MALAGA COUNTY WATER DISTRICT

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

JUNE 30, 2024

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Board of Directors

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Salvador Cerrillo, Jr.	Vice-President
Irma Castaneda	Director
Frank A. Cerrillo, Jr.	Director
Carlos Tovar, Jr.	Director

Administration

Norma Melendez	Clerk

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Malaga County Water District

Qualified Opinion

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, 2024, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the District as of June 30, 2024, 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.

Basis for Qualified Opinion

The beginning balance of the Recreation Fund as of July 1, 2020 was audited by a predecessor auditor whose license to practice as a Certified Public Accountant was subsequently suspended by the California State Board of Accountancy. As a result, we were unable to obtain sufficient appropriate audit evidence regarding the accuracy and completeness of the Recreation Fund's beginning balance.

Additionally, we were unable to satisfy ourselves by alternative auditing procedures concerning the carrying amounts of the Recreation Fund's beginning balance. Because the beginning fund balance affects the determination of changes in fund balance for the year ended June 30, 2024, we were unable to determine whether adjustments might be necessary to the fund balance, revenues, expenditures, and related disclosures for the Recreation Fund.

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of Malaga County Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Malaga County Water District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Malaga County Water District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Malaga County Water District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 5-8 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 April 17, 2026, on our consideration of Malaga County Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Malaga County Water District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Malaga County Water District's internal control over financial reporting and compliance.

Jaribu W. Nelson, CPA

Clovis, California
April 17, 2026

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, 2024. 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, 2024, by $6,991,268. Of this amount, a deficit unrestricted net position of ($38,332) may be used once the deficit is restored to meet the District's ongoing obligations to customers and creditors. As of June 30, 2023, assets exceeded liabilities by $6,664,937 with unrestricted net position equaling $840,204.

- Total net position increased by $326,331 for the year ended June 30, 2024. For the year ended June 30, 2023, total net position decreased by $1,012,111.

- During the current year, the District's fixed assets increased by a net of $1,422,674. This increase was mostly attributable to the purchase of improvements to Wells 3 and 5 less depreciation. Depreciation expense, the ratable amortization of the cost of fixed assets, amounted to $495,261 for the current year. Prior year depreciation was $414,535.

- Total debt increased by a net of $512,779 during the current year. The increase was mostly attributable to the acquisition of the RCAC anticipation grant loan to finance Wells 3 and 5. During the prior year, total debt increased by a net of $553,505. This was mostly attributable to the acquisition of a loan to finance the solar system.

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: I) 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.

Financial Highlights (continued)

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2024, the District's assets exceeded liabilities by $6,991,268. A significant portion of the District's net position (99 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 $63,185 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's Net Position

	Business-Type Activities	Total	Prior Year Total
ASSETS			
Current assets	$ 1,915,972	$ 1,915,972	$ 2,360,989
Oher assets	10,177,682	10,177,682	8,799,984
Total assets	12,093,654	12,093,654	11,160,973
LIABILITIES			
Current liabilities	2,606,598	2,606,598	1,758,006
Deferred liabilities	2,495,788	2,495,788	2,738,030
Total liabilities	5,102,386	5,102,386	4,496,036
NET POSITION			
Net investment in capital assets, net of related debt	6,966,415	6,966,415	5,700,894
Restricted	63,185	63,185	123,839
Unrestricted	(38,332)	(38,332)	840,204
Total net position	$ 6,991,268	$ 6,991,268	$ 6,664,937

Malaga County Water District's Changes in Net Position

	Business-Type Activities	Current Year Total	Prior Year Total (as restated)
REVENUE			
Program revenue			
Charges for services	$ 3,553,761	$ 3,553,761	$ 3,144,277
Other	1,450,195	1,450,195	-
Total Revenues	5,003,956	5,003,956	3,144,277
EXPENSE			
Waste disposal utility activities	1,449,601	1,449,601	1,884,102
Water utility activities	2,514,814	2,514,814	1,533,941
Solid waste activities	838,072	838,072	545,530
Community recreation activities	850,818	850,818	777,618
Total Expenses	5,653,305	5,653,305	4,741,191
Net operating income/(loss)	(649,349)	(649,349)	(1,596,914)
Net nonoperating revenue/(expense)	975,680	975,680	584,803
Increase/(decrease) in net position	326,331	326,331	(1,012,111)
Net position, beginning of year	6,664,937	6,664,937	7,677,048
Net position, end of year	$ 6,991,268	$ 6,991,268	$ 6,664,937

