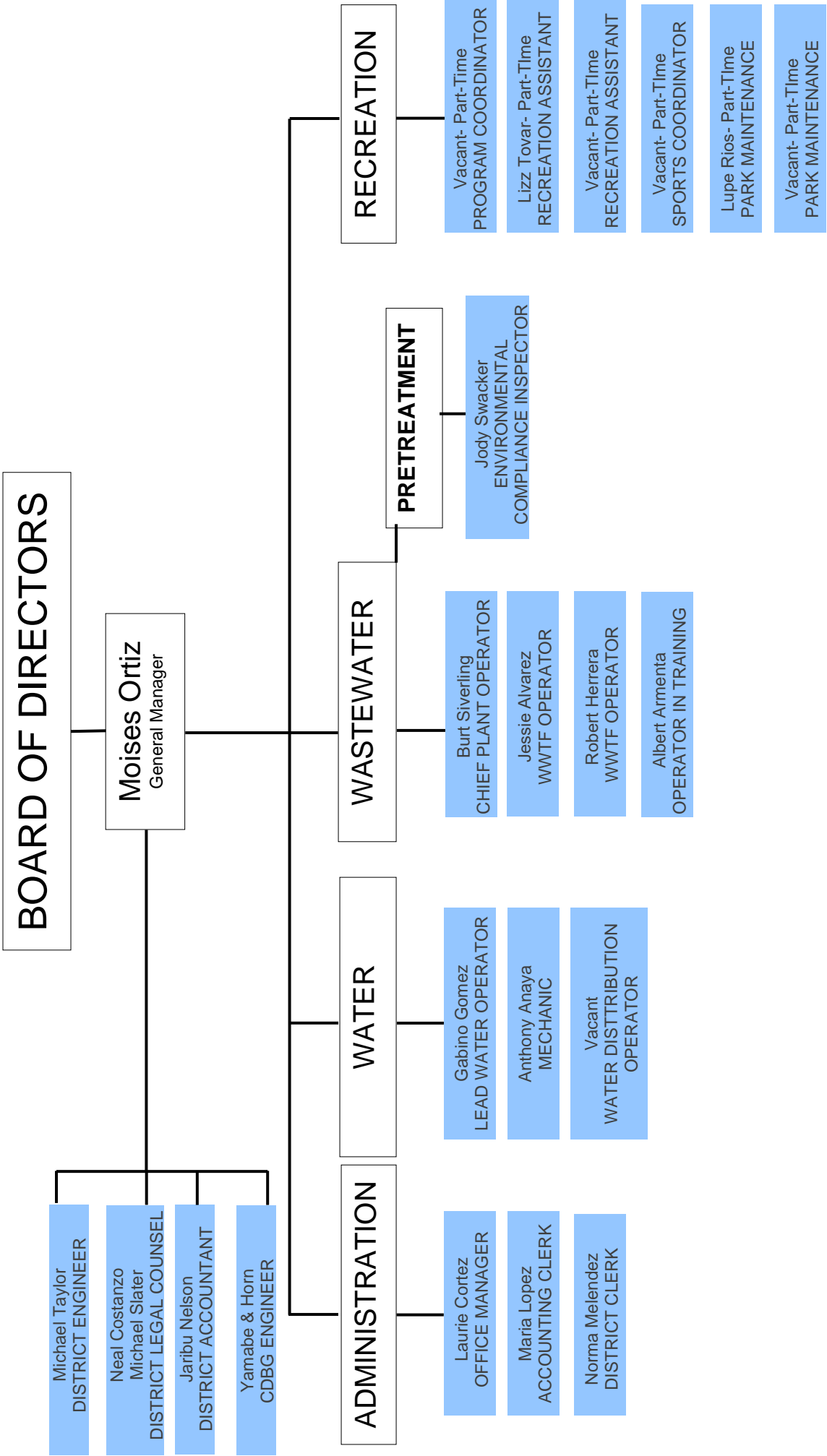
CHARLES E. GARABEDIAN JR. PRESIDENT    SALVADOR CERRILLO VICE-PRESIDENT    IRMA CASTANEDA DIRECTOR    FRANK CERRILLO JR. DIRECTOR    CARLOS TOVAR JR. DIRECTOR

---

## Board of Directors

| <u>Name</u>             | <u>Title</u>   | <u>Term</u>       |
|-------------------------|----------------|-------------------|
| Charles Garabedian, Jr. | President      | Dec 2020-Dec 2024 |
| Salvador Cerrillo       | Vice-President | Dec 2018-Dec 2022 |
| Frank Cerrillo, Jr.     | Director       | Dec 2018-Dec 2022 |
| Irma Castaneda          | Director       | Dec 2020-Dec 2024 |
| Carlos Tovar, Jr.       | Director       | Dec 2018-Dec 2022 |

Moises Ortiz  
Interim General Manager



# **ATTACHMENT D**

## **Minute Order/Resolution**



**REGULAR BOARD MEETING MINUTES**  
**BOARD OF DIRECTORS MEETING**  
**MALAGA COUNTY WATER DISTRICT**  
**3580 SOUTH FRANK STREET**  
**FRESNO, CALIFORNIA 93725**  
**Tuesday, June 22, 2021 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: 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. Late arrival of Vice President Cerrillo at 6:04p.m. Director Tovar, Jr. present via telephone.**

**Also present: Neal Costanzo, Norma Melendez, and Moises Ortiz.**

- 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 8, 2021.
  - b. Minutes of Special Board Meeting Workshop of June 17, 2021.

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

**Motion by Director Castaneda; Second by Director Cerrillo and by a 4-0 vote to approve the consent agenda as presented.**

**5. Old Business:**

- a. **FY 2021-2022 Budget Review.** Review of the draft budget for FY 2021-2022.

Recommended action: To approve the budget as presented or amended for FY 2021-2022.

**Director Castaneda suggested to increase recreation salary by \$50,000 to accommodate potential new positions at the park. President Garabedian suggested to add a separate item for**

landscape contractors. Motion by Vice President Cerrillo; Second by Director Cerrillo, Jr. and a 5-0 vote to approve FY 2021-2022 budget as amended.

- b. **Resolution 06-22-2021.** A resolution approving fiscal year 2021-2022 budget.

Recommended action: to approve resolution 06-22-2021 as presented or amended.

**Motion by Vice President Cerrillo; Second by Director Tovar, Jr. and a 5-0 vote to approve resolution 06-22-2021 as amended.**

- c. **Resolution 06-22-2021A.** Consideration and necessary action on Resolution 06-22-2021A, a resolution of necessity of the Board of Directors for the acquisition of approximately 14.73 acres of real property owned by the Fresno Unified School District located at 3224 E. Central Avenue.

Recommended action: to approve resolution 06-22-2021A as presented or amended.

**Motion by Vice President Cerrillo; Second by Director Cerrillo, Jr. and a vote of 5-0 to approve Resolution 06-22-2021A as presented.**

**AYES:** President Charles Garabedian, Jr., Vice President Salvador Cerrillo, Director Irma Castaneda, Director Frank Cerrillo, Jr. And Director Carlos Tovar, Jr.

**NOES:** 0

**ABSENT:** 0

#### **6. New Business:**

- a. **FY 2019-2020 Audit Report.** Jaribu W. Nelson, CPA has completed the FY 19/20 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 2019/2020 audit report as presented.

**Item tabled for the next board meeting pending review from the board. It was also suggested that Jaribu come to the next board meeting to give an overview of the audit and answer questions the board may have.**

#### **7. Recreation Reports:**

- a. Bathroom Partition Updates
- b. Pool Update
- c. Prop 68
- d. Recreation Bank Account

#### **8. Incorporation Report:** *No new updates for this meeting.*

#### **9. Engineer Reports:**

- a. District Engineer Report. *None for this meeting.*
- b. CDBG Engineer Report: *None for this meeting.*

#### **10. General Manager's Report:**

- a. IWS roll off rate increase.
- b. High Speed Rail recoup cost
- c. Pre-treatment

1. Permits. **Permits have been mailed out and are ready whenever the EPA comes to inspect.**
2. Sewer units. **Need to reevaluate facilities square footage to calculate appropriate sewer units per account.**

**11. President's Report:**

**President Garabedian, Jr. will be retiring December 31, 2022 and has planned his retirement trip for December, 2022.**

**12. Vice President's Report:**

**Vice President Cerrillo mentioned that Eric Cederquist was coming to the board meeting. He also reported that everything is set for the "Welcome Back" event at the park.**

**13. Director's Reports:**

**None for this meeting.**

**14. Legal Counsel Report:**

**None for this meeting.**

**15. Communications:**

a. Written Communications:

1. The district received thank you cards from Rogelio Lopez Magana and Maya Garcia in appreciation for the Malaga Scholarship.
2. Janice Monroe from City of Fresno's, Planning and Development, sends an invitation to schedule zoom meeting to discuss South Central Specific Plan.

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.*

**16. Closed Session: 7:48pm**

- a. Pending Litigation (Government code section 54956.8.) one case.  
**No reportable action.**

**17. Adjournment:**

**Motion by Director Cerrillo, Second by Vice President Cerrillo, and by a 5-0 vote to adjourn the meeting at 8:54pm.**

**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 22, 2021, 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 07/14/2021.

**Norma Melendez**

Norma Melendez, District Clerk

# **ATTACHMENT E**

## **Applicant's Financial Documents**

AUDIT FOR FY 2019-2020

MALAGA CWD FEE SCHEDULE



**MALAGA COUNTY WATER DISTRICT**

**INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS  
JUNE 30, 2020**



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**MALAGA COUNTY WATER DISTRICT  
BOARD OF DIRECTORS AND ADMINISTRATION  
JUNE 30, 2020**

---

**Board of Directors**

|                           |           |
|---------------------------|-----------|
| Charles E. Garabedian Jr. | President |
|---------------------------|-----------|

|                       |                |
|-----------------------|----------------|
| Salvador Cerrillo Jr. | Vice-President |
|-----------------------|----------------|

|                |          |
|----------------|----------|
| Irma Castaneda | Director |
|----------------|----------|

|                        |          |
|------------------------|----------|
| Frank A. Cerrillo, Jr. | Director |
|------------------------|----------|

|                   |          |
|-------------------|----------|
| Carlos Tovar, Jr. | Director |
|-------------------|----------|

---

**Administration**

|              |                 |
|--------------|-----------------|
| Moises Ortiz | General Manager |
|--------------|-----------------|

|                  |                |
|------------------|----------------|
| Laurie R. Cortez | Office Manager |
|------------------|----------------|



Jaribu W. Nelson, CPA

P.O. Box 1105, Clovis, CA 93613 • Ph: (559) 286-7546 • Email: jaribucpa@gmail.com

## 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, 2020, 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, 2020, 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 10, 2021, 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 10, 2021

# **MALAGA COUNTY WATER DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **JUNE 30, 2020**

---

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, 2020. 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, 2020 by \$8,060,247. Of this amount, unrestricted net position of \$1,164,755 may be used to meet the District's ongoing obligations to customers and creditors. As of June 30, 2019, assets exceeded liabilities by \$7,936,298 with unrestricted net position equaling \$17,749.
- Total net position increased by \$123,949 for the year ended June 30, 2020. For the year ended June 30, 2019, total net position increased by \$885,879.
- During the current year, the District's fixed assets increased by a net of \$497,159. 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 \$486,295 for the current year. Prior year depreciation was \$442,566.
- Total debt increased by a net of \$218,432 during the current year. The increase was mostly attributable to the acquisition of a loan to finance improvements to safe water drinking. During the prior year, total debt increased by a net of \$1,039,993. This was mostly due to the acquisition of a loan to finance improvements to parks and recreation assets.

