



SPECIAL BOARD MEETING AGENDA
BOARD OF DIRECTORS MEETING
MALAGA COUNTY WATER DISTRICT
ALTERNATE MEETING ROOM AT
3582 SOUTH WINERY AVE
FRESNO, CALIFORNIA 93725
Tuesday, June 30, 2026 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.

Access to the meeting will be available by ZOOM. To join meeting please visit
<https://us06web.zoom.us/j/82213624555?pwd=SzZicPEgFpMmPAd6qWCrFSdZDGt9cg.1>

Meeting chat link
<https://us06web.zoom.us/launch/jc/82213624555>. Meeting ID: 822 1362 4555. Passcode: 063026

One tap mobile: Call: +16699006833. Meeting ID: 82213624555# Password: 063026# US
+16694449171 Meeting ID: ,82213624555# Password: 063026# US (San Jose).

Join instructions
https://us06web.zoom.us/meetings/82213624555/invitations?signature=9LuMxUKO4cRdjGQ68laK_HiO0jS3CzDiQj5ivdpvdrA

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.

1. **Call to Order:**
2. **Roll Call:** President Charles Garabedian, Jr.; Vice President Salvador Cerrillo; Director Irma Castaneda; Director Frank Cerrillo, Jr.; Director Carlos Tovar, Jr.
3. **Certification:** Certification was made that the Board Meeting Agenda was posted 24 hours in advance of the meeting.
4. **Old Business:**
 - a. **Resolution 06-23-2026.** Continued from the previous Regular Board Meeting of June 23, 2026 as adjustments needed to be made under the Recreation Department. A Resolution approving Fiscal Year 2026-2027 Budget. The 2026-2027 budget is being presented after comments received from the budget workshop held on June 18, 2026.

Recommended Action: To approve FY 2026-2027 Budget.

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

- b. **Resolution 06-23-2026A.** A Resolution approving an updated Master Fee Schedule effective July 1, 2026. The 2026-2027 budget includes certain changes to fees and charges approved by the District in accordance with Proposition 218.

Recommended action: to approve Resolution 06-23-2026A.

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

- c. **2025 Audit.** Presentation of Audit for the FY ending June 30, 2025.

Recommended action: Acknowledge receipt of Audit for Fiscal Year ending June 30, 2025.

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

5. **New Business:** *None for this meeting.*

6. **Communications:**

- a. Written Communications:
1. A letter from IWS notifying the district of the Consumer Price Index (CPI) of 3.6%.
b. Public Comment:

7. **Closed Session:**

- a. Personnel Evaluations: All Positions (Government Code Section 54957.)

8. **Adjournment:**

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

Certification of Posting

I, Norma Melendez, District Clerk of the Malaga County Water District, do hereby certify that the foregoing agenda for the Special Board Meeting of the Board of Directors of June 30, 2026 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 06/29/2026.

Norma Melendez, District Clerk

Item 4.a

RESOLUTION NO. 06-23-2026

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MALAGA COUNTY WATER DISTRICT APPROVING FISCAL YEAR 2026-2027
BUDGET**

WHEREAS, The District is required to adopt an annual budget on or before June 30 of each year; and

WHEREAS, The District conducted a public workshop on the FY 2026-2027 budget on June 18, 2026; and

WHEREAS, following the June 18, 2026, budget workshop, staff made revisions to the draft budget as directed by the board; and

WHEREAS, The Board desires to adopt the FY 2026-2027 budget as attached hereto as Attachment A.

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

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

2. The Board hereby approves and adopts a Budget for fiscal year 2026-2027 effective July 1, 2026, as attached hereto and incorporated herein by this reference as Attachment "A".

* * * * *

Passed and adopted by the Board of Directors of the Malaga County Water District at their meeting held on this 30th day of June, 2026, by the following vote:

AYES:

Item 4

NOES:

ABSENT:

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

ATTEST:

Norma Melendez, Secretary to the Board
of Directors of the Malaga County Water District

item 4.a.

	2026-2027 WATER	2026-2027 SEWER	2026-2027 COLLECTI ON SYSTEM	2026-2027 PRE- TREATME NT	2026-2027 RECREATIO N	SOLID WASTE	TOTAL
Expenses							
Labor							
52100-Salaries	74074	248894	11466	23032	125326	7540	490332
52150-Pension Expense	7407	24889	1147	2303	0	754	36501
56020-Employee Benefits	36386	118008	1041	15680	0	409	171523
56024-Payroll Taxes	9643	26415	1526	4117	11358	905	53963
56025-Sick	815	1285	57	115	627	38	2937
Paid Time Off	1481	4978	229	461	0	151	7300
56026-Overtime	5000	8000		0	250		13250
Standby	15215	14290					29506
Call-back	5000	8000					13000
Workers Compensation	9300	16200	600	3225	600	75	30000
Right of Way Clean-up	8050	8050					16100
Long Term Debt							
Umpqua Bank	91257	125479			11407		228144
Zions Bank	8954	17907			17907		44767
Sewer Refi		36900					36900
Solar Project		117925			43737		161661
Operations Expenses							
52300-Utilities							
PG&E	253162	150975			31438		435575
Water		611			10577		
Sewer					3986		
53210-Testing							
Testing Supplies	4000	11800		14000			29800
Permit Fee	2000	42640					44640
56060-Gas, Fuel, & Oil	2000	16000	1050	3000	1000		23050
56220-Education & Training	4000	7000		500			11500
57120-Professional Services	15000	59000		9150			83150
57140-Rents & Leases	0						0
Community Outreach/Education	2000	950		1257	1500		5707
Scholarship/Donation							
57150-Repair & Maint.					5000		
Lab Equipment		1200					1200
Testing Supplies	25000	4000		1000			30000
Pond Maintenance		185300					185300
Tool/Equip/Replacement	12000	11250					23250
Vehicle Maint	2000	16000		1859	1000		20859
Well Maintenance	50000						50000
Disptibution Maintenance	40000						40000
Supplies	3000						3000
GIS	3570	3570	357	240			7737
WWTF Plant Repairs		40000					40000
Site Maintenance	12000						12000
Biosolid Removal		0					0
Solid Waste Disposal							
Groundwater Sustainability	43470						43470
Backflow Prevention Program	10525						10525
Collection System							
Camera			2080				2080
System Repair			3120				3120
Man Hole Maint/Repair			7000				7000
Vac Trailer Maint			4056				4056
Lift Station Repair/Maint			20800				20800