Business-type activities. Business-type activities increased the District's net position by $326,331, 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, 2024, the District's proprietary funds reported a combined ending fund balance of $6,991,268, an increase of $326,331. Of the entire ending fund balance, ($38,332) is an unrestricted deficit and is will be available for spending as the deficit is restored.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its business-type activities as of June 30, 2024, amounted to $10,098,819 (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 $3,488,030 as of June 30, 2024. Of this total amount, $992,242 is due and payable during the year ending June 30, 2025. The remainder, referred to as deferred liabilities, is due and payable over the next 20 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, 2025, remains unchanged from June 30, 2024.

User rates are not expected to increase during the year ending June 30, 2025.

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

MALAGA COUNTY WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS	
Cash and investments	$ 1,492,836
Accounts receivable	400,109
Prepaids	23,027
Total current assets	1,915,972
OTHER ASSETS	
Restricted assets - cash	78,863
Capital assets, net of allowance for depreciation	10,098,819
Total other assets	10,177,682
Total assets	12,093,654
LIABILITIES	
Accounts payable and accrued expense	1,573,265
Customer deposits payable	41,091
Due within one year	992,242
Total current liabilities	2,606,598
NONCURRENT LIABILITIES	
Due in more than one year	2,495,788
Total liabilities	5,102,386
NET POSITION	
Net investment in capital assets, net of related debt	6,966,415
Restricted	63,185
Unrestricted	(38,332)
Total net position	6,991,268
Total liabilities and net position	$ 12,093,654

MALAGA COUNTY WATER DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

BUSINESS-TYPE ACTIVTIES	
Operating revenue	
Charges for services	$ 3,553,761
Other	1,450,195
Total operating revenues	5,003,956
Operating expense	
Waste disposal utility activities	1,449,601
Water utility activities	2,514,814
Solid waste activities	838,072
Community recreation activities	850,818
Total operating expense	5,653,305
Net operating income/(loss)	(649,349)
Net nonoperating revenue/(expense)	975,680
Change in net position	326,331
Net position, beginning of year	6,664,937
Net position, end of year	$ 6,991,268

MALAGA COUNTY WATER DISTRICT
COMPARATIVE STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Business-Type Activities - Enterprise Funds					
	2024					2023
	Water	Waste Disposal	Recreation	Solid Waste	Total	Total
ASSETS						
Current assets						
Cash and cash equivalents	$ 484,274	$ 57,488	$ 286,739	$ 664,335	$ 1,492,836	$ 2,033,691
Accounts receivable	215,627	123,137	5,735	55,610	400,109	292,582
Prepaid expense	10,271	12,756	-	-	23,027	34,716
Total current assets	710,172	193,381	292,474	719,945	1,915,972	2,360,989
Other assets						
Restricted cash and investments	15,678	59,442	3,714	29	78,863	123,839
Advances to other activities	3,224,262	-	-	-	3,224,262	3,742,843
Capital assets, net of accumulated depreciation	5,773,450	3,121,269	1,204,100	-	10,098,819	8,676,145
Total non-current assets	9,013,390	3,180,711	1,207,814	29	13,401,944	12,542,827
Total assets	9,723,562	3,374,092	1,500,288	719,974	15,317,916	14,903,816
LIABILITIES						
Current liabilities						
Accounts payable and accrued expenses	842,655	347,695	116,091	266,824	1,573,265	1,499,751
Customer deposits payable	3,714	20,127	17,250	-	41,091	21,034
Current portion of long-term debt	874,064	15,930	82,874	19,374	992,242	237,221
Total current liabilities	1,720,433	383,752	216,215	286,198	2,606,598	1,758,006
Other liabilities						
Advances from other activities	-	1,185,355	1,957,089	81,818	3,224,262	3,742,843
Non-current liabilities						
Notes payable, less current portion	472,759	703,525	983,252	336,252	2,495,788	2,738,030
Total liabilities	2,193,192	2,272,632	3,156,556	704,268	8,326,648	8,238,879
NET POSITION						
Net investment in capital assets	4,426,627	2,401,814	137,974	-	6,966,415	5,700,894
Nonspendable	2,141,207	-	-	-	2,141,207	2,561,166
Restricted	-	59,442	3,714	29	63,185	123,839
Unrestricted / (deficit)	962,536	(1,359,796)	(1,797,956)	15,677	(2,179,539)	(1,720,962)
Total net position	$ 7,530,370	$ 1,101,460	$ (1,656,268)	$ 15,706	$ 6,991,268	$ 6,664,937