#### **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, 2020**

---

**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 three proprietary funds, the Water Fund, the Waste Disposal Fund and the Recreation Fund.

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

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

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

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2020, the District's assets exceeded liabilities by \$8,060,247. A significant portion of the District's net position (90 percent) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to customers and they are not available for future spending.

In addition, the District has \$123,949 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, 2020**

**Malaga County Water District's Net Position**

|   | Business-Type<br>Activities | Total        | Prior Year<br>Total |
|---|-----------------------------|--------------|---------------------|
| <b>ASSETS</b>   |                             |              |                     |
| Current assets  | \$ 1,658,169                | \$ 1,658,169 | \$ 1,670,072        |
| Other assets  | 9,639,623                   | 9,639,623    | 9,628,759           |
| Total assets  | 11,297,792                  | 11,297,792   | 11,298,831          |
| <b>LIABILITIES</b>                                    |                             |              |                     |
| Current liabilities                                   | 493,414                     | 493,414      | 836,836             |
| Deferred liabilities                                  | 2,744,131                   | 2,744,131    | 2,525,697           |
| Total liabilities                                     | 3,237,545                   | 3,237,545    | 3,362,533           |
| <b>NET POSITION</b>                                   |                             |              |                     |
| Net investment in capital assets, net of related debt | 6,080,005                   | 6,080,005    | 7,103,062           |
| Restricted  | 815,487                     | 815,487      | 815,487             |
| Unrestricted  | 1,164,755                   | 1,164,755    | 17,749              |
| Total net position                                    | \$ 8,060,247                | \$ 8,060,247 | \$ 7,936,298        |

**Malaga County Water District's Changes in Net Position**

|                                     | Business-Type<br>Activities | Current Year<br>Total | Prior Year<br>Total<br>(as restated) |
|-------------------------------------|-----------------------------|-----------------------|--------------------------------------|
| <b>REVENUE</b>                      |                             |                       |                                      |
| Program revenue                     |                             |                       |                                      |
| Charges for services                | \$ 3,195,133                | \$ 3,195,133          | \$ 3,231,677                         |
| Other                               | 287,979                     | 287,979               | 124,037                              |
| Total Revenues                      | 3,483,112                   | 3,483,112             | 3,355,714                            |
| <b>EXPENSE</b>                      |                             |                       |                                      |
| Waste disposal utility activities   | 2,323,932                   | 2,323,932             | 2,217,851                            |
| Water utility activities            | 1,368,253                   | 1,368,253             | 1,200,476                            |
| Community recreation activities     | 765,065                     | 765,065               | 581,699                              |
| Total Expenses                      | 4,457,250                   | 4,457,250             | 4,000,026                            |
| Net operating income/(loss)         | (974,138)                   | (974,138)             | (644,312)                            |
| Net nonoperating revenue/(expense)  | 1,098,087                   | 1,098,087             | 1,530,191                            |
| Increase/(decrease) in net position | 123,949                     | 123,949               | 885,879                              |
| Net position, beginning of year     | 7,936,298                   | 7,936,298             | 7,050,419                            |
| Net position, end of year           | \$ 8,060,247                | \$ 8,060,247          | \$ 7,936,298                         |

# **MALAGA COUNTY WATER DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

### **YEAR ENDED JUNE 30, 2020**

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**Business-type activities.** Business-type activities increased the District's net position by \$123,949, accounting for 100 percent of the total increase in net position.

#### **Financial Analysis of the District's Funds**

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

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

As of June 30, 2020, the District's proprietary funds reported a combined ending fund balance of \$8,060,247, an increase of \$123,949, in comparison to the prior year. Of the entire ending fund balance, \$1,164,755 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, 2020 amounted to \$8,824,136 (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 \$2,744,130 as of June 30, 2020. Of this total amount, \$234,373 is due and payable during the year ending June 30, 2020. The remainder, referred to as deferred liabilities, is due and payable over the next 23 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, 2021 projects a surplus of \$605,250. Revenue is anticipated to increase by \$2,370 compared to 2019/2020, while expenses are expected to decrease by \$188,343. Charges for services are anticipated to increase by \$20,970, while non-operating revenue is expected to decrease by \$18,600. Salaries, wages and employee benefits are expected to decrease by \$28,023 and services and supplies are anticipated to decrease by \$160,320 compared to 2019/2020.

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, 2020**

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**ASSETS**

|                      |                  |
|----------------------|------------------|
| Cash and investments | \$ 1,212,214     |
| Accounts receivable  | 304,365          |
| Prepays              | <u>141,590</u>   |
| Total current assets | <u>1,658,169</u> |

**OTHER ASSETS**

|   |                   |
|---|-------------------|
| Restricted assets - cash                          | 815,487           |
| Capital assets, net of allowance for depreciation | <u>8,824,136</u>  |
| Total other assets                                | <u>9,639,623</u>  |
| Total assets                                      | <u>11,297,792</u> |

**LIABILITIES**

|                                      |                |
|--------------------------------------|----------------|
| Accounts payable and accrued expense | 448,314        |
| Customer deposits payable            | <u>45,100</u>  |
| Total current liabilities            | <u>493,414</u> |

**NONCURRENT LIABILITIES**

|                              |                  |
|------------------------------|------------------|
| Due within one year          | 234,373          |
| Due in more than one year    | <u>2,509,758</u> |
| Total Noncurrent liabilities | <u>2,744,131</u> |

**NET POSITION**

|   |                     |
|---|---------------------|
| Net investment in capital assets, net of related debt | 6,080,005           |
| Restricted  | 815,487             |
| Unrestricted  | <u>1,164,755</u>    |
| Total net position                                    | <u>\$ 8,060,247</u> |

**MALAGA COUNTY WATER DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

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**BUSINESS-TYPE ACTIVITIES**

|                                    |                |                         |
|------------------------------------|----------------|-------------------------|
| Operating revenue                  |                |                         |
| Charges for services               |                | \$ 3,195,133            |
| Other                              |                | <u>287,979</u>          |
| Total operating revenues           |                | 3,483,112               |
| Operating expense                  |                |                         |
| Waste disposal utility activities  | 2,323,932      |                         |
| Water utility activities           | 1,368,253      |                         |
| Community recreation activities    | <u>765,065</u> |                         |
| Total operating expense            |                | <u>4,457,250</u>        |
| Net operating income/(loss)        |                | (974,138)               |
| Net nonoperating revenue/(expense) |                | <u>1,098,087</u>        |
| Change in net position             |                | 123,949                 |
| Net position, beginning of year    |                | <u>7,936,298</u>        |
| Net position, end of year          |                | <u><u>8,060,247</u></u> |

**MALAGA COUNTY WATER DISTRICT**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

|   | Business-Type Activities - Enterprise Funds |                |                |              |              |
|---|---|----------------|----------------|--------------|--------------|
|   | 2020  |                |                |              | 2019         |
|   | Water                                       | Waste Disposal | Recreation     | Total        | Total        |
| ASSETS  |   |                |                |              |              |
| Current assets                                  |   |                |                |              |              |
| Cash and cash equivalents                       | \$ 785,388                                  | \$ 336,005     | \$ 90,821      | \$ 1,212,214 | \$ 1,263,811 |
| Accounts receivable                             | 88,490                                      | 214,113        | 1,762          | 304,365      | 300,382      |
| Prepaid expense                                 | 41,652                                      | 69,933         | 30,005         | 141,590      | 105,879      |
| Total current assets                            | 915,530                                     | 620,051        | 122,588        | 1,658,169    | 1,670,072    |
| Other assets                                    |   |                |                |              |              |
| Restricted cash and investments                 | -   | 44,060         | 771,427        | 815,487      | 815,487      |
| Advances to other activities                    | 3,720,530                                   | -              | -              | 3,720,530    | 3,096,587    |
| Capital assets, net of accumulated depreciation | 3,830,104                                   | 3,719,459      | 1,274,573      | 8,824,136    | 8,813,272    |
| Total non-current assets                        | 7,550,634                                   | 3,763,519      | 2,046,000      | 13,360,153   | 12,725,346   |
| Total assets                                    | 8,466,164                                   | 4,383,570      | 2,168,588      | 15,018,322   | 14,395,418   |
| LIABILITIES                                     |   |                |                |              |              |
| Current liabilities                             |   |                |                |              |              |
| Accounts payable and accrued expenses           | 181,045                                     | 203,196        | 64,073         | 448,314      | 796,230      |
| Customer deposits payable                       | 22,550                                      | 22,550         | -              | 45,100       | 40,606       |
| Current portion of long-term debt               | 115,068                                     | 63,805         | 55,500         | 234,373      | 178,558      |
| Total current liabilities                       | 318,663                                     | 289,551        | 119,573        | 727,787      | 1,015,394    |
| Other liabilities                               |   |                |                |              |              |
| Advances from other activities                  | -   | 1,098,879      | 2,621,651      | 3,720,530    | 3,096,587    |
| Non-current liabilities                         |   |                |                |              |              |
| Notes payable, less current portion             | 1,072,691                                   | 548,067        | 889,000        | 2,509,758    | 2,347,139    |
| Total liabilities                               | 1,391,354                                   | 1,936,497      | 3,630,224      | 6,958,075    | 6,459,120    |
| NET POSITION                                    |   |                |                |              |              |
| Net investment in capital assets                | 2,642,345                                   | 3,107,587      | 330,073        | 6,080,005    | 7,103,062    |
| Nonspendable                                    | 2,744,131                                   | -              | -              | 2,744,131    | 3,097,066    |
| Restricted                                      | -   | 44,060         | 771,427        | 815,487      | 815,487      |
| Unrestricted / (deficit)                        | 1,688,334                                   | (704,574)      | (2,563,136)    | (1,579,376)  | (3,079,317)  |
| Total net position                              | \$ 7,074,810                                | \$ 2,447,073   | \$ (1,461,636) | \$ 8,060,247 | \$ 7,936,298 |