	2026-2027 WATER	2026-2027 SEWER	2026-2027 COLLECTI ON SYSTEM	2026-2027 PRE- TREATME NT	2026-2027 RECREATIO N	SOLID WASTE	TOTAL
Permit Issuance Admin Expense				1466			1466
Recreation							
Bingo					6400		6400
Recreation Committee Meetings					6400		6400
Events					29100		29100
Field/Maintenance					35000		35000
Restroom Maintenance					5000		5000
Graffiti/Vandalism					10000		10000
Community Center Maintenance					15000		15000
Pool Chemicals					1400		1400
Pool Maintenance					3200		3200
Pool Repairs/Supplies					5700		5700
Pool Permit					1250		1250
Taxes/Assessments	184	933			765		1882
57170-Travel & Meetings							
Vandalism/Damage/Theft	10000	5000			8000		23000
Solid Waste							
74060-Solid Waste-Colltn-Res						78923	78923
74060-1 Solid Waste-Colltn-Bus							0
Franchise Fee Interdepartmental transfer						63540	63540
Diversion/Organic Waste Recycling Admin						196	196
74065-Solid Waste-Dumping Fee	3780	7200					10980
Debt Service Reserve							
98000-Grant Expenses							
98005-RCAC							0
Screw Pump Project		120000					120000
Well 5A Project	10000						10000
Nitrogen Reduction Project		5000					5000
Reserves							
Water							
Capital Improvements							
System Expansion	0						
Well 5A Storage Tank	5967						
Unscheduled Maintenance/Repair Re	35802						35802
System Maintenance							
Pipeline Replacement	0						
Valve Replacement	5967						
Hydrant Relpacement	0						
Water Meter Maint/Replace	29451						29451
Other							
Vehicle Replacement	20000						20000
LTD							
LTD Reserve	11934						
Sewer							
Capital Improvements							
Collection System Expansion		0					
New Lift Station(s)		0					
Plant Replacement							
Maintenance							

	2026-2027 WATER	2026-2027 SEWER	2026-2027 COLLECTI ON SYSTEM	2026-2027 PRE- TREATME NT	2026-2027 RECREATIO N	SOLID WASTE	TOTAL
Plant		43356					
Ponds		8671					
Unscheduled Maintenance/Repair Reserves		26014					
Collection System			13519				
LTD							
LTD Reserves		8671					
Recreation							
Capital Improvements							
Fitness Station- Walking Track					7848		
Maintenance							
Center Floor					0		
Center Roof					0		
Restrooms					0		
Ball Fields					0		
Pool					0		
Playground					7848		
LTD							
LTD Reserve					3924		
SUB TOTAL	\$891,395	\$1,560,761	\$68,048	\$81,405	\$412,547	\$152,530	\$3,166,686
56030-Directors Comp.	14880	25920	960	960	5160	120	48000
56036-Directors Benefits	60971	106207	3934	3934	21143	492	196680
56070 Insurance SDRMA	30380	52920	1960	10535	1960	245	98000
Administration	195112	339872	12588	12588	67660	1536	629355
TOTAL	\$1,192,737	\$2,085,680	\$87,489	\$109,421	\$508,470	\$154,923	\$4,138,721
Revenue							
Water							
Residential Metered Water Service	85,771						
Commercial Metered Service	578,197						
Non-Residential Meter Surcharge	29,727						
Supplimental GW Sus-Commercial	43,470						
Fireline Service	427,952						
Interdepartment Transfer	11,379	5,315					
Recovered Costs							
Engineering	4,160						
Legal	2,080						
Connection	10,000						
Sewer							
Residential Service		271,320					
41300 Commercial Service		1,691,185					
41350-Capacity Expansion Surchg		100,580					
Interdepartment Transfer							
Recovered Costs							
Engineering		5,200					
Legal		2,080					
Solar Project Rebate		0					
Connection		10,000					
Collection System							
Residential			12,096				
Commercial			75,394				
PreTreatment							
Surcharge				54,131			