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

MALAGA COUNTY WATER DISTRICT
COMPARATIVE STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Business-Type Activities - Enterprise Funds					
	2024					2023
	Water	Waste Disposal	Recreation	Solid Waste	Total	Total
Operating Revenue						
Charges for services	$ 1,467,631	$ 1,142,779	$ 7,681	$ 935,670	$ 3,553,761	$ 3,144,277
Other	365,780	-	1,084,415	-	1,450,195	-
Total operating revenue	1,833,411	1,142,779	1,092,096	935,670	5,003,956	3,144,277
Operating Expense						
Salaries and wages	548,419	259,076	204,030	-	1,011,525	1,142,150
Employee benefits	154,278	86,069	88,640	-	328,987	601,458
Refuse collection and disposal	32,474	9,755	9,265	838,072	889,566	593,210
Depreciation	225,813	207,268	62,180	-	495,261	414,535
Utilities	360,783	281,975	88,644	-	731,402	597,974
Professional services	298,228	114,816	5,623	-	418,667	180,149
Repairs and maintenance	62,128	123,328	58,065	-	243,521	474,526
Board of directors	162,459	65,714	-	-	228,173	43,246
Contract services	85,607	33,437	20,030	-	139,074	132,881
Insurance	180,145	33,770	18,796	-	232,711	48,898
Supplies and small tools	87,118	69,150	24,256	-	180,524	88,347
Dues and memberships	30,452	16,794	47	-	47,293	99,149
Other	184,395	57,434	261,461	-	503,290	150,857
Telephone	2,750	3,366	1,083	-	7,199	47,202
Testing	14,806	19,635	-	-	34,441	20,539
Travel, meetings and education	375	375	-	-	750	23,204
Fuel and oil	12,589	10,870	7,865	-	31,324	37,584
Bank charges	70,556	40,821	368	-	111,745	5,523
Office supplies and postage	232	298	-	-	530	16,866
Rents and leases	879	14,950	-	-	15,829	15,038
Education and training	328	700	465	-	1,493	7,855
Total operating expense	2,514,814	1,449,601	850,818	838,072	5,653,305	4,741,191
Net operating income/(loss)	(681,403)	(306,822)	241,278	97,598	(649,349)	(1,596,914)
Nonoperating Revenues/(Expenses)						
Grant revenue	1,054,089	45,981	-	-	1,100,070	635,742
Grant expenses	(56,849)	(51,315)	-	-	(108,164)	(559,202)
Taxes and assessments	-	-	-	-	-	396,008
Other	25,531	-	(1,363)	-	24,168	153,765
Interest and use of property	3,089	1,335	697	-	5,121	5,890
Interest expense	(38,125)	(7,390)	-	-	(45,515)	(47,400)
Net nonoperating revenues/(expenses)	987,735	(11,389)	(666)	-	975,680	584,803
Change in net position	306,332	(318,211)	240,612	97,598	326,331	(1,012,111)
Net Position - beginning of year	7,224,038	1,419,671	(1,896,880)	(81,892)	6,664,937	7,154,941
Prior Period Adjustment	-	-	-	-	-	522,107
Net Position - beginning of year (restated)	7,224,038	1,419,671	(1,896,880)	(81,892)	6,664,937	7,677,048
Net Position - end of year	$ 7,530,370	$ 1,101,460	$ (1,656,268)	$ 15,706	$ 6,991,268	$ 6,664,937