**MALAGA COUNTY WATER DISTRICT**  
**COMPARATIVE STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

|   | <b>Business-Type Activities - Enterprise Funds</b> |                       |                       |                     |                     |
|---|--|-----------------------|-----------------------|---------------------|---------------------|
|   | <b>2020</b>  |                       |                       | <b>2019</b>         |                     |
|   | <b>Water</b>                                       | <b>Waste Disposal</b> | <b>Recreation</b>     | <b>Total</b>        | <b>Total</b>        |
| <b>Operating Revenue</b>                |  |                       |                       |                     |                     |
| Charges for services                    | \$ 1,294,095                                       | \$ 1,867,616          | \$ 33,422             | \$ 3,195,133        | \$ 3,231,677        |
| Other                                   | 27,645   | 251,026               | 9,308                 | 287,979             | 124,037             |
| Total operating revenue                 | <u>1,321,740</u>                                   | <u>2,118,642</u>      | <u>42,730</u>         | <u>3,483,112</u>    | <u>3,355,714</u>    |
| <b>Operating Expense</b>                |  |                       |                       |                     |                     |
| Salaries and wages                      | 320,344  | 533,307               | 156,768               | 1,010,419           | 863,595             |
| Employee benefits                       | 216,022  | 259,306               | 104,399               | 579,727             | 491,547             |
| Refuse collection and disposal          | 1,203  | 414,887               | 2,770                 | 418,860             | 445,833             |
| Depreciation                            | 198,841  | 243,085               | 44,369                | 486,295             | 444,341             |
| Utilities                               | 205,970  | 160,422               | 59,696                | 426,088             | 372,840             |
| Professional services                   | 83,121   | 101,125               | -                     | 184,246             | 254,046             |
| Repairs and maintenance                 | 40,119   | 177,955               | 28,928                | 247,002             | 232,293             |
| Board of directors                      | 108,966  | 108,576               | -                     | 217,542             | 201,048             |
| Contract services                       | 29,959   | 44,295                | -                     | 120,242             | 138,017             |
| Insurance                               | 26,405   | 45,219                | 20,928                | 92,552              | 88,968              |
| Supplies and small tools                | 621  | 32,586                | 31,027                | 64,234              | 51,011              |
| Dues and memberships                    | 37,434   | 32,413                | 1,873                 | 71,720              | 62,763              |
| Other                                   | 10,483   | 17,928                | 214,769               | 243,180             | 54,412              |
| Telephone                               | 11,388   | 27,792                | 8,519                 | 47,699              | 44,350              |
| Testing                                 | 4,161  | 27,086                | -                     | 31,247              | 42,405              |
| Travel, meetings and education          | 9,365  | 11,850                | 435                   | 21,650              | 22,532              |
| Fuel and oil                            | 6,811  | 11,098                | 6,171                 | 24,080              | 17,159              |
| Bank charges                            | 21,999   | 5,369                 | 256                   | 27,624              | 16,777              |
| Office supplies and postage             | 5,627  | 8,791                 | 403                   | 14,821              | 15,013              |
| Rents and leases                        | 1,295  | 11,554                | 855                   | 13,704              | 12,395              |
| Education and training                  | 1,387  | 6,918                 | 533                   | 8,838               | 6,025               |
| Total operating expense                 | <u>1,341,521</u>                                   | <u>2,281,562</u>      | <u>728,687</u>        | <u>4,351,770</u>    | <u>3,877,370</u>    |
| Net operating income/(loss)             | <u>(19,781)</u>                                    | <u>(162,920)</u>      | <u>(685,957)</u>      | <u>(868,658)</u>    | <u>(521,656)</u>    |
| <b>Nonoperating Revenues/(Expenses)</b> |  |                       |                       |                     |                     |
| Grant revenue                           | 496,039  | -                     | 170,820               | 666,859             | 1,126,479           |
| Taxes and assessments                   | -  | 8,467                 | 359,775               | 368,242             | 362,010             |
| Other                                   | 2,400  | 951                   | 46,699                | 50,050              | 30,111              |
| Interest and use of property            | 4,108  | 4,319                 | 4,509                 | 12,936              | 11,591              |
| Interest expense                        | (26,732)   | (42,370)              | (36,378)              | (105,480)           | (122,656)           |
| Net nonoperating revenues/(expenses)    | <u>475,815</u>                                     | <u>(28,633)</u>       | <u>545,425</u>        | <u>992,607</u>      | <u>1,407,535</u>    |
| Change in net position                  | 456,034  | (191,553)             | (140,532)             | 123,949             | 885,879             |
| Net Position - beginning of year        | 6,618,833  | 2,638,609             | (1,321,144)           | 7,936,298           | 7,050,419           |
| Net Position, End of Year               | <u>\$ 7,074,867</u>                                | <u>\$ 2,447,056</u>   | <u>\$ (1,461,676)</u> | <u>\$ 8,060,247</u> | <u>\$ 7,936,298</u> |

*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, 2020 AND 2019**

|  | Business-Type Activities - Enterprise Funds |                |            |              |
|--|---|----------------|------------|--------------|
|  | 2020  |                |            | 2019         |
|  | Water                                       | Waset Disposal | Recreation | Total        |
| <b>Operating Activities</b>  |   |                |            |              |
| Received from customers  | \$ 1,305,514                                | \$ 2,132,647   | \$ 40,968  | \$ 3,479,129 |
| Payments to suppliers  | (584,067)                                   | (1,323,521)    | (746,874)  | (2,654,462)  |
| Payments to employees  | (536,366)                                   | (792,613)      | (261,167)  | (1,590,146)  |
| Net cash provided by (used in) operating activities                  | 185,081                                     | 16,513         | (967,073)  | (765,479)    |
| <b>Non-capital Financing Activities</b>                              |   |                |            |              |
| Advances (to)/from other funds                                       | (623,943)                                   | (382,144)      | 1,006,087  | -            |
| Property taxes and other nonoperating revenue                        | 2,400                                       | 9,418          | 406,474    | 418,292      |
| Net cash provided by (used in) noncapital financing activities       | (621,543)                                   | (372,726)      | 1,412,561  | 418,292      |
| <b>Capital and Related Financing Activities</b>                      |   |                |            |              |
| Grant revenue  | 496,039                                     | -              | 170,820    | 666,859      |
| Proceeds from construction loan                                      | 403,417                                     | -              | -          | 403,417      |
| Principal paid on notes payable                                      | (54,980)                                    | (76,503)       | (53,500)   | (184,983)    |
| Interest paid on notes payable                                       | (26,732)                                    | (42,370)       | (36,378)   | (105,480)    |
| Disposition of capital assets  | -   | 300,349        | -          | 300,349      |
| Purchase of capital assets   | (105,082)                                   | -              | (692,426)  | (797,508)    |
| Net cash provided (used) in capital and related financing activities | 712,662                                     | 181,476        | (611,484)  | 282,654      |
| <b>Investing Activities</b>  |   |                |            |              |
| Interest and use of property   | 4,108                                       | 4,319          | 4,509      | 12,936       |
| <b>Net Increase (Decrease) in Cash</b>                               | 280,308                                     | (170,418)      | (161,487)  | (51,597)     |
| <b>Cash and Investments</b>  |   |                |            |              |
| Beginning of year  | 505,080                                     | 550,483        | 1,023,735  | 2,079,298    |
| End of year  | 785,388                                     | 380,065        | 862,248    | 2,027,701    |
|  |   |                |            | \$ 2,079,298 |

*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, 2020 AND 2019**

|  | Business-Type Activities - Enterprise Funds |                   |                     |                     |
|--|---|-------------------|---------------------|---------------------|
|  | 2020  |                   |                     | 2019                |
|  | Water                                       | Waste Disposal    | Recreation          | Total               |
| <b>Reconciliation of Operating Income (Loss)</b>               |   |                   |                     |                     |
| <b>to Net Cash Provided By/(Used) for Operating Activities</b> |   |                   |                     |                     |
| Operating income (loss)  | \$ (19,838)                                 | \$ (162,903)      | \$ (685,917)        | \$ (868,658)        |
| Adjustments to reconcile operating income (loss)               |   |                   |                     |                     |
| to net cash provided (used) by operating activities:           |   |                   |                     |                     |
| Depreciation   | 198,841                                     | 243,085           | 44,369              | 486,295             |
| Changes in assets and liabilities:                             |   |                   |                     |                     |
| (Increase) Decrease in accounts receivable                     | (16,226)                                    | 14,005            | (1,762)             | (3,983)             |
| (Increase) Decrease in prepaid expense                         | 2,356                                       | (28,290)          | (9,777)             | (35,711)            |
| Increase (Decrease) in accounts payable and accrued expense    | 17,701                                      | (51,631)          | (313,986)           | (347,916)           |
| (Increase) Decrease in deposits                                | 2,247                                       | 2,247             | -                   | 4,494               |
|  | <u>2,247</u>                                | <u>2,247</u>      | <u>-</u>            | <u>5,659</u>        |
| <b>Net Cash Provided/(Used) by Operating Activities</b>        | <u>\$ 185,081</u>                           | <u>\$ 16,513</u>  | <u>\$ (967,073)</u> | <u>\$ (765,479)</u> |
| Summary of cash balances, end of year                          |   |                   |                     |                     |
| Cash and cash equivalents                                      | 785,388                                     | 336,005           | 90,821              | 1,212,214           |
| Restricted cash  | -   | 44,060            | 771,427             | 815,487             |
|  | <u>\$ 785,388</u>                           | <u>\$ 380,065</u> | <u>\$ 862,248</u>   | <u>\$ 2,027,701</u> |
|  |   |                   |                     | <u>\$ 2,050,068</u> |

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

**MALAGA COUNTY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

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**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, 2020**

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**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, 2020**

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**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<br>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, 2020. 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.

**MALAGA COUNTY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

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**Note 2: Cash and Investments**

The District's deposits as of June 30, 2020, 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, 2020:

|                              | Bank Balance Category * |                    |             | Carrying Amount    |
|------------------------------|-------------------------|--------------------|-------------|--------------------|
|                              | 1                       | 2                  | 3           |                    |
| Cash on hand                 | \$ 23,916               | \$ -               | \$ -        | \$ 23,916          |
| Cash in bank                 | 551,690                 | 554,825            | -           | 1,106,515          |
| Fresno County Treasury       | -                       | 399,018            | -           | 399,018            |
| Local Agency Investment Fund | -                       | 498,252            | -           | 498,252            |
| Total cash and investments   | <u>\$ 575,606</u>       | <u>\$1,452,095</u> | <u>\$ -</u> | <u>\$2,027,701</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, 2020:

|                            | Beginning Balance  | Additions/ Completions | Disposals/ Adjustments | Ending Balance      |
|----------------------------|--------------------|------------------------|------------------------|---------------------|
| Land*                      | \$ 599,613         | \$ -                   | \$ (300,349)           | \$ 299,264          |
| Water system               | 5,085,566          | 3,120,478              | -                      | 8,206,044           |
| Sewer system               | 7,365,626          | -                      | -                      | 7,365,626           |
| Buildings                  | 1,169,276          | -                      | -                      | 1,169,276           |
| Construction in progress*  | 3,015,396          | -                      | (2,328,970)            | 686,426             |
| Park development           | 968,689            | -                      | -                      | 968,689             |
| Equipment                  | 609,072            | 6,000                  | -                      | 615,072             |
| Total                      | 18,813,238         | 3,126,478              | (2,629,319)            | 19,310,397          |
| Allowance for depreciation | <u>(9,999,966)</u> | <u>(486,295)</u>       | <u>0</u>               | <u>(10,486,261)</u> |
|                            | <u>8,813,272</u>   | <u>2,640,183</u>       | <u>(2,629,319)</u>     | <u>8,824,136</u>    |

\* Not currently being depreciated.

**MALAGA COUNTY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

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**Note 4: Noncurrent Liabilities**

The following is a summary of deferred liabilities (long-term debt) for the year ended June 30, 2020:

|  | Beginning<br>Balance | Additions         | Deletions           | Ending<br>Balance   | Classification         |                       |
|--|----------------------|-------------------|---------------------|---------------------|------------------------|-----------------------|
|  |                      |                   |                     |                     | Due Within<br>One Year | Due After<br>One Year |
| Note payable                               |                      |                   |                     |                     |                        |                       |
| Debt refinancing                           | \$ 139,484           | \$ -              | \$ (68,966)         | \$ 70,518           | \$ 70,518              | \$ -                  |
| Water and sewer systems<br>improvements    | 996,845              | -                 | (34,829)            | 962,017             | 72,211                 | 889,806               |
| Parks and recreation<br>improvements       | 998,000              | -                 | (53,500)            | 944,500             | 55,500                 | 889,000               |
| Wastewater treatment<br>plant improvements | 391,368              | -                 | (21,263)            | 370,105             | 22,132                 | 347,973               |
| Safe drinking water                        | -                    | 403,417           | (6,427)             | 396,990             | 14,012                 | 382,978               |
| Total long-term debt                       | <u>\$ 2,525,697</u>  | <u>\$ 403,417</u> | <u>\$ (184,985)</u> | <u>\$ 2,744,130</u> | <u>\$ 234,373</u>      | <u>\$ 2,509,757</u>   |

**Note 5: Note Payables**

**Debt Refinancing**

Long-term debt outstanding on June 30, 2010 was refinanced on July 26, 2010. The debt was originally incurred to make improvements to the water and sewer systems. The total amount of the refinanced debt was \$1,151,053 and provides for interest at the rate of 4.50 percent per annum. Semi-annual payments of principal and interest began January 2011, and continues until paid. Full repayment of the loan is scheduled to occur in July 2020. The Water Fund finances this debt to the extent of 30 percent of the payments due and the Waste Disposal Fund finances 70 percent of the payments. Interest paid on this loan for the year ended June 30, 2020 was \$7,794.