	20026-2027	2026-2027	2026-2027	2026-2027	2026-2027		
	WATER	SEWER	ON	TREATME	RECREATIO	SOLID	TOTAL
			SYSTEM	NT	N	WASTE	
Permit Fees				29,324			
Admin				1,466			
Recovered Costs							
Engineering				8,400			
Legal				2,100			
Testing				14,000			
Recreation							
County Tax Share					403,780		
Interdepartment Transfer/Franchise Fee					63,540		
Center Rentals					10,000		
Park Rentals					5,000		
Recovered Costs							
Events							
Fiesta Days					6,800		
Halloween/Trick or Trunk					1,300		
50's Dance					950		
Dances					2,000		
Bingo					9,100		
Other					1,000		
Donations					5,000		
Solid Waste							
Residential Service						78,923	
Commercial Service							
Franchise Fee						76,000	
Total Expenses	\$1,192,737	\$2,085,680	\$87,489	\$109,421	\$508,470	\$154,923	\$4,138,721
Total Income	\$1,192,737	\$2,085,680	\$87,489	\$109,422	\$508,470	\$154,923	\$4,138,721
Enterprise Profit (Loss)	\$0	(\$0)	\$0	\$0	(\$0)	(\$0)	\$0

Recreation

Recreation Assistant	\$	39,864.00	\$	26,312.00	23 Hours /week
Recreation Assistant	\$	39,864.00	\$	31,900.00	23 Hours /week

Sub Total	\$	79,728.00	\$	58,212.00	
Part time Maint Asst	\$	20,664.00	\$	20,664.00	20 Hours /week
Life Guards	\$	16,000.00	\$	16,000.00	
Park Maintenance	\$	20,664.00	\$	30,450.00	29 Hours /week

Pension	\$	7,972.80	\$	-	
Benefits			\$	-	
Payroll Tax	\$	12,630.23	\$	11,358.24	
Sick	\$	685.28	\$	626.63	
Paid Time Off	\$	1,594.56	\$	-	
Overtime	\$	1,000.00	\$	250.00	

Total	\$	160,938.87	\$	137,560.87	
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Pool	Chemicals	\$	1,400.00	
	Maintenance	\$	3,200.00	
	Supplies	\$	3,000.00	
	Permit	\$	1,250.00	
	Repairs	\$	2,700.00	

Computers	\$	100.00		
Field Maintenance	\$	35,000.00	\$	30,000.00
Fuel	\$	1,000.00	\$	1,000.00
Vehicle Maintenance	\$	1,000.00	\$	1,000.00
Taxes/Assessments	\$	-		

Vandalism/Damage/Theft	\$10,000
Restroom Maintenance	\$5,000
Community Center Maintenance	\$15,000
Community Outreach	\$1,500

Events	
Fiesta Days	\$10,000
Halloween/Trick	\$2,250
Christmas	\$9,500
Staff/Volunteer A	\$375
50's Dance	\$1,200
Mothers/Fathers	\$300
Valentines Danc	\$400
Easter Program	\$1,900
Campout	\$475
Thanksgiving	\$1,700
Other Events	\$1,000

Bingo	\$6,400
Food Distribution	\$100

REC Committee Meeting/Suplies \$200

ScholarshipsDone \$ 5,000.00



RESOLUTION NO. 06-23-2026A

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

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

WHEREAS, the Board of Directors of the District now desires to amend the Master Schedule of Fees, Charges, Penalties and Recovered Costs to amend water and sewer rates and annual discharge permit fees; and

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

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

1. That the foregoing recitals are true and correct and are incorporated by this reference as fully set forth at this point.
2. That the Board of Director of the Malaga County Water District hereby adopts the amended Master Schedule of Fees, Charges, Penalties and Recovered Costs as attached hereto as Attachment A, effective July 1, 2026.

* * * * *

Passed and adopted by the Board of Directors of the Malaga County Water District at their meeting held on this 30th day of June, 2026 by the following vote:

AYES:

NOES:

ABSENT:

Charles Garabedian, President of the
Malaga County Water District

ATTEST:

Norma Melendez, Secretary to the Board
of Directors of the Malaga County Water District



MALAGA COUNTY WATER DISTRICT

MASTER SCHEDULE OF FEES, CHARGES, PENALTIES AND RECOVERED COSTS

EFFECTIVE JULY 1, 2026

TABLE OF CONTENTS

<u>Chapter One – Sewer</u>		<u>Page</u>
1.	Sewer Rates	1
2.	Permits	2
3.	Loading Surcharges	4
4.	Sanitary Sewer Overflow	4
5.	Sewer Collection System	4
6.	Pipeline Replacement and Repair	5
7.	Collection System Installation	5
<u>Chapter Two – Water</u>		
1.	Metered Water Service	6
2.	Tier 2 Quantity Charge	6
3.	Private Fire line Service	6
4.	Non-Residential User Surcharge- Meter Debt Service	6
5.	Connection Fee: Water Service	7
6.	Connection Fee: Fire Service	7
7.	Water Meter Fee	7
8.	Miscellaneous Fees, Permits, and Deposits	7
9.	Meter Test Deposit	8
10.	Water Service Reconnection Fee	8
11.	Late Penalty Fee	8
12.	Private Fire Protection Installation	8
13.	Pipeline Installation	8
14.	Temporary Water Service Fees	8
<u>Chapter Three – Parks and Recreation Facilities, Fees, Rentals and Deposits</u>		
1.	Multi-Purpose Room	9
2.	Annex Room	9
3.	Kitchen	9
4.	La Cantina	9
5.	Meeting Room	9
6.	Picnic Area and BBQ	9
7.	Unsheltered Picnic Area	9
8.	Gazebo	9