MALAGA COUNTY WATER DISTRICT
COMPARATIVE STATEMENT OF CASH FLOW
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Business-Type Activities - Enterprise Funds					
	2024					2023
	Water	Waste Disposal	Recreation	Solid Waste	Total	Total
Operating Activities						
Received from customers	$ 1,655,107	$ 1,083,139	$ 1,278,123	$ 880,060	$ 4,896,429	$ 3,129,228
Payments to suppliers	(938,377)	(1,475,045)	(681,828)	(617,022)	(3,712,272)	(2,596,721)
Payments to employees	(702,697)	(345,145)	(292,670)	-	(1,340,512)	(1,325,455)
Net cash provided for / (used by) operating activities	14,033	(737,051)	303,625	263,038	(156,355)	(792,948)
Non-capital Financing Activities						
Advances (to)/from other funds	143,581	895,260	(745,659)	(293,182)	-	73,654
Property taxes and other nonoperating revenue	25,531	-	(1,363)	-	24,168	549,773
Net cash provided for / (used by) non-capital financing activities	169,112	895,260	(747,022)	(293,182)	24,168	623,427
Capital and Related Financing Activities						
Grant revenue	1,054,089	45,981	-	-	1,100,070	635,742
Grant expenses	(56,849)	(51,315)	-	-	(108,164)	(559,202)
Proceeds from construction loan	750,000	-	-	-	750,000	750,000
Principal paid on notes payable	(49,028)	(87,945)	(80,874)	(19,374)	(237,221)	(196,495)
Interest paid on notes payable	(38,125)	(7,390)	-	-	(45,515)	(47,400)
Purchase / (disposal) of capital assets	(2,542,997)	(183,193)	433,255	375,000	(1,917,935)	(810,398)
Net cash provided for / (used by) capital and related financing activities	(882,910)	(283,862)	352,381	355,626	(458,765)	(227,753)
Investing Activities						
Interest and use of property	3,089	1,335	697	-	5,121	5,890
Net Change in Cash	(696,676)	(124,318)	(90,319)	325,482	(585,831)	(391,384)
Cash and Investments						
Beginning of year	1,196,628	241,248	380,772	338,882	2,157,530	2,548,914
End of year	$ 499,952	$ 116,930	$ 290,453	$ 664,364	$ 1,571,699	$ 2,157,530

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, 2024 AND 2023

	Business-Type Activities - Enterprise Funds					
	2024					2023
	Water	Waste Disposal	Recreation	Solid Waste	Total	Total
Reconciliation of Operating Income (Loss)						
to Net Cash Provided For / (Used By) for Operating Activities						
Operating income (loss)	$ (681,403)	$ (306,822)	$ 241,278	$ 97,598	$ (649,349)	$ (1,596,914)
Adjustments to reconcile operating income (loss)						
to net cash provided (used) by operating activities:						
Depreciation	225,813	207,268	62,180	-	495,261	414,535
Changes in assets and liabilities:						
(Increase) Decrease in accounts receivable	(178,304)	(59,640)	186,027	(55,610)	(107,527)	(15,049)
(Increase) Decrease in prepaid expense	(7,268)	(8,927)	1,259	26,625	11,689	44,884
Increase (Decrease) in accounts payable and accrued expense	653,338	(578,993)	(195,256)	194,425	73,514	380,628
(Increase) Decrease in deposits	1,857	10,063	8,137	-	20,057	(21,032)
Net Cash Provided For / (Used By) for Operating Activities	$ 14,033	$ (737,051)	$ 303,625	$ 263,038	$ (156,355)	$ (792,948)
Summary of cash balances, end of year						
Cash and cash equivalents	484,274	57,488	286,739	664,335	1,492,836	2,033,691
Restricted cash	15,678	59,442	3,714	29	78,863	123,839
	$ 499,952	$ 116,930	$ 290,453	$ 664,364	$ 1,571,699	$ 2,157,530

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.

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.

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

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

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

3. Net Position

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

Nonspendable – Amounts that are not in spendable form (such as inventory) or are required either legally or contractually to be maintained intact. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested capital assets, net of related debt.

Invested in capital assets, net of related debt – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.

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

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

Budgets and Budgetary Accounting

The District established a budget for its governmental fund for the year ended June 30, 2024. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

Estimates

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

Statement Reclassifications

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

Note 2: Cash and Investments

The District's deposits as of June 30, 2024, 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, 2024:

	Bank Balance Category *			Carrying
	1	2	3	Amount
Cash on hand	$ 68,713	$ -	$ -	$ 68,713
Cash in bank	1,378,039	-	-	1,378,039
Fresno County Treasury	-	25,521	-	25,521
Local Agency Investment Fund	-	99,426	-	99,426
Total cash and investments	$1,446,752	$ 124,947	$ -	$1,571,699

* 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, 2024:

	Beginning Balance	Additions/ Completions	Disposals/ Adjustments	Ending Balance
Land*	$ 299,264	$ -	$ -	$ 299,264
Water system	8,228,829	-	-	8,228,829
Sewer system	7,388,123	-	-	7,388,123
Buildings	1,169,276	-	-	1,169,276
Construction in progress*	1,523,147	1,915,132	-	3,438,279
Park development	1,115,704	-	-	1,115,704
Equipment	663,222	-	-	663,222
Total	20,387,565	1,915,132	-	22,302,697
Allowance for depreciation	(11,711,420)	(495,261)	2,803	(12,203,878)
	$ 8,676,145	$ 1,419,871	$ 2,803	$ 10,098,819

* Not currently being depreciated.