Future payments of the note are as follows:

| Year Ending<br>June 30, | Principal        | Interest        | Total            |
|-------------------------|------------------|-----------------|------------------|
| 2021                    | <u>\$ 70,518</u> | <u>\$ 1,587</u> | <u>\$ 72,105</u> |
|                         | <u>\$ 70,518</u> | <u>\$ 1,587</u> | <u>\$ 72,105</u> |

**MALAGA COUNTY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

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**Note 5: Note Payables (continued)**

**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, 2020 was \$49,172.

Future payments of the bonds are as follows:

| Year Ending<br>June 30, | Principal         | Interest          | Total               |
|-------------------------|-------------------|-------------------|---------------------|
| 2021                    | \$ 72,211         | \$ 45,793         | \$ 118,004          |
| 2022                    | 75,756            | 42,248            | 118,004             |
| 2023                    | 79,475            | 38,529            | 118,004             |
| 2024                    | 83,376            | 34,628            | 118,004             |
| 2025 - 2029             | 482,441           | 107,579           | 590,020             |
| 2030 - 2034             | 168,756           | 8,250             | 177,006             |
|                         | <u>\$ 962,015</u> | <u>\$ 277,027</u> | <u>\$ 1,239,042</u> |

**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, 2020 was \$14,767.

Future payments of the bonds are as follows:

| Year Ending<br>June 30, | Principal         | Interest          | Total             |
|-------------------------|-------------------|-------------------|-------------------|
| 2021                    | \$ 22,132         | \$ 14,767         | \$ 36,899         |
| 2022                    | 23,038            | 13,862            | 36,900            |
| 2023                    | 23,980            | 12,920            | 36,900            |
| 2024                    | 24,961            | 11,939            | 36,900            |
| 2025 - 2029             | 140,986           | 43,513            | 184,499           |
| 2030 - 2034             | 135,009           | 12,590            | 147,599           |
|                         | <u>\$ 370,106</u> | <u>\$ 109,591</u> | <u>\$ 479,697</u> |

**MALAGA COUNTY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

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**Note 5: Note Payables (continued)**

**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, 2020 was \$36,337.

Future payments of the bonds are as follows:

| Year Ending<br>June 30, | Principal         | Interest          | Total               |
|-------------------------|-------------------|-------------------|---------------------|
| 2021                    | \$ 55,500         | \$ 34,345         | \$ 89,845           |
| 2022                    | 57,500            | 32,278            | 89,778              |
| 2023                    | 59,500            | 30,138            | 89,638              |
| 2024                    | 61,500            | 27,924            | 89,424              |
| 2025 - 2029             | 342,500           | 103,606           | 446,106             |
| 2030 - 2034             | 368,000           | 34,778            | 402,778             |
|                         | <u>\$ 944,500</u> | <u>\$ 263,069</u> | <u>\$ 1,207,569</u> |

**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, 2020 was \$0.

Future payments of the bonds are as follows:

| Year Ending<br>June 30, | Principal         | Interest    | Total             |
|-------------------------|-------------------|-------------|-------------------|
| 2021                    | \$ 14,012         | \$ -        | \$ 14,012         |
| 2022                    | 14,012            | -           | 14,012            |
| 2023                    | 14,012            | -           | 14,012            |
| 2024                    | 14,012            | -           | 14,012            |
| 2025 - 2029             | 70,058            | -           | 70,058            |
| 2030 - 2034             | 70,058            | -           | 70,058            |
| Thereafter              | 196,162           | -           | 196,162           |
|                         | <u>\$ 392,326</u> | <u>\$ -</u> | <u>\$ 392,326</u> |

**MALAGA COUNTY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

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**Note 6: Restricted Assets – Cash**

As of June 30, 2020, \$815,487 in cash is restricted for the improvements to the wastewater treatment plant and parks and recreation assets. This amount is not available for spending for other purposes. The improvements to the wastewater treatment plant and the parks and recreation assets should be made during the year ending June 30, 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, 2020 was \$1,010,419 with covered payroll equaling \$794,280. 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, 2020 were \$79,428.

**Note 8: Subsequent Events**

In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the financial statements. Management has determined the events regarding the novel Coronavirus require disclosure in accordance with accounting standards. During March 2020, Governor Newsom issued an emergency proclamation declaring a State of Emergency in California due to the novel Coronavirus (COVID-19). The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the Organization are unknown.

**MALAGA COUNTY WATER DISTRICT**  
**COMBINING STATEMENT OF REVENUE AND EXPENSE**  
**WASTE DISPOSAL FUND**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

|                                    | Business-Type Activities - Waste Disposal Fund |                |                |                  |                  |
|------------------------------------|--|----------------|----------------|------------------|------------------|
|                                    | 2020   |                |                |                  | 2019             |
|                                    | Sewer  | Pretreatment   | Solid Waste    | Total            | Total            |
| <b>OPERATING REVENUE</b>           |  |                |                |                  |                  |
| Charges for services               | \$ 1,262,503                                   | \$ 165,962     | \$ 439,151     | \$ 1,867,616     | \$ 1,917,581     |
| Other                              | <u>221,250</u>                                 | <u>29,776</u>  | <u>-</u>       | <u>251,026</u>   | <u>66,971</u>    |
| Total operating revenue            | <u>1,483,753</u>                               | <u>195,738</u> | <u>439,151</u> | <u>2,118,642</u> | <u>1,984,552</u> |
| <b>OPERATING EXPENSE</b>           |  |                |                |                  |                  |
| Salaries and wages                 | 461,072  | 72,236         | -              | 533,308          | 457,410          |
| Employee benefits                  | 226,802  | 32,505         | -              | 259,307          | 230,685          |
| Refuse collection and disposal     | 4,267  | -              | 410,619        | 414,886          | 442,241          |
| Depreciation                       | 243,085  | -              | -              | 243,085          | 244,603          |
| Utilities                          | 160,422  | -              | -              | 160,422          | 131,895          |
| Professional services              | 82,305   | 18,820         | -              | 101,125          | 127,127          |
| Repairs and maintenance            | 172,305  | 5,650          | -              | 177,955          | 168,043          |
| Board of directors                 | 108,576  | -              | -              | 108,576          | 100,524          |
| Contract services                  | 35,618   | 8,676          | -              | 44,294           | 51,884           |
| Insurance                          | 23,859   | 21,359         | -              | 45,218           | 44,460           |
| Supplies and small tools           | 32,119   | 468            | -              | 32,587           | 28,491           |
| Dues and memberships               | 29,854   | 2,559          | -              | 32,413           | 40,387           |
| Other                              | 14,676   | 3,234          | -              | 17,910           | 12,826           |
| Telephone                          | 24,130   | 3,661          | -              | 27,791           | 26,599           |
| Testing                            | 21,565   | 5,521          | -              | 27,086           | 37,383           |
| Travel, meetings and education     | 11,783   | 67             | -              | 11,850           | 6,605            |
| Fuel and oil                       | 8,266  | 2,832          | -              | 11,098           | 5,956            |
| Bank charges                       | 5,224  | 145            | -              | 5,369            | 7,521            |
| Office supplies and postage        | 7,075  | 1,716          | -              | 8,791            | 7,946            |
| Rents and leases                   | 11,394   | 160            | -              | 11,554           | 7,110            |
| Education and training             | <u>5,779</u>                                   | <u>1,140</u>   | <u>-</u>       | <u>6,919</u>     | <u>3,378</u>     |
| Total operating expense            | <u>1,690,176</u>                               | <u>180,749</u> | <u>410,619</u> | <u>2,281,544</u> | <u>2,183,074</u> |
| Net operating income               | (206,423)                                      | 14,989         | 28,532         | (162,902)        | (198,522)        |
| Nonoperating revenue/(expense)     |  |                |                |                  |                  |
| Grant revenue                      | -  | -              | -              | -                | 13,485           |
| Taxes and assessments              | -  | -              | 8,467          | 8,467            | 1,823            |
| Other                              | -  | -              | 951            | 951              |                  |
| Interest and use of property       | 3,967  | -              | 351            | 4,318            | 6,077            |
| Interest expense                   | <u>(42,370)</u>                                | <u>-</u>       | <u>-</u>       | <u>(42,370)</u>  | <u>(34,777)</u>  |
| Net nonoperating revenue/(expense) | <u>(38,403)</u>                                | <u>-</u>       | <u>9,769</u>   | <u>(28,634)</u>  | <u>(13,392)</u>  |
| Change in net position             | \$ (244,826)                                   | \$ 14,989      | \$ 38,301      | \$ (191,536)     | \$ (211,914)     |

*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, 2020, 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 10, 2021.

**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 2020-01.

**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 10, 2021

# MALAGA COUNTY WATER DISTRICT

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

---

### 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 |
|--------------------------|-----|-------------------------------------|----|

### 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 2020-01

### 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, 2020

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### FINANCIAL STATEMENT FINDINGS

#### Finding 2020-01

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.

#### ***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, 2019**

---

There were no prior year financial statement findings reported in accordance with *Government Auditing Standards*.

# **MALAGA COUNTY WATER DISTRICT**

## **MASTER SCHEDULE OF FEES, CHARGES, PENALTIES AND RECOVERED COSTS**

**Effective 1 September 2017**

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|    |  |                 |
|----|--|-----------------|
| F. | <u>Industrial User Pretreatment Surcharge</u>  | \$ 7.73/ESU     |
|    | A surcharge for pretreatment costs of commercial and industrial sewer service.       |                 |
| G. | <u>Industrial User Capacity Expansion Surcharge</u>                                  | \$ 7.05/ESU     |
|    | A surcharge for capacity expansion costs of commercial and industrial sewer service. |                 |
| H. | <u>Total Residential Sewer Rate per ESU</u>  | \$ 44.59/ESU    |
| I. | <u>Total Industrial/Commercial Sewer Rate per ESU</u>                                | \$ 59.19/ESU    |
| J. | <u>New sewer connection fee</u>  | \$ 1,918.65/ESU |
|    | Connection fee for new sewer service per ESU.  |                 |

## 2. PERMITS

A. Sewer Permit Fee (All users) \$ 46.51 per connection  
(Applications are made with an application for water service.  
Separate fee required.)

B. Non-Residential: Industrial User Wastewater Discharge Permit (new user)

|  |            |
|--|------------|
| Class 1 - SIU (MC §3.06.010 (A).)                                    | \$1,923.20 |
| Class 2 - Categorical User (MC §3.06.010 (B).)                       | \$2,394.93 |
| Class 3 - Potential Discharging Categorical User (MC §3.06.010 (C).) | \$1,161.32 |
| Class 4 – FSE (MC §3.06.010 (D).)                                    | \$ 636.31  |
| Class 5 – Industrial User (MC §3.06.010 (E).)                        | \$ 204.50  |

<sup>1</sup> New User shall include a permit issued to an existing customer who is required to change Permit Classification as determined by the District

<sup>2</sup> Fee does not include costs of sampling and testing, review of pretreatment plan, review of SLUG control plan, review of FOG control plan, compliance/enforcement inspections, compliance orders, enforcement actions, or any other costs to the District not directly related to the issuance of a permit, all of which are billed at actual costs to the District.