9.	Park Table #1	9
10.	Park Table #2	9
11.	Park Table #3	9
12.	Park Table #4	9
13.	Park Table #5	9
14.	Park Table #6	9
15.	Park Table #7	9
16.	Playground Area	9
17.	Pool	10
18.	General Field Area and Baseball Fields	10
19.	Multi-Purpose Room or Other Facilities for Memorial Services	10

Chapter Four – Solid Waste

1.	Solid Waste - Residential	11
2.	Solid Waste - Commercial	11

Chapter Five – Penalties and Citations

1.	General Penalties	12
2.	Administrative Citations	12

Chapter Six – Charges for Administrative, Legal and Engineering Services

1.	Water Service	13
2.	Sewer Service	13
3.	Annexation	13
4.	Construction Review	13
5.	Additional Costs	14
6.	Deposits	14

MALAGA COUNTY WATER DISTRICT

MASTER SCHEDULE OF FEES, CHARGES AND RECOVERED COSTS

CHAPTER ONE

SEWER

1. SEWER RATES

- A. Residential Equivalent Sewer Unit (“ESU”) \$ 101.17

An ESU is equivalent to sewer service to a residential unit (single family dwelling)

The basic formula* used to calculate an ESU:

$$\text{ESU} = \frac{\text{Flow (gpd)}}{150} \times \left[0.4 + \frac{0.3(\text{BOD mg/l})}{175} + \frac{0.3(\text{TSS mg/l})}{185} \right]$$

*The formula is subject to change as deemed necessary by the District based on user classification or otherwise and does not apply to users who have requested and/or been assigned a minimum ESU based on connection size, capacity requirement, or reservation, or to accommodate special situations and for commercial and industrial sewer use calculations.

- B. Industrial User Equivalent Sewer Unit (“ESU”) \$ 101.17

Commercial/industrial users are assigned ESUs by the District based on water use, wastewater flow, and characterization.

The Industrial User ESUs assigned may be reviewed and recalculated at any time by the District or at the request of the applicant and the approval of the General Manager.

- C. Residential Pretreatment Surcharge \$ 0.22/ESU

A surcharge for pretreatment costs of residential sewer service.

- D. Industrial User Pretreatment Surcharge \$3.31/ESU

A surcharge for pretreatment costs of commercial and industrial sewer service.

- E. Industrial User Capacity Expansion Surcharge \$ 6.03/ESU

A surcharge for capacity expansion costs of commercial and industrial sewer service.

- F. Total Residential Sewer Rate per ESU \$ 101.39/ESU

G.	<u>Total Industrial/Commercial Sewer Rate per ESU</u>	\$ 110.50/ESU
H.	<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

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

² *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 ³.

1) Class 1 - SIU	\$2,791.64
2) Class 2 - Categorical User Permit	\$2,791.64
3) Class 3 - Potential Discharging Categorical User	\$ 270.16
4) Class 4 - FSE	\$ 918.54
5) Class 5 - Industrial User Permit	\$ 297.17

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) ⁴	
\$ No Charge	
b. Compliance Schedule/Order Inspection ⁵	\$ 144.17
c. Compliance Schedule/Order Inspection,	

	Requiring Sampling and Testing (plus actual costs of sampling, monitoring and testing.)	\$ 144.17
	d. Enforcement Inspection ⁶	\$ 144.17
	e. Enforcement Inspection, Requiring Sampling and Testing (plus actual costs of sampling, monitoring and testing.)	\$ 144.17
2)	Class 4 Permit	
	a. Requires Permit Inspection(s) ⁴	\$ No Charge
	b. Compliance Schedule / Order Inspection ⁵	\$ 98.94
	c. Compliance Schedule / Order Inspection, Requiring Sampling and Testing (plus actual costs of sampling, monitoring and testing.)	\$ 98.94
	d. Enforcement Inspection ⁶	\$ 98.94
	e. Enforcement Inspection Requiring Sampling and Testing (plus actual costs of sampling, monitoring and testing.)	\$ 98.94
3)	Class 5 Permit	
	a. Required Permit Inspection(s) ⁴	\$ No Charge
	b. Compliance Schedule / Order Inspection ⁵	\$ 50.88
	c. Compliance Schedule / Order Inspection, Requiring Sampling and Testing (plus actual costs of sampling, monitoring and testing.)	\$ 50.88 (plus actual costs of sampling, monitoring and testing.)
	d. Enforcement Inspection ⁶	\$ 50.88
	e. Enforcement Inspection, Requiring Sampling and Testing (plus actual costs of sampling, monitoring 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. METERED WATER SERVICE

TIER 1 BASE RATE

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>
3/4"	700	=	7.0	\$ 9.55
1"	1200	=	12.0	\$ 15.92
1 1/2"	2300	=	23.0	\$ 31.84
2"	3700	=	37.0	\$ 50.94
3"	7000	=	70.0	\$ 95.52
4"	11,700	=	117.0	\$159.19
6"	23,300	=	233.0	\$318.38
8"	37,300	=	373.0	\$508.38
10"	53,700	=	537.0	\$732.28

2. 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: \$2.32/HCF

3. 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	\$ 27.00
3" Meter	15,000	50.63
4" Meter	25,000	84.38
6" Meter	40,000	168.76
8" Meter	64,000	270.02
10" Meter	92,000	388.15

Additional charge per thousand square feet of building over allowance: \$ 3.24

4. NON-RESIDENTIAL USER SURCHARGE- METER DEBIT SERVICE

<u>Meter Size</u>		<u>Fee</u>
¾"	\$	1.79
1"	\$	2.98
1 ½ "	\$	5.97
2"	\$	9.55
3"	\$	17.90
4"	\$	59.67
6"	\$	59.67
8"	\$	95.46
10"	\$	137.23

5. CONNECTION FEE: WATER SERVICE

The fee to install a new water service connection shall be the District's actual cost plus 30% to cover administrative and other costs associated with the connection.