Note 4: Noncurrent Liabilities

The following is a summary of deferred liabilities (long-term debt) for the year ended June 30, 2024:

	Beginning Balance	Additions	Deletions	Ending Balance	Classification Due Within One Year	Classification Due After One Year
Note payable						
Water and sewer systems improvements	$ 788,000	$ -	$ (98,000)	$ 690,000	$ 100,000	$ 590,000
Parks and recreation improvements	772,000	-	(61,500)	710,500	63,500	647,000
Wastewater treatment plant improvements	300,953	-	(24,961)	275,992	25,982	250,010
Safe drinking water	364,298	-	(14,012)	350,286	14,012	336,274
RCAC grant anticipation	-	750,000	-	750,000	750,000	-
Solar loan	750,000	-	(38,748)	711,252	38,748	672,504
Total long-term debt	$ 2,975,251	$ 750,000	$ (237,221)	$ 3,488,030	$ 992,242	$ 2,495,788

Note 5: Note Payables

Water and Sewer Systems Improvements

This debt was incurred to refinance the construction of water well number eight and improvements to the sewer system. The total amount of the debt was $887,000 and provides for interest at the rate of 2 percent per annum. Semi-annual payments of principal and interest began July 2022, 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 35.73 percent of the payments due and the Waste Disposal Fund finances 64.27 percent of the payments. Interest paid on this loan for the year ended June 30, 2024, was $15,432.

Future payments of the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 100,000	$ 13,300	$ 113,300
2026	102,000	11,290	113,290
2027	105,000	9,230	114,230
2028	107,000	7,120	114,120
2029 - 2032	276,000	8,310	284,310
	$ 690,000	$ 49,250	$ 739,250

Note 5: Note Payables (continued)

Wastewater Treatment Plant Improvements

This debt was incurred to finance the construction of wastewater treatment plant improvements. The total amount of the debt was $502,500 and provides for interest at the rate of 4.05 percent per annum. Semi-annual payments of principal and interest began December 2018, and continue until paid. Full repayment of the loan is scheduled to occur in June 2033. The Waste Disposal Fund finances this debt to the extent of 100 percent of the payments. Interest paid on this loan for the year ended June 30, 2024, was $12,920.

Future payments of the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 25,982	$ 10,917	$ 36,899
2026	27,045	9,855	36,900
2027	28,151	8,748	36,899
2028	29,304	7,596	36,900
2029 - 2033	165,510	18,989	184,499
	$ 275,992	$ 56,105	$ 332,097

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, 2024, was $30,138.

Future payments of the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 63,500	$ 25,636	$ 89,136
2026	66,000	23,275	89,275
2027	68,500	20,812	89,312
2028	71,000	18,266	89,266
2029 - 2033	397,500	49,582	447,082
2034	44,000	812	44,812
	$ 710,500	$ 138,383	$ 848,883

Note 5: Note Payables (continued)

Safe Drinking Water

This debt was incurred to finance water meters for safe drinking water. The total amount of the debt was $403,417 and provides for interest at the rate of 0 percent per annum. Semi-annual payments of principal began January 2021, 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, 2024, was $0.

Future payments of the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 14,012	$ -	$ 14,012
2026	14,012	-	14,012
2027	14,012	-	14,012
2028	14,012	-	14,012
2029 - 2033	70,058	-	70,058
2034 - 2037	70,058	-	70,058
Thereafter	154,122	-	154,122
	$ 350,286	$ -	$ 350,286

Solar Loan

This debt was incurred to finance construction of a solar system. The total amount of the debt was $750,000 and provides for interest at the rate of 0 percent per annum. Monthly payments of principal to begin July 2023 and continue until paid. Full repayment of the loan is scheduled to occur in October 2042. The Recreation Fund and Solid Waste Fund finances this debt. Interest paid on this loan for the year ended June 30, 2024, was $0.