C. Permit Renewal / Annual Permit Fee <sup>3</sup>.

|    |  |            |
|----|--|------------|
| 1) | Class 1 - SIU                                    | \$1,262.78 |
| 2) | Class 2 - Categorical User Permit                | \$1,697.61 |
| 3) | Class 3 - Potential Discharging Categorical User | \$ 567.46  |
| 4) | Class 4 - FSE                                    | \$ 488.55  |
| 5) | Class 5 - Industrial User Permit                 | \$ 93.29   |



3. Fee does not include costs of sampling and testing, review of pretreatment plan, review of SLUG control plan, review of FOG control plan, compliance/enforcement inspections, compliance orders, enforcement actions, or any other costs to the District not directly related to the issuance of a permit, all of which are billed at actual costs to the District.

D. Additional Charges:

1) Class 1 through 3 Permit

- a. Required Permit Inspection(s)<sup>4</sup>  
\$ No Charge
- b. Compliance Schedule/Order Inspection<sup>5</sup> \$ 144.17
- c. Compliance Schedule/Order Inspection,  
Requiring Sampling and Testing \$ 144.17  
(plus actual costs of sampling, monitoring and testing.)
- d. Enforcement Inspection<sup>6</sup> \$ 144.17
- e. Enforcement Inspection,  
Requiring Sampling and Testing \$ 144.17  
(plus actual costs of sampling, monitoring and testing.)

2) Class 4 Permit

- a. Requires Permit Inspection(s)<sup>4</sup> \$ No Charge
- b. Compliance Schedule / Order Inspection<sup>5</sup> \$ 98.94
- c. Compliance Schedule / Order Inspection,  
Requiring Sampling and Testing \$ 98.94  
(plus actual costs of sampling, monitoring and testing.)
- d. Enforcement Inspection<sup>6</sup> \$ 98.94
- e. Enforcement Inspection Requiring Sampling and Testing \$ 98.94  
(plus actual costs of sampling, monitoring and testing.)

3) Class 5 Permit

- a. Required Permit Inspection(s)<sup>4</sup> \$ No Charge
- b. Compliance Schedule / Order Inspection<sup>5</sup> \$ 50.88
- c. Compliance Schedule / Order Inspection,  
Requiring Sampling and Testing \$ 50.88 (plus actual costs of  
sampling, monitoring and testing.)
- d. Enforcement Inspection<sup>6</sup> \$ 50.88
- e. Enforcement Inspection,  
Requiring Sampling and Testing \$ 50.88 (plus actual costs of  
sampling, monitoring and testing.)

4) Class 1 through 5 Permits

- a. Review of Pretreatment Plan actual cost\*
- b. Review of Slug Control Plan actual cost\*
- c. Review of Fog Control Plan actual cost\*\*

d. Compliance Order/Schedule

actual cost\*\*

\*Requires \$2,500.00 Deposit

\*\*Requires \$1,500.00 Deposit

4. *Required Permit Inspection(s) are those inspections required by the permit which includes 1 inspection for class 1,2,3, and 5 permits and 3 inspections for a class 4 permit.*
5. *Compliance Schedule /Order Inspection(s) are inspections required to confirm compliance with a compliance schedule or compliance order issued by the District.*
6. *Enforcement inspections are inspections deemed necessary by the District to ensure compliance with the users permit*

3. LOADING SURCHARGES

- 1) Biochemical Oxygen Demand (BOD) in excess of 300 milligrams per liter (mg/L) shall be charged a loading surcharge of \$6.56 per 100 pounds of BOD in excess of 300 mg/L. Loading surcharges are not a monetary exchange to dilute or pollute. Loading surcharges pay the cost to treat excess loading. Industrial Users are subject to penalties to be charged by the District or incurred by the District as a result of excessive BOD loadings or violation of the Malaga Code.
- 2) Total Suspended Solids (TSS) in excess of 300 milligrams per liter (mg/L) shall be charged a loading surcharge of \$ 7.81 per 100 pounds of TSS in excess of 300 mg/L. Loading surcharges are not a monetary exchange to dilute or pollute. Loading surcharges pay the cost to treat excess loading. Industrial Users are subject to penalties to be charged by the District or incurred by the District as a result of excessive TSS loadings or violation of the Malaga Code.
- 3) Electrical Conductivity (EC) in excess of 800 micro-ohms per centimeter at 25 C (u-ohm/cm @ 25 C) shall be charged a loading surcharge of the cost of water at current rates required to maintain 800 u-ohm/cm @ 25 C. The EC surcharge is not a monetary exchange to dilute or pollute. Loading surcharges pay the cost to treat excess loading. Industrial Users are subject to penalties to be charged by the District or incurred by the District as a result of excessive EC loadings or violation of the Malaga Code.

4. SANITARY SEWER OVERFLOW.

Sanitary Sewer Overflow (SSO) clean-up costs and penalties due to an SSO caused by any sewer user (residential, commercial, or industrial) shall be charged to the responsible party, and are also subject to additional citations, penalties, and other enforcement actions in accordance with the District's Sewer System Management Plan and the Malaga Code.

5. SEWER COLLECTION SYSTEM.

Sewer collection system cleaning or maintenance costs caused by any sewer user (residential, commercial, or industrial) shall be charged to the responsible party, and are

also subject to additional citations, penalties, and other enforcement actions in accordance with the District's Sewer System Management Plan and the Malaga Code.

6. SEWER PIPELINE REPLACEMENT AND REPAIR.

Any sewer user or any other person who causes damage to the District's sewer collection system that requires replacement or repair of any infrastructure shall be charged all costs, plus 30% for administration and overhead if replacement or repairs are done by the District. Additional citations, fines, or penalties may also apply in accordance with state and county laws, and the Malaga Code.

7. COLLECTION SYSTEM INSTALLATION- DISTRICT

Installation cost if by District, plus 30% (administration and overhead).

## MALAGA COUNTY WATER DISTRICT

### MASTER SCHEDULE OF FEES, CHARGES, PENALTIES AND RECOVERED COSTS

#### CHAPTER TWO

#### WATER

1. RESIDENTIAL (UNMETERED) \$ 19.89 per month
2. TIER 1 BASE RATE (METERED)

The monthly cost of water service based on meter size.

CF = cubic foot = 7.48 gallons; HCF = hundred cubic feet = 748 gallons

| <u>Meter Size</u> | <u>Allocation CF</u> |   | <u>Allocation HCF</u> | <u>Monthly Cost</u> |
|-------------------|----------------------|---|-----------------------|---------------------|
| ¾"                | 700                  | = | 7.0                   | \$ 7.71             |
| 1" – 1 ¼"         | 1200                 | = | 12.0                  | 12.85               |
| 1 ½"              | 2300                 | = | 23.0                  | 25.70               |
| 2"                | 3700                 | = | 37.0                  | 41.13               |
| 3"                | 7000                 | = | 70.0                  | 77.11               |
| 4"                | 11,700               | = | 117.0                 | 128.52              |

3. TIER 2 QUANTITY CHARGE

The monthly charge (in addition to the Tier 1 Base Rate above) per HCF water usage greater than the base rate allocation.

| <u>Meter Size</u> | <u>Allocation HCF</u> | <u>Cost per HCF</u> |
|-------------------|-----------------------|---------------------|
| ¾"                | 7.1 – 20.0            | \$ 1.11             |
| 1" – 1 ¼"         | 12.1 – 33.0           | 1.11                |
| 1 ½"              | 23.1 – 67.0           | 1.11                |
| 2"                | 37.1 – 107.0          | 1.11                |
| 3"                | 70.1 – 200.0          | 1.11                |
| 4"                | 117.1 – 333.0         | 1.11                |

4. TIER 3 QUANTITY CHARGE

The monthly charge (in addition to the Base Rate and the Tier 2 Rate) per HCF water usage greater than the Tier 1 allocation.

The Tier 2 charge equals the Tier 1 charge plus the Groundwater Sustainability Surcharge as defined in the Malaga Code. The Groundwater Sustainability Surcharge is \$ 0.59/HCF.

| <u>Meter Size</u> | <u>Allocation HCF</u> | <u>Cost per HCF</u> |
|-------------------|-----------------------|---------------------|
| ¾"                | > 20.0                | \$ 1.70             |
| 1" – 1 ¼"         | > 33.0                | 1.70                |

| <u>Meter Size</u> | <u>Allocation HCF</u> | <u>Cost per HCF</u> |
|-------------------|-----------------------|---------------------|
| 1 ½"              | > 67.0                | \$ 1.70             |
| 2"                | > 107.0               | 1.70                |
| 3"                | > 200.0               | 1.70                |
| 4"                | > 333.0               | 1.70                |

5. PRIVATE FIRELINE SERVICES - Base Rate

The monthly rate per area in square feet of the building being serviced.

| <u>Meter Size</u> | <u>Area Allocation (sq ft)</u> | <u>Monthly Cost</u> |
|-------------------|--------------------------------|---------------------|
| 2" Meter          | 8,000                          | \$ 23.31            |
| 3" Meter          | 15,000                         | 43.70               |
| 4" Meter          | 25,000                         | 72.83               |
| 6" Meter          | 40,000                         | 145.66              |
| 8" Meter          | 64,000                         | 233.05              |
| 10" Meter         | 92,000                         | 335.01              |

Additional charge per thousand square feet of building over allowance: \$ 2.82

6. CONNECTION FEE: WATER SERVICE

The fee to install a new water service connection.

| <u>Meter Size</u>      | <u>Fee</u>                        |
|------------------------|-----------------------------------|
| Single Family Dwelling | \$ 1,307.75 each                  |
| ¾"                     | \$ 1,867.45 each                  |
| 1"                     | \$ 3,175.20 each                  |
| 1 ¼"                   | \$ 4,482.96 each                  |
| 1 ½"                   | \$ 6,165.88 each                  |
| 2"                     | \$ 9,902.35 each                  |
| 3"                     | \$ 18,681.85 each                 |
| 4"                     | \$ 31,199.74 each                 |
| 6" and greater         | Determined at time of application |

7. CONNECTION FEE: FIRE SERVICE

The fee to install a new water connection for fire suppression service.

| <u>Size</u> | <u>Fee</u>       |
|-------------|------------------|
| 2"          | \$ 742.61 each   |
| 3"          | \$ 1,111.02 each |
| 4"          | \$ 1,460.20 each |
| 6"          | \$ 2,547.48 each |
| 8"          | \$ 3,822.82 each |
| 10"         | \$ 4,159.06 each |
| 12"         | \$ 4,390.86 each |

8. WATER METER FEE

The cost of a water meter supplied by the District. Only approved water meters are permitted. If the District provides the water meter, the cost is the same as the District's cost.

9. MISCELLANEOUS WATER FEES, PERMITS, AND DEPOSITS

The cost of miscellaneous fees, permits, and deposits. All new water service accounts require a water use permit fee and a deposit in addition to the rates and fees listed above in items 1, 2, 5, 6, and 7.