6. CONNECTION FEE: FIRE SERVICE

The fee to install a new water connection for fire suppression service shall be the District's actual cost plus 30% to cover administrative and other costs associated with the connection.

7. 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 plus 30% to cover administrative and other costs associated with the installation of a water meter.

8. 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.

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	\$ two 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

9. 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.

10. 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 fee is \$ 66.75.

11. LATE PENALTY FEE

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

12. PRIVATE FIRE PROTECTION INSTALLATION CHARGE- DISTRICT

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

13. PIPELINE INSTALLATION CHARGE - DISTRICT

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

14. 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 \$ 2.32 per HCF or part thereof above 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

Approved 2/25/2025 | Effective March 1, 2025

<u>FACILITY</u>	<u>RATE</u>	<u>DEPOSIT</u>
1. Multi-Purpose Room	\$97.50/Hr (4 hour minimum) \$65/Hr set-up/cleaning (2 hour min/max per day) \$162.50/Hr after 8 hours and Holidays	\$ 520
2. Annex Room	\$32.50/Hr with #1, \$65/Hr alone (4 hour minimum) \$65/Hr set-up/clean-up (2 hours min/max per day) \$130/Hr after 8 hours and Holidays	\$260 \$130 w/#1
3. Kitchen	\$32.50/Hr with #1 or #2, \$65/Hr alone (4 hour minimum)	\$130
4. La Cantina	\$32.50/Hr with #1 or #2, \$65/Hr alone (4 hour minimum)	\$65
5. Meeting Room	\$32.50/Hr with #1 or #2, \$65/Hr alone (2 hour minimum)	\$65
6. Round Tables and Padded Chairs	Add-on with #1 or #2	\$200
7. Picnic Area - BBQ		
8. Gazebo	\$130.00 daily rate	\$65
9. Park Table #1	\$32.50 daily rate	\$32.50
10. Park Table #2	\$32.50 daily rate	\$32.50
11. Park Table #3	\$65 daily rate	\$65
12. Park Table #4	\$65 daily rate	\$65
13. Park Table #5	\$130 daily rate (Unsheltered Picnic Area)	\$65
14. Park Table #6	\$130 daily rate (Picnic Shelter)	\$65
15. Park Table #7	\$32.50 daily rate	\$32.50
16. Playground Area	\$32.50/Hr (4 hour minimum)	\$32.50

<u>FACILITY</u>	<u>RATE</u>	<u>DEPOSIT</u>
17. Pool *Lifeguards additional cost	\$65/Hr (2 hour minimum)	\$65
18. General Field Area And Baseball Fields (each)	\$32.50/Hr no lights \$52/Hr with lights (2 hour minimum)	\$32.50
19. <u>Multi-Purpose Room or Other Facilities for Memorial Services</u>		

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. RESIDENTIAL \$ 30.26 PER MONTH

2. COMMERCIAL

Franchise Agreement between the District and IWS include 10% to certain solid waste services.

<u>Service</u>	<u>Franchise Fees</u>
Hauling	\$218.59
Municipal Solid Waste	\$ 69.00
Commingles (Plastic/ Recycle)	\$ 44.76
Old Corrugated Cardboard (OCC)	\$ 34.25

Fees not included in Franchise Agreement:

<u>Service</u>	<u>Franchise Fees</u>
Delivery Fee	\$141.95
Daily Fee	\$ 6.53

**IWS fees may fluctuate depending on the annual Consumer Price Index (CPI) report.*

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. Application/initial review fee. \$1,000.
 - ii. Legal fees- actual fees incurred plus 10% administrative fee, \$500 deposit.
 - iii. Engineering fees- actual fees incurred plus 10% administrative fee, \$500 deposit.
 - iv. staff fees- actual cost plus 10% administrative fee.
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. Application/initial review fee. \$1,000.
 - ii. legal fees – actual fees incurred. \$500 deposit;
 - iii. engineering fees – actual fees incurred. \$500 deposit;
 - iv. staff fees \$100/hour.
 - b. Review plans:
 - i. legal fees – actual fees incurred. \$500 deposit;
 - ii. engineering fees – actual fees incurred. \$500 deposit;
 - iii. staff fees \$100/hour.
 - c. Miscellaneous research/reviews:
 - i. legal fees – actual fees incurred. \$500 deposit;
 - ii. engineering fees – actual fees incurred. \$500 deposit;
 - 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 As Approved by District Engineer	Estimated Construction Review Fee
\$0 - \$5,000	10% of cost
\$5,000 - \$25,000	\$600 + 6% of amount over \$5,000
\$25,000 - \$100,000	\$2,000 + 6% of amount Over \$25,000
\$100,000 - \$250,000	\$6,000 + 6% of amount Over \$100,000
Over \$250,000	\$15,000 + 5% of amount 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.

item 4.c.