Future payments of the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 38,748	$ -	$ 38,748
2026	38,748	-	38,748
2027	38,748	-	38,748
2028	38,748	-	38,748
2029 - 2033	193,740	-	193,740
2034 - 2037	193,740	-	193,740
Thereafter	168,780	-	168,780
	$ 711,252	$ -	$ 711,252

Note 5: Note Payables (continued)

RCAC Grant Anticipation

Note payable grant anticipation with a maximum borrowing limit of $750,000, interest due monthly at 1.5% per annum, with a maturity date of April 1, 2025. Principal is due as State reimbursements from grants related to capital outlay are received. The principal balance due as of June 30, 2025 is $750,000. Interest paid on this loan for the year ended June 30, 2024, was $38,125.

Note 6: Restricted Assets – Cash

As of June 30, 2024, $63,185 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, 2024.

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, 2024 was $1,011,525 with covered payroll equaling $698,080. 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, 2024 were $69,808. The District has a projected unfunded liability of $938,712 included in accounts payable and accrued expenses.

Note 8: Subsequent Events

In compliance with accounting standards, subsequent events were evaluated through April 17, 2026, which is the date the financial statements were available to be issued.

Subsequent to year-end, the District entered into a financing agreement on August 1, 2024 to refinance certain existing outstanding debt obligations and to address the unfunded portion of its pension liability. The financing resulted in the issuance of installment sale loan agreement in the approximate amount of $2,857,000.

Proceeds from this financing were used to (1) refinance existing loans, resulting in revised debt service terms, and (2) fund all or a portion of the District's unfunded pension liability with the applicable retirement system.

Management has determined that no other events require disclosure in accordance with the accounting standards subsequent to June 30, 2024.

MALAGA COUNTY WATER DISTRICT
COMBINING STATEMENT OF REVENUE AND EXPENSE
WASTE DISPOSAL FUND
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Business-Type Activities - Waste Disposal Fund				
	2024				2023
	Sewer	Pretreatment	Solid Waste	Total	Total
OPERATING REVENUE					
Charges for services	$ 1,142,779	$ 72,047	$ 935,670	$ 2,150,496	$ 1,807,610
Other	-	-	-	-	-
Total operating revenue	1,142,779	72,047	935,670	2,150,496	1,807,610
OPERATING EXPENSE					
Salaries and wages	259,076	51,194	-	310,270	606,627
Employee benefits	86,069	26,244	-	112,313	294,016
Refuse collection and disposal	9,755	-	838,072	847,827	563,843
Depreciation	207,268	-	-	207,268	207,268
Utilities	281,975	-	-	281,975	211,028
Professional services	114,816	1,850	-	116,666	84,246
Repairs and maintenance	123,328	2,325	-	125,653	178,208
Board of directors	65,714	26	-	65,740	21,232
Contract services	33,437	4,554	-	37,991	50,394
Insurance	33,770	2,316	-	36,086	21,220
Supplies and small tools	69,150	1,973	-	71,123	37,395
Dues and memberships	16,794	319	-	17,113	55,348
Other	57,434	727	-	58,161	22,092
Telephone	3,366	-	-	3,366	23,888
Testing	19,635	11,297	-	30,932	15,083
Travel, meetings and education	375	-	-	375	1,954
Fuel and oil	10,870	3,013	-	13,883	17,066
Bank charges	40,821	-	-	40,821	1,527
Office supplies and postage	298	-	-	298	8,880
Rents and leases	14,950	-	-	14,950	4,348
Education and training	700	163	-	863	3,969
Total operating expense	1,449,601	106,001	838,072	2,393,674	2,429,632
Net operating income/(loss)	(306,822)	(33,954)	97,598	(243,178)	(622,022)
Nonoperating revenue/(expense)					
Grant revenue	45,981	-	-	45,981	25,414
Grant expense	(51,315)	-	-	(51,315)	(9,575)
Taxes and assessments	-	-	-	-	-
Other	-	-	-	-	68,145
Interest and use of property	1,335	-	-	1,335	1,129
Interest expense	(7,390)	-	-	(7,390)	(24,580)
Net nonoperating revenue/(expense)	(11,389)	-	-	(11,389)	60,533
Change in net position	$ (318,211)	$ (33,954)	$ 97,598	$ (254,567)	$ (561,489)

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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 Malaga County Water District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2026, which contains a qualified opinion related to the Recreation Fund.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did identify certain deficiencies in internal control that we consider to be material weaknesses. These items can be referred to in the schedule of findings and questioned costs as items 2024-01, 2024-02.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as finding 2024-01, 2024-02.