Temporary hydrant use requires the use of a District approved backflow prevention device (BPD) and meter. A deposit is required for a District supplied meter with BPD.

| <u>Item</u>                              | <u>Cost</u>                             |
|--|---|
| Water Permit                             | \$ 33.90 each                           |
| Deposit: New Residential Account         | \$ 19.50 each                           |
| Deposit: New Commercial Account          | \$ one month's base rate per meter size |
| Connection Inspection                    | \$ 33.90 each                           |
| Temporary Hydrant Use                    | \$ 173.30 each                          |
| Deposit: District hydrant meter with BPD | \$ 1,637.60 each                        |
| Temporary Hydrant Minimum Charge         | \$ 235.90 each                          |

10. METER TEST DEPOSIT

Upon a customer's request, the fee to test a water meter. The deposit shall be refunded if the meter registers more than two percent (2.0%) higher than it should. The deposit for the meter test is \$133.50 per meter tested.

11. WATER SERVICE RECONNECTION FEE

The fee to resume water service that has been terminated. Water service can be terminated for failure to pay the water bill, or misuse of water as described in the Malaga Code. Other penalties and fines related to misuse of water contained in the Malaga Code may also apply. The water service reconnection penalty is \$ 66.75.

12. LATE PENALTY FEE

The fee for paying the District water/sewer/trash utility bill after the due date is \$10.

13. PRIVATE FIRE PROTECTION INSTALLATION CHARGE- DISTRICT

Installation cost if by District , plus 30% (administration and overhead).

14. PIPELINE INSTALLATION CHARGE - DISTRICT

Installation cost if by District, plus 30% (administration and overhead).

15. TEMPORARY WATER SERVICE FEES

Temporary water service may be provided at the discretion of the General Manager for water service that has been terminated or for other reasons. For water service that has been terminated, the following fees are in addition to the water service reconnection fee in item 11 above.

A. Application

A non-refundable application fee is required at the time the application is submitted. The application for temporary water service will not be processed without payment of the application fee. The application fee for processing an application for temporary water service is twenty-five dollars (\$25.00).

B. Deposit

A deposit of four hundred dollars (\$400) or an amount determined by the Manager must be paid before a permit for temporary water service may be issued.

C. Rate

The rate for temporary water service is \$16.58 for the first HCF and \$ 1.15 per HCF > 1.0 HCF.

## MALAGA COUNTY WATER DISTRICT

### MASTER SCHEDULE OF FEES, CHARGES, PENALTIES AND RECOVERED COSTS

#### CHAPTER THREE

#### PARK AND RECREATION FACILITIES: FEES, RENTALS, AND DEPOSITS

Effective February 16, 2017

| <u>FACILITY</u>   | <u>RATE</u>  | <u>DEPOSIT</u>      |
|---|--|---------------------|
| 1. Multi-Purpose Room                                   | \$75/Hr (4 hour minimum)<br>\$50/Hr set-up/cleaning (2 hour min/max per day)<br>\$125/Hr after 8 hours and Holidays  | \$ 400              |
| 2. Annex Room   | \$25/Hr with #1, \$50/Hr alone (4 hour minimum)<br>\$50/Hr set-up/clean-up (2 hours min/max per day)<br>\$100/Hr after 8 hours and Holidays<br><b>*Set-Up Time NOT included.</b> | \$200<br>\$100 w/#1 |
| 3. Kitchen  | \$25/Hr with #1 or #2, \$50/Hr alone (4 hour minimum)  | \$100               |
| 4. La Cantina   | \$25/Hr with #1 or #2, \$50/Hr alone (4 hour minimum)  | \$50                |
| 5. Meeting Room   | \$25/Hr with #1 or #2, \$50/Hr alone (2 hour minimum)  | \$50                |
| 6. Picnic Area and BBQ                                  | \$100 Daily Rate   | \$50                |
| 7. Unsheltered Picnic Area                              | \$100 Daily Rate   | \$50                |
| 8. Gazebo   | \$100 Daily Rate   | \$50                |
| 9.  |  |                     |
| 10. Park Table #1                                       | \$25 daily rate  | \$25                |
| 11. Park Table #2                                       | \$25 daily rate  | \$25                |
| 12. Park Table #3                                       | \$50 daily rate  | \$50                |
| 13. Park Table #4 (Horseshoe)                           | \$50 daily rate  | \$50                |
| 14. Park Table #5                                       | \$100 daily rate   | \$50                |
| 15. Park Table #7                                       | \$25 daily rate  | \$25                |
| 16. Park Table #8                                       | \$25 daily rate  | \$25                |
| 17. Park Table #9                                       | (Gazebo)   | \$50                |
| 18. Park Table #10                                      | \$25 daily rate  | \$25                |
| 19. Playground Area                                     | \$25/Hr (4 hour minimum)   | \$50                |
| 20. Pool  | \$50/Hr (2 hour minimum)<br>*Lifeguards additional at cost   | \$50                |
| 21. General Field Area<br>And Baseball Fields<br>(each) | \$25/Hr no lights<br>\$40/Hr with lights<br>(2 hour minimum)   | \$25                |



22. Multi-Purpose Room or Other Facilities for Memorial Services

Subject to the approval of the General Manager, a resident of Malaga, or a deceased resident's immediate family, may use the Multi-Purpose Room or other facilities without charge for memorial or similar services for a deceased grandparent, parent, child, spouse or domestic partner, or sibling.

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

**CHAPTER FOUR**

**SOLID WASTE**

- |                       |                    |
|-----------------------|--------------------|
| 1. <u>RESIDENTIAL</u> | \$ 29.46 PER MONTH |
|-----------------------|--------------------|

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

**CHAPTER FIVE**

**PENALTIES AND CITATIONS**

1. General Penalties. The penalties for violating any provision of the Malaga Ordinance Code are set forth in Chapter 7 of Title One of the Malaga Code. Nothing set forth in this Master Schedule of Fees, Charges, Penalties and Recovered Costs shall limit or restrict the District's authority or ability to utilize any other penalty or remedy available to it at law.
2. Administrative Citations. The violation of any provision of the Malaga Code is subject to an Administrative Citation and administrative fine. The administrative fines for violating the Malaga Code are as follows:
  - a. Every violation of the Malaga Code, unless otherwise defined, is punishable by:
    - (1) a fine not exceeding \$100 for a first violation;
    - (2) a fine not exceeding \$200 for a second violation of the same ordinance within one (1) year; and
    - (3) a fine not exceeding \$500 for each additional violation of the same ordinance within one (1) year;
  - b. Notwithstanding the foregoing, any violation of an Individual Wastewater Discharge Permit, Pretreatment Standard, compliance order, or any other order is subject to the following penalties:
    - (1) a fine of \$1,000 per day, per violation. Each day a violation exists shall constitute a separate violation and in the case of a monthly or a long-term average violation of a Discharge limit, fines shall accrue for each day during the period of the violation.
  - c. Watering/Water Wasting Violations:
    - (1) penalties for violating the District's Water Waste Ordinance Section 2.07.070 shall be as follows:
      - (a) first violation, warning;
      - (b) second violation within a one (1) year period - \$25 fine;
      - (c) third violation within one (1) year - \$50 fine;
      - (d) fourth violation within one (1) year - \$100 fine;
      - (e) fifth violation within one (1) year - \$200 fine;
      - (f) for the sixth and each additional violation within one (1) year - \$500 fine.

## **MALAGA COUNTY WATER DISTRICT**

### **MASTER SCHEDULE OF FEES, CHARGES, PENALTIES AND RECOVERED COSTS**

#### **CHAPTER SIX**

##### **CHARGES FOR ADMINISTRATIVE, LEGAL AND ENGINEERING SERVICES**

The following charges for administrative, legal and engineering costs incurred by the District in processing requests/applications for services by private individuals/developers, unless otherwise indicated, are as follows:

1. Water Service. The following fees shall apply to applications or requests by individuals/developers related to water service:
  - a. Review contracts, plans or miscellaneous research/reviews:
    - i. legal fees \$200/hour;
    - ii. engineering fees \$200/hour
    - iii. staff fees \$100/hour.
2. Sewer Service. The following fees shall apply to all requests by individuals/developers for services related to sewer service:
  - a. Review/draft contracts/agreements:
    - i. legal fees \$200/hour;
    - ii. engineering fees \$200/hour;
    - iii. staff fees \$100/hour.
  - b. Review plans:
    - i. legal fees \$200/hour;
    - ii. engineering fees \$200/hour;
    - iii. staff fees \$100/hour.
  - c. Miscellaneous research/reviews:
    - i. legal fees \$200/hour;
    - ii. engineering fees \$200/hour;
    - iii. staff fees \$100/hour.
3. Annexation. Fees related to annexations shall be as follows:
  - a. District annexation application fee \$200 per acre to be annexed.
  - b. \$ 10.85 per frontage foot existing water main; construction cost of new water main.
  - c. \$ 13.15 per frontage foot existing sewer main; construction cost of new sewer main.
  - d. Administrative, engineer, and legal review costs per items 1, 2, and 4.
  - e. LAFCo annexation fees at District cost
4. Construction Review. Fees for review of construction shall be based on the District Engineer's approved estimate of construction costs as follows:

| Estimated Construction Costs<br>As Approved by District Engineer | Estimated Construction Review Fee         |
|--|---|
| \$0 - \$5,000  | 10% of cost                               |
| \$5,000 - \$25,000   | \$600 + 6% of amount<br>over \$5,000      |
| \$25,000 - \$100,000   | \$2,000 + 6% of amount<br>Over \$25,000   |
| \$100,000 - \$250,000  | \$6,000 + 6% of amount<br>Over \$100,000  |
| Over \$250,000   | \$15,000 + 5% of amount<br>Over \$250,000 |

NOTE:

The Schedule of Construction Review Fees is provided as reference only. Construction activities are not directed by the District and are not under the control of the District. The District is due the fees incurred during the course of review of construction activities.

5. Additional Costs.

- a. Any meeting or conference held between the District and requesting party or his or her representative(s) and District staff shall be reimbursed by the individual requesting the service. The District staff, engineer and legal counsel will be reimbursed at the rates set forth above.
- b. Other Items. Costs incurred by the District related to requests for services not covered herein shall be determined, by the Board, at the time of the request.

6. Deposits. The District may require deposits for the processing of requests for services as set forth in this Chapter at an amount determined by the District. If, in the course of the project it is determined that the costs for the services requested will be in excess of the amount deposited, the requesting party shall be notified and will be required to make an additional deposit in an amount requested before any further work on the request proceeds. Failure of the requesting party or property Owner to make or maintain a deposit as required by the District shall result in the cessation of work on the request/project.

# **ATTACHMENT F**

## **Other Funding Commitments**

# **ATTACHMENT G**

## **Environmental Supporting Documentation**

QUESTION 13 - MAP OF ADJACENT FACILITIES

QUESTIONS 17, 18 & 19 WITH RWQCB NOTICE

PLAN SHOWING PROJECT FACILITIES



Path: F:\2020\20-274\GIS\Malaga CDBG Application 21-22.aprx



 Project Limits

0 500 1,000  
Feet

Malaga County Water District

CDBG Application

 **Yamabe & Horn  
Engineering, Inc.**  
CIVIL ENGINEERS • LAND SURVEYORS



## ATTACHMENT G – ENVIRONMENTAL SUPPORTING DOCUMENTATION

17. All of the existing sewer lines to be removed are located at the Wastewater Treatment Facility. Attached is a preliminary plan showing the location of the work at the plant.
18. All of the proposed sewer lines to installed are located at the Wastewater Treatment Facility.
19. The project is needed to meet the requirements of the Central Valley Regional Water Quality Control Board, which regulates discharges by treatment facilities. The Malaga County Water District has received a Nitrate Control Program Notice to Comply from the RWQCB. The Notice to Comply requires the Malaga County Water District to submit by May 7, 2021, a Nitrate Assessment Report and Notice of Intent to adhere to the nitrate reduction requirement. The plans and schedule to construct the improvements at the wastewater treatment facilities are a critical component of the submittals required by the RWQCB. A copy of the Notice to Comply is attached.