MALAGA COUNTY WATER DISTRICT

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
JUNE 30, 2025**

TABLE OF CONTENTS

	<u>Page</u>
BOARD OF DIRECTORS AND ADMINISTRATION	1
INDEPENDENT AUDITOR'S REPORT	2 – 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 – 8
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	9
Statement of Activities	10
FUND FINANCIAL STATEMENTS	
Comparative Statement of Net Position – Proprietary Funds	11
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	12
Comparative Statement of Cash Flow – Proprietary Funds	13 – 14
Notes to Financial Statements	15 – 22
SUPPLEMENTARY INFORMATION	
Combining Statement of Revenue and Expense – Waste Disposal Fund	23
Schedule of Expenditures of Federal Awards	24
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 <i>GOVERNMENT AUDITING STANDARDS</i>	25 – 26
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	27 – 29
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	30 – 31
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	32

**MALAGA COUNTY WATER DISTRICT
BOARD OF DIRECTORS AND ADMINISTRATION
JUNE 30, 2025**

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

Norma Melendez	Clerk
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Jaribu W. Nelson, CPA

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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, 2025, 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, 2025, 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, 2025, 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Malaga County Water District's basic financial statements. The accompanying supplementary information on page 23 and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on page 23 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 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
May 29, 2026

MALAGA COUNTY WATER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2025

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, 2025. 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, 2025, by \$8,746,352. Of this amount, an unrestricted net position of \$440,476 may be used to meet the District's ongoing obligations to customers and creditors. As of June 30, 2024, assets exceeded liabilities by \$6,991,268 with unrestricted net position equaling a deficit of (\$38,332).
- Total net position increased by \$1,755,084 for the year ended June 30, 2025. For the year ended June 30, 2024, total net position increased by \$326,331.
- During the current year, the District's fixed assets increased by a net of \$1,167,087. This increase was mostly attributable to the purchase of improvements to the water, sewer system and parks and recreation assets 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 \$495,261.
- Total debt increased by a net of \$260,863 during the current year. The increase was mostly attributable to the acquisition of a loan to refinance existing debt. During the prior year, total debt increased by a net of \$512,779. This was mostly attributable to the of the RCAC anticipation grant loan to finance Wells 3 and 5.

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 expenses 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, 2025**

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, 2025, the District's assets exceeded liabilities by \$8,746,352. 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 \$437,399 in net position (5 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, 2025**

Malaga County Water District's Net Position

	Business-Type		Prior Year
	Activities	Total	Total
ASSETS			
Current assets	\$ 2,380,839	\$ 2,380,839	\$ 1,915,972
Other assets	11,703,305	11,703,305	10,177,682
Total assets	14,084,144	14,084,144	12,093,654
LIABILITIES			
Current liabilities	2,055,036	2,055,036	2,606,598
Deferred liabilities	3,282,756	3,282,756	2,495,788
Total liabilities	5,337,792	5,337,792	5,102,386
NET POSITION			
Net investment in capital assets, net of related debt	7,868,477	7,868,477	6,966,415
Restricted	437,399	437,399	63,185
Unrestricted	440,476	440,476	(38,332)
Total net position	\$ 8,746,352	\$ 8,746,352	\$ 6,991,268

Malaga County Water District's Changes in Net Position

	Business-Type	Current Year	Prior Year
	Activities	Total	Total (as restated)
REVENUE			
Program revenue			
Charges for services	\$ 2,821,905	\$ 2,821,905	\$ 3,553,761
Other	814,298	814,298	1,450,195
Total Revenues	3,636,203	3,636,203	5,003,956
EXPENSE			
Waste disposal utility activities	1,714,472	1,714,472	1,449,601
Water utility activities	2,208,515	2,208,515	2,514,814
Solid waste activities	332,849	332,849	838,072
Community recreation activities	738,195	738,195	850,818
Total Expenses	4,994,031	4,994,031	5,653,305
Net operating income/(loss)	(1,357,828)	(1,357,828)	(649,349)
Net nonoperating revenue/(expense)	3,112,912	3,112,912	975,680
Increase/(decrease) in net position	1,755,084	1,755,084	326,331
Net position, beginning of year	6,991,268	6,991,268	6,664,937
Net position, end of year	\$ 8,746,352	\$ 8,746,352	\$ 6,991,268

**MALAGA COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
YEAR ENDED JUNE 30, 2025**

Business-type activities. Business-type activities increased the District's net position by \$1,755,084, 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, 2025, the District's proprietary funds reported a combined ending fund balance of \$8,746,352, an increase of \$1,755,084. Of the entire ending fund balance, \$440,476 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, 2025, amounted to \$11,265,906 (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 \$3,748,893 as of June 30, 2025. Of this total amount, \$466,137 is due and payable during the year ending June 30, 2026. 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, 2026, remains unchanged from June 30, 2025.

User rates are not expected to increase during the year ending June 30, 2026.