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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jaribu W. Nelson, CPA

April 17, 2026

MALAGA COUNTY WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:				
• Material weaknesses identified?	☒	Yes	☐	No
• Significant deficiency(ies) identified?	☒	Yes	☐	Yes
Non-compliance material to financial statements noted?	☒	Yes	☐	No

SECTION II – FINANCIAL STATEMENT FINDINGS

There was two (2) financial statement finding to be reported in accordance with *Generally Accepted Government Auditing Standards (GAGAS).* See Findings 2024-01, 2024-02

FINANCIAL STATEMENT FINDINGS

Material Weakness

Finding 2024-01

Inadequate Recording and Reconciliation of Recreation Fund Transactions

Criteria:

Management is responsible for establishing and maintaining effective internal control over financial reporting, including controls to ensure that transactions are properly recorded, classified, and reported in accordance with accounting principles generally accepted in the United States of America.

Condition:

During our audit, we noted that transactions within the Recreation Fund were not consistently or accurately recorded in the general ledger. Specifically, we identified instances where revenues and expenditures were improperly classified, recorded in incorrect periods, or lacked adequate supporting documentation. In addition, routine reconciliations between subsidiary records and the general ledger were not performed or were not performed in a timely manner.

Cause:

The condition appears to be the result of inadequate oversight and review procedures over the financial reporting process for the Recreation Fund, as well as insufficient training or resources assigned to accounting personnel responsible for maintaining the fund.

Effect:

The lack of accurate recording and timely reconciliation increases the risk that material misstatements in the Recreation Fund financial information may occur and not be prevented, or detected and corrected, on a timely basis. Audit adjustments were required to correct certain misstatements identified during the audit.

Recommendation:
We recommend that management implement and enforce procedures to ensure that all Recreation Fund transactions are accurately recorded in the proper period and account classification. This should include:

- Timely preparation and review of account reconciliations
- Supervisory review of journal entries and financial reports
- Adequate documentation supporting all recorded transactions
- Additional training for personnel responsible for financial reporting

Views of Responsible Officials:

Management agrees with the finding and has indicated that corrective actions will be implemented, including enhanced review procedures and additional staff training, beginning in the next fiscal year.

Significant Deficiency

Finding 2024-02

Inadequate Controls Over Accounts Receivable Recording and Monitoring

Criteria

Management is responsible for establishing and maintaining effective internal control over financial reporting, including controls to ensure that accounts receivable balances are accurately recorded, supported, and periodically reviewed for collectibility in accordance with generally accepted accounting principles.

Condition

During our audit, we identified deficiencies in the controls over accounts receivable. Specifically:

- Accounts receivable transactions were not consistently recorded in the correct period
- Subsidiary ledgers were not routinely reconciled to the general ledger
- Aging schedules were either not prepared timely or not reviewed by management
- Certain receivable balances lacked adequate supporting documentation

Cause

The condition appears to be due to insufficient review and oversight of the accounts receivable process, as well as a lack of formalized procedures for reconciliation and monitoring. Additionally, staffing limitations contributed to delays in recording and reviewing receivable activity.

Effect

The lack of effective controls over accounts receivable increases the risk that misstatements may occur and not be detected in a timely manner. While the misstatements identified during our audit were not material to the financial statements, they required audit adjustments and indicate a deficiency in the design and operation of internal control.

Recommendation

We recommend that management strengthen controls over accounts receivable by:

- Implementing monthly reconciliations between the accounts receivable subsidiary ledger and the general ledger
- Preparing and reviewing accounts receivable aging reports on a timely basis
- Establishing formal review procedures to ensure transactions are recorded in the proper period
- Maintaining adequate supporting documentation for all receivable balances
- Assigning clear responsibility for monitoring receivable activity and follow-up on outstanding balances

Views of Responsible Officials

Management agrees with the finding and plans to implement corrective actions, including establishing formal reconciliation procedures, enhancing supervisory review, and providing additional training to accounting personnel.

Findings 2023-01

Improve the preparation of the financial statements

Recommendation:

We recommend that the review of all year-end account balances include an accounting professional to validate the accuracy of all accounts. We recommend that the District make payment arrangements to bring the plan into compliance.

Status:

Partially implemented, the District was able to procure an accounting professional and have made strides in correcting prior errors. Subsequent to June 30, 2024, the District was able to obtain financing to bring the pension plan back into compliance.