The Waste Discharge Requirements (Order R5-2020-0001) issued by the RWQCB requires that the Malaga County Water District develop and submit a work plan for the reduction of nitrogen in its effluent. Groundwater monitoring downgradient of the treatment facilities show a nitrate concentration that exceeds the primary drinking water Maximum Contaminate Level. The Groundwater Limitations section of the Waste Discharge Requirements mandate that the facility does not contribute effluent to the groundwater that would cause an exceedance of 10 mg/l. The current effluent concentration of nitrate is approximately 15 mg/l. The Waste Discharge Requirements mandate that the District submit to the RWQCB by February 22, 2021 a work plan for implementation of the denitrification improvements. This project would provide for the District's ability to define a specific work plan and schedule for implementation.

The District had identified improvements to the wastewater treatment facilities in the 2017 Pollution Prevention Plan to provide for denitrification. This project would implement some of those improvements.



## Central Valley Regional Water Quality Control Board

May 29, 2020

Certified Mail: 7019 2280 0001 9170 6304

NPD2942

James Anderson, General Manager  
Malaga CWD  
3580 South Frank Street  
Fresno, CA 93725

### NITRATE CONTROL PROGRAM NOTICE TO COMPLY

#### PERMITTEES IN PRIORITY 1 BASINS

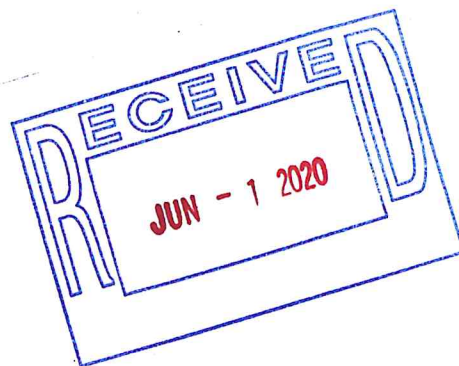
**This letter contains legal requirements that must be followed. Failure to respond may result in enforcement action(s) being taken against you. Please note that you may also receive a separate Notice to Comply for the new Salt Control Program that will also require your response.**

You are receiving this Notice to Comply because you operate the following facility:

#### Malaga CWD WWTF

3749 South Maple Avenue  
Fresno, CA 93725

Facility/Place ID: 273180  
Order Number: R5-2020-0001  
Priority 1 Basin: KINGS  
CV-SALTS ID: 3311



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

## Nitrate Control Program

This Notice to Comply (NTC) requires that you choose one of two nitrate compliance options, or “pathways,” established by new regulations. Regardless of which compliance option you choose, **your permit requirements will change**. If the address or ownership information on the first page is incorrect, please contact the Board so that we may correct our records. If you have questions or believe that you should be exempt from this NTC, please contact us by telephone, email, or mail. Our contact information is at the end of the letter.

### **Background**

In May 2018, the Central Valley Water Board approved new Salt and Nitrate Control Programs. The Nitrate Control Program was developed to address widespread nitrate pollution in the Central Valley. Nitrate in drinking water can reduce the blood’s ability to carry oxygen, which can result in brain damage and death. Infants and pregnant women are most at risk of nitrate toxicity. Nitrate is a risk when it is above 10 parts per million (ppm) of nitrate nitrogen, which is the Primary Maximum Contaminant Level (MCL), also known as the nitrate drinking water standard.

The Board identified areas, referred to as Priority 1 and Priority 2 basins, where nitrates in groundwater are more prevalent and therefore pose a higher risk to persons who rely on groundwater as a source of drinking water. Priority 1 and Priority 2 basins have timelines under which permittees, such as you, are required to implement Nitrate Control Program requirements. **You are receiving this NTC because you are located in a Priority 1 basin for the Nitrate Control Program.** See Attachment 1 for a map of priority groundwater basins/sub-basins.

This Nitrate Control Program NTC requires that you choose between two compliance pathways:

**Pathway A:** New individual permitting options. The Board will set more stringent nitrate requirements in your permit to ensure that nitrate impacts will not cause a problem for drinking water users.

**Pathway B:** Form or Join a Local Management Zone with other Permittees. A Management Zone is an association of permittees that work together to reduce nitrate loading and to provide replacement water to communities and individuals whose wells are impacted by nitrates.

Pathway A offers several individual permitting options, all of which set stringent nitrate requirements on all dischargers that have nitrates in their wastewater. The Board expects that, for many permittees, Pathway A will require significant upgrades, extensive monitoring, and a rigorous technical justification that wastewater will not result in any exceedances of the nitrate standard over a 20-year planning horizon. Pathway B is a new permitting approach that allows multiple permittees to form or join in a Management Zone in order to comply with the Nitrate Control Program. Pathway B



## Nitrate Control Program

provides a collaborative, locally managed, cost-effective and flexible approach to program compliance.

In order to make an informed decision and meet critical program deadlines, it is important that you take action now.

### **Step 1 – Before You Decide on a Pathway**

Before you decide on a permitting pathway, the Board recommends that you visit the website [cvsalts.info](http://cvsalts.info) for more information on the Nitrate Control Program, including:

1. Nitrate Control Program requirements and timelines
2. Conducting an initial assessment (individually or collectively with other permittees) of your discharges and nearby groundwater conditions
3. Forming or participating in a Management Zone in your area
4. Requirements and templates for deliverables (e.g. Early Action Plans, Management Zone Proposals and Alternative Compliance Project proposals)
5. Answers to Frequently Asked Questions

The [cvsalts.info](http://cvsalts.info) website will be updated regularly, so be sure to check back frequently for the latest information. You can also check the website for upcoming webinars that will provide guidance information. Questions and information requests can also be made by sending an email to: [cvsalts@waterboards.ca.gov](mailto:cvsalts@waterboards.ca.gov).

A full copy of the Salt and Nitrate Control Program Basin Plan language (Attachment 1 of Resolution R5-2018-0034), can be found at: [https://www.waterboards.ca.gov/centralvalley/board\\_decisions/adopted\\_orders/resolutions/r5-2018-0034\\_res.pdf](https://www.waterboards.ca.gov/centralvalley/board_decisions/adopted_orders/resolutions/r5-2018-0034_res.pdf).

### **Step 2 – Make a Pathway Choice and Begin Meeting Program Requirements**

#### ***IF YOU CHOOSE PATHWAY A***

General Requirements for Pathway A (Individual Approach) are as follows:

1. Assess your nitrate impacts to shallow groundwater.
2. Prepare a Nitrate Assessment Report that categorizes the impact of your discharge over a 20-year horizon. There are five categories for permittees choosing to comply under Pathway A.
3. Complete the Notice of Intent (NOI) that indicates your election of Pathway A.

An electronic fillable PDF version of the NOI is available at:

## Nitrate Control Program

[http://www.waterboards.ca.gov/centralvalley/water\\_issues/salinity/forms\\_templates\\_guide/#notice\\_of\\_intent](http://www.waterboards.ca.gov/centralvalley/water_issues/salinity/forms_templates_guide/#notice_of_intent). A hardcopy can be sent to you by sending a request to [cvsalts@waterboards.ca.gov](mailto:cvsalts@waterboards.ca.gov).

4. Prepare an Early Action Plan (EAP) that will provide affected residents interim drinking water solutions where drinking water exceeds nitrate water quality objectives.
5. If a discharger is in Category 4 or 5, develop a proposed Alternative Compliance Project (ACP) as an additional condition. Any proposed Alternative Compliance Project must be in addition to activities that a permittee would implement to achieve their individual discharges full compliance with the nitrate water quality objective. An example ACP could include connecting septic systems to a wastewater treatment plant.
6. Submit your NOI and Nitrate Assessment Report to the Central Valley Water Board no later than **May 7, 2021**. Permittees that are required to complete an EAP and/or ACP proposal must also submit these documents with the NOI.
7. Obtain Central Valley Water Board evaluation and approval.
8. Initiate EAP (if applicable) within **60 days** following submittal of the plan, unless otherwise directed by the Central Valley Water Board.

### **IF YOU CHOOSE PATHWAY B**

General Requirements for Pathway B (Management Zones) are as follows:

1. Permittees in a Management Zone work collectively to develop a Preliminary Management Zone Proposal and Early Action Plan (if applicable). The Early Action Plan must describe how the Management Zone entity will provide affected residents interim drinking water solutions where drinking water exceeds nitrate water quality objectives. Management Zone submits these documents to the Central Valley Water Board no later than **March 8, 2021**.
2. Management Zone initiates EAP within **60 days** following submittal of the plan, unless otherwise directed by the Central Valley Water Board.
3. Permittees submit an individual NOI that indicates their selection of Pathway B to the Central Valley Water Board no later than **May 7, 2021**. ***Permittees who are named as a Management Zone member in the Preliminary Management Zone Proposal do not need to submit an NOI.***



## Nitrate Control Program

An electronic fillable PDF version of the NOI is available at: [http://www.waterboards.ca.gov/centralvalley/water\\_issues/salinity/forms\\_template\\_guide/#notice\\_of\\_intent](http://www.waterboards.ca.gov/centralvalley/water_issues/salinity/forms_template_guide/#notice_of_intent). A hardcopy can be sent to you by sending a request to [cvsalts@waterboards.ca.gov](mailto:cvsalts@waterboards.ca.gov).

4. Permittees working together as a Management Zone develop and submit a Final Management Zone Proposal, **180 days** after Central Valley Water Board's review of the preliminary proposal.
5. Permittees working together as a Management Zone develop and submit a Management Zone Implementation Plan, **6 months** after the Final Management Zone Proposal is accepted by the Executive Officer of the Central Valley Water Board.

Document submissions can be sent via email to [cvsalts@waterboards.ca.gov](mailto:cvsalts@waterboards.ca.gov) or by mail to:

Central Valley Water Board  
CV-SALTS Program  
11020 Sun Center Drive, Suite 200  
Rancho Cordova, CA 95670

The Central Valley Water Board recommends that the documentation be submitted in electronic format to the email or as a CD mailed to the address above. If you choose to submit documentation as a CD or hardcopy, USPS Certified Mail is the preferred mailing method to ensure receipt of delivery by the Central Valley Water Board.

This NTC requires your response under Water Code section 13260. If you do not respond to this request with the materials specified above by May 7, 2021, you may be subject to enforcement actions, including actions under Water Code section 13261, which authorizes the Board to impose liability of up to \$1,000 per day for failure to submit a report. **After May 7, 2021, discharges of nitrate are prohibited unless the permittee is implementing the Nitrate Control Program through either Pathway A (Individual Approach) or Pathway B (Management Zone Approach).**

For general information about the Central Valley Water Board's Salt and Nitrate Control Program, please visit: <https://www.waterboards.ca.gov/cvsalts/>.

## Nitrate Control Program

If you have any further questions about what is required of you, please email [cvsalts@waterboards.ca.gov](mailto:cvsalts@waterboards.ca.gov) or call (916) 464-4675.