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

MALAGA COUNTY WATER DISTRICT
STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2025

ASSETS

Cash and investments	\$ 1,935,089
Accounts receivable	441,288
Prepays	<u>4,462</u>
Total current assets	<u>2,380,839</u>

OTHER ASSETS

Restricted assets - cash	437,399
Capital assets, net of allowance for depreciation	<u>11,265,906</u>
Total other assets	<u>11,703,305</u>
Total assets	<u><u>14,084,144</u></u>

LIABILITIES

Accounts payable and accrued expense	1,548,068
Customer deposits payable	40,831
Due within one year	<u>466,137</u>
Total current liabilities	2,055,036

NONCURRENT LIABILITIES

Due in more than one year	<u>3,282,756</u>
Total liabilities	<u>5,337,792</u>

NET POSITION

Net investment in capital assets, net of related debt	7,868,477
Restricted	437,399
Unrestricted	<u>440,476</u>
Total net position	<u>8,746,352</u>
Total liabilities and net position	<u><u>\$ 14,084,144</u></u>

MALAGA COUNTY WATER DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

BUSINESS-TYPE ACTIVITIES

Operating revenue	
Charges for services	\$ 2,821,905
Other	<u>814,298</u>
Total operating revenues	<u>3,636,203</u>
Operating expense	
Waste disposal utility activities	1,714,472
Water utility activities	2,208,515
Solid waste activities	332,849
Community recreation activities	<u>738,195</u>
Total operating expense	<u>4,994,031</u>
Net operating income/(loss)	(1,357,828)
Net nonoperating revenue/(expense)	<u>3,112,912</u>
Change in net position	1,755,084
Net position, beginning of year	<u>6,991,268</u>
Net position, end of year	<u><u>\$ 8,746,352</u></u>

**MALAGA COUNTY WATER DISTRICT
COMPARATIVE STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	Business-Type Activities - Enterprise Funds					2024 Total
	2025					
	Water	Waste Disposal	Recreation	Solid Waste	Total	
ASSETS						
Current assets						
Cash and cash equivalents	\$ 23,242	\$ 1,038,037	\$ 290,121	\$ 583,689	\$ 1,935,089	\$ 1,492,836
Accounts receivable	231,647	95,080	77,520	37,041	441,288	400,109
Prepaid expense	2,231	2,231	-	-	4,462	23,027
Total current assets	<u>257,120</u>	<u>1,135,348</u>	<u>367,641</u>	<u>620,730</u>	<u>2,380,839</u>	<u>1,915,972</u>
Other assets						
Restricted cash and investments	218,677	218,722	-	-	437,399	78,863
Advances to other activities	3,876,808	-	-	-	3,876,808	3,224,262
Capital assets, net of accumulated depreciation	6,935,271	2,988,428	1,342,207	-	11,265,906	10,098,819
Total non-current assets	<u>11,030,756</u>	<u>3,207,150</u>	<u>1,342,207</u>	<u>-</u>	<u>15,580,113</u>	<u>13,401,944</u>
Total assets	<u>11,287,876</u>	<u>4,342,498</u>	<u>1,709,848</u>	<u>620,730</u>	<u>17,960,952</u>	<u>15,317,916</u>
LIABILITIES						
Current liabilities						
Accounts payable and accrued expenses	950,730	476,554	105,032	15,752	1,548,068	1,573,265
Customer deposits payable	3,714	20,127	16,990	-	40,831	41,091
Current portion of long-term debt	323,389	104,000	19,374	19,374	466,137	992,242
Total current liabilities	<u>1,277,833</u>	<u>600,681</u>	<u>141,396</u>	<u>35,126</u>	<u>2,055,036</u>	<u>2,606,598</u>
Other liabilities						
Advances from other activities	-	1,169,663	2,631,919	75,226	3,876,808	3,224,262
Non-current liabilities						
Notes payable, less current portion	<u>951,382</u>	<u>1,255,678</u>	<u>743,606</u>	<u>332,090</u>	<u>3,282,756</u>	<u>2,495,788</u>
Total liabilities	<u>2,229,215</u>	<u>3,026,022</u>	<u>3,516,921</u>	<u>442,442</u>	<u>9,214,600</u>	<u>8,326,648</u>
NET POSITION						
Net investment in capital assets	5,660,500	1,628,750	579,227	-	7,868,477	6,966,415
Nonspendable	10,273	12,755	-	-	23,028	2,141,207
Restricted	218,677	218,722	-	-	437,399	63,185
Unrestricted / (deficit)	3,169,211	(543,751)	(2,386,300)	178,288	417,448	(2,179,539)
Total net position	<u>\$ 9,058,661</u>	<u>\$ 1,316,476</u>	<u>\$ (1,807,073)</u>	<u>\$ 178,288</u>	<u>\$ 8,746,352</u>	<u>\$ 6,991,268</u>

MALAGA COUNTY WATER DISTRICT
COMPARATIVE STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Business-Type Activities - Enterprise Funds