Patrick Pulupa  
Executive Officer

Enclosure: Attachment 1: Priority Groundwater Basins/Sub-basins

Para obtener una versión traducida de este documento, envíe un correo electrónico a [cvsalts@waterboards.ca.gov](mailto:cvsalts@waterboards.ca.gov). (Spanish)

如需本文档翻译版，请发送邮件至 [cvsalts@waterboards.ca.gov](mailto:cvsalts@waterboards.ca.gov). (Chinese)

Để nhận phiên bản dịch của tài liệu này, vui lòng gửi email đến [cvsalts@waterboards.ca.gov](mailto:cvsalts@waterboards.ca.gov). (Vietnamese)

Yog koj xav tau daim ntaub ntawv no txhais ua lus Hmoob, thov xa email rau [cvsalts@waterboards.ca.gov](mailto:cvsalts@waterboards.ca.gov). (Hmong)

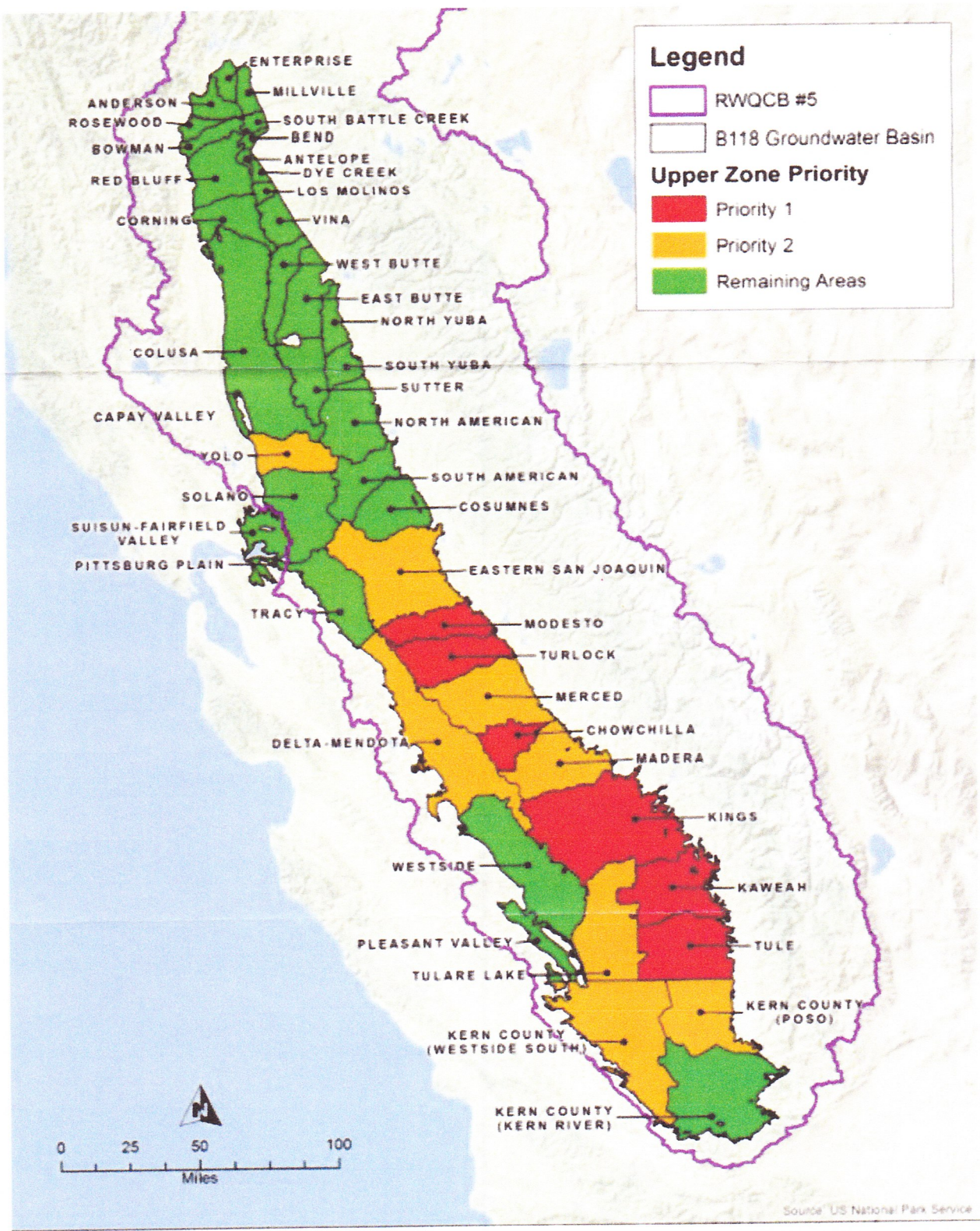
ਇਸ ਦਸਤਾਵੇਜ਼ ਦੇ ਪੰਜਾਬੀ ਅਨੁਵਾਦ ਲਈ, ਕ੍ਰਿਪਾ ਕਰਕੇ ਸਾਨੂੰ ਇਸ ਪਤੇ ਉਪਰ ਈ – ਮੇਲ ਭੇਜੋ [cvsalts@waterboards.ca.gov](mailto:cvsalts@waterboards.ca.gov). (Punjabi)

To obtain a translated version of this document in a language other than what is provided above, please email [cvsalts@waterboards.ca.gov](mailto:cvsalts@waterboards.ca.gov).



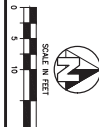
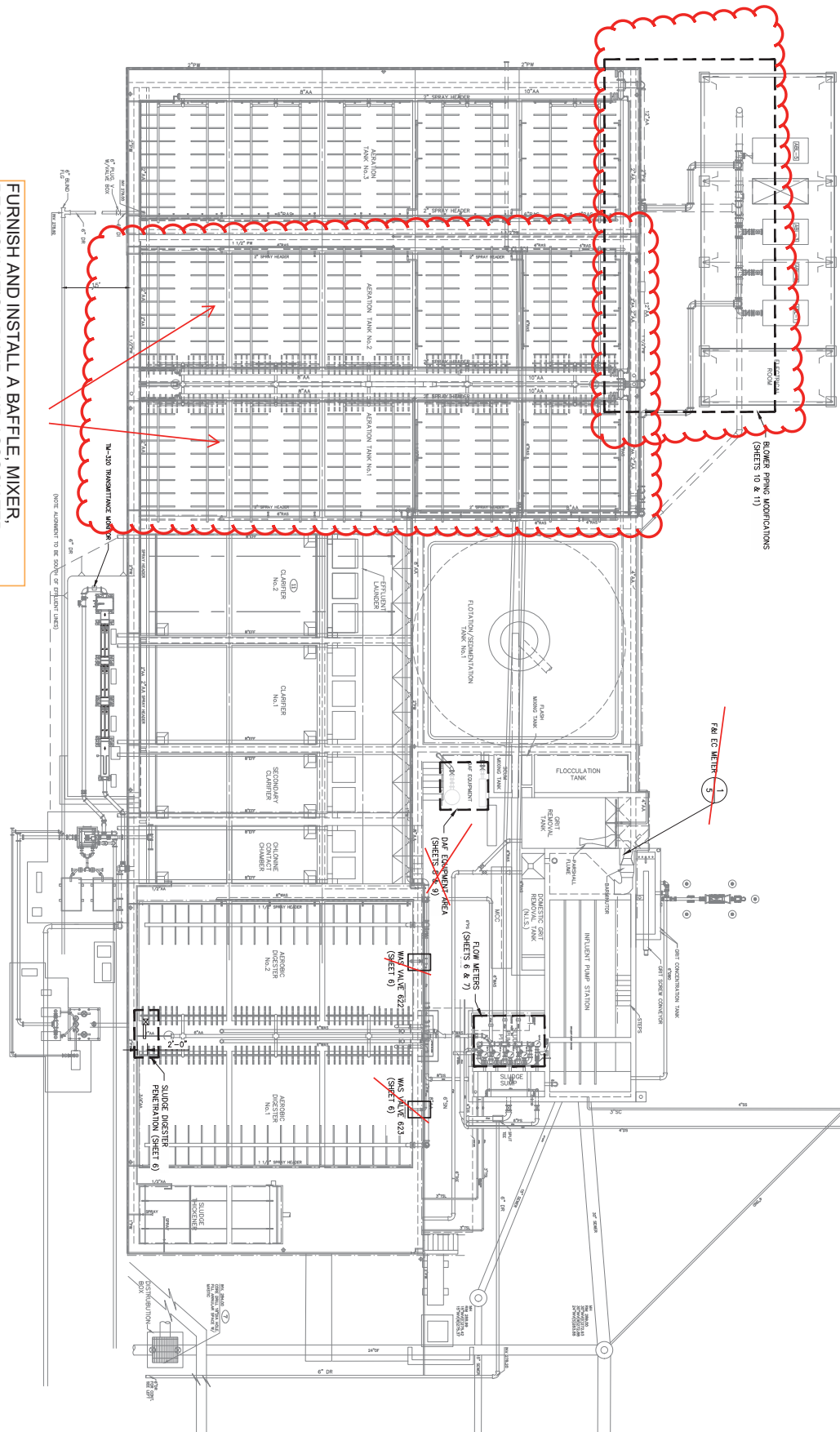
# Nitrate Control Program

## Attachment 1: Priority Groundwater Basins/Sub-basins





FURNISH AND INSTALL A BAFFLE, MIXER, RECIRCULATION PUMP, AND ASSOCIATED CONTROLS IN AERATION BASINS 1 AND 2.



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# **ATTACHMENT H**

## **Other Supporting Documentation/Maps/Photos**

DETAILED DESCRIPTION

## Detailed Project Description

The project will include the design and construction of improvements at the Malaga Wastewater Treatment Facility. The improvements will include modifications to the aeration system to improve reduction of nitrogen in the effluent and therefore improve groundwater quality. The improvements will also include installation of recirculation pumps in aeration basins that would deliver mixed liquor to the dissolved air flotation (DAF) clarifier basin, which would be converted to an anoxic basin. Mixers would be installed in the DAF basin. The existing baffle and skimmers within the DAF would be removed. A Report of Waste Discharge would be prepared and submitted to the RWQCB for review and approval for the updated process.

The Waste Discharge Requirements (Order R5-2020-0001) requires that the Malaga County Water District develop and submit a workplan for the reduction of nitrogen in the effluent. Groundwater monitoring downgradient of the treatment facilities show a nitrate concentration that exceeds the primary drinking water MCL. The district had identified improvements to the wastewater treatment facilities in the 2017 Pollution Prevention Plan to provide for denitrification. This project would implement some of those improvements. The Groundwater Limitations section of the Waste Discharge Requirements mandate that the facility does not contribute effluent to the groundwater that would cause an exceedance of 10 mg/l. The current effluent concentration of nitrate is approximately 15 mg/l. The Waste Discharge Requirements mandate that the district submit to the RWQCB by February 22, 2021 a workplan for implementation of the denitrification improvements. This project would provide for the district's ability to define a specific workplan and schedule for implementation.

The Malaga County Water District has received a Nitrate Control Program Notice to Comply from the RWQCB. The Notice to Comply requires the Malaga County Water District to submit by May 7, 2021, a Nitrate Assessment Report and Notice of Intent to adhere to the nitrate reduction requirement. The plans and schedule to construct the improvements at the wastewater treatment facilities are a critical component of the submittals required by the RWQCB.

The requirements are for the protection of the groundwater quality in Central California. All treated effluent from the wastewater treatment facilities is discharged to ponds, which then percolate to the groundwater.

# **ATTACHMENT I**

## **Other Projects**

# **ATTACHMENT J**

## **Evidence of Maintenance Plan**