	2025					2024
	Water	Waste Disposal	Recreation	Solid Waste	Total	Total
Operating Revenue						
Charges for services	\$ 1,193,365	\$ 1,600,789	\$ 27,456	\$ 295	\$ 2,821,905	\$ 3,553,761
Other	11,140	-	347,402	455,756	814,298	1,450,195
Total operating revenue	<u>1,204,505</u>	<u>1,600,789</u>	<u>374,858</u>	<u>456,051</u>	<u>3,636,203</u>	<u>5,003,956</u>
Operating Expense						
Salaries and wages	359,921	306,889	206,440	-	873,250	1,011,525
Employee benefits	248,519	368,412	244,664	-	861,595	328,987
Refuse collection and disposal	604	2,874	790	328,791	333,059	889,566
Depreciation	225,813	207,268	62,180	-	495,261	495,261
Utilities	246,148	298,205	76,413	2,837	623,603	731,402
Professional services	424,500	72,725	1,738	-	498,963	418,667
Repairs and maintenance	207,050	153,979	61,069	-	422,098	243,521
Board of directors	200,427	20,423	-	-	220,850	228,173
Contract services	70,564	33,960	37,442	1,179	143,145	139,074
Insurance	110,974	63,949	-	-	174,923	232,711
Supplies and small tools	12,266	68,699	3,432	-	84,397	180,524
Dues and memberships	33,120	21,334	52	-	54,506	47,293
Other	42,482	45,018	38,838	42	126,380	503,290
Telephone	2,101	6,390	1,716	-	10,207	7,199
Testing	6,861	29,470	-	-	36,331	34,441
Travel, meetings and education	-	-	-	-	-	750
Fuel and oil	2,614	13,132	2,475	-	18,221	31,324
Bank charges	5,740	-	25	-	5,765	111,745
Office supplies and postage	7,928	580	-	-	8,508	530
Rents and leases	849	1,102	921	-	2,872	15,829
Education and training	34	63	-	-	97	1,493
Total operating expense	<u>2,208,515</u>	<u>1,714,472</u>	<u>738,195</u>	<u>332,849</u>	<u>4,994,031</u>	<u>5,653,305</u>
Net operating income/(loss)	<u>(1,004,010)</u>	<u>(113,683)</u>	<u>(363,337)</u>	<u>123,202</u>	<u>(1,357,828)</u>	<u>(649,349)</u>
Nonoperating Revenues/(Expenses)						
Grant revenue	2,542,496	384,954	218,264	-	3,145,714	1,100,070
Grant expenses	(20,431)	(1,488)	(392)	-	(22,311)	(108,164)
Taxes and assessments	(22,755)	(998)	(833)	-	(24,586)	-
Other	23,233	5,400	-	39,709	68,342	24,168
Interest and use of property	2,385	2,316	3	-	4,704	5,121
Interest expense	(26,581)	(27,531)	(4,510)	(329)	(58,951)	(45,515)
Net nonoperating revenues/(expenses)	<u>2,498,347</u>	<u>362,653</u>	<u>212,532</u>	<u>39,380</u>	<u>3,112,912</u>	<u>975,680</u>
Change in net position	<u>1,494,337</u>	<u>248,970</u>	<u>(150,805)</u>	<u>162,582</u>	<u>1,755,084</u>	<u>326,331</u>
Net Position - beginning of year	7,530,370	1,101,460	(1,656,268)	15,706	6,991,268	6,664,937
Prior period adjustment	33,954	(33,954)	-	-	-	-
Net Position - beginning of year (restated)	<u>7,564,324</u>	<u>1,067,506</u>	<u>(1,656,268)</u>	<u>15,706</u>	<u>6,991,268</u>	<u>6,664,937</u>
Net Position - end of year	<u>\$ 9,058,661</u>	<u>\$ 1,316,476</u>	<u>\$(1,807,073)</u>	<u>\$ 178,288</u>	<u>\$ 8,746,352</u>	<u>\$ 6,991,268</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, 2025 AND 2024**

	Business-Type Activities - Enterprise Funds					2024 Total
	2025					
	Water	Waste Disposal	Recreation	Solid Waste	Total	
Operating Activities						
Received from customers	\$ 1,188,485	\$ 1,628,846	\$ 303,073	\$ 474,620	\$ 3,595,024	\$ 4,896,429
Payments to suppliers	(1,258,147)	(692,519)	(236,230)	(583,921)	(2,770,817)	(3,712,272)
Payments to employees	(608,440)	(675,301)	(451,104)	-	(1,734,845)	(1,340,512)
Net cash provided/(used) by operating activities	(678,102)	261,026	(384,261)	(109,301)	(910,638)	(156,355)
Non-capital Financing Activities						
Advances (to)/from other funds	(652,546)	(15,692)	674,830	(6,592)	-	-
Property taxes and other nonoperating revenue	478	4,402	(833)	39,709	43,756	24,168
Net cash provided/(used) by noncapital financing activities	(652,068)	(11,290)	673,997	33,117	43,756	24,168
Capital and Related Financing Activities						
Grant revenue	2,542,496	384,954	218,264	-	3,145,714	1,100,070
Grant expenses	(20,431)	(1,488)	(392)	-	(22,311)	(108,164)
Proceeds from construction loan	-	-	-	-	-	750,000
Principal paid on notes payable	(72,052)	640,223	(303,146)	(4,162)	260,863	(237,221)
Interest paid on notes payable	(26,581)	(27,531)	(4,510)	(329)	(58,951)	(45,515)
Disposition of capital assets	-	-	-	-	-	-
Transfers in/(out)	33,954	(33,954)	-	-	-	-
Purchase of capital assets	(1,387,634)	(74,427)	(200,287)	-	(1,662,348)	(1,917,935)
Net cash provided/(used) by capital and related financing activities	1,069,752	887,777	(290,071)	(4,491)	1,662,967	(458,765)
Investing Activities						
Interest and use of property	2,385	2,316	3	-	4,704	5,121
Net Change in Cash	(258,033)	1,139,829	(332)	(80,675)	800,789	(585,831)
Cash and Investments						
Beginning of year	499,952	116,930	290,453	664,364	1,571,699	2,157,530
End of year	\$ 241,919	\$ 1,256,759	\$ 290,121	\$ 583,689	\$ 2,372,488	\$ 1,571,699

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, 2025 AND 2024**

	Business-Type Activities - Enterprise Funds					2024 Total
	2025					
	<u>Water</u>	<u>Waste Disposal</u>	<u>Recreation</u>	<u>Solid Waste</u>	<u>Total</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided/(Used) By Operating Activities						
Operating income (loss)	\$ (1,004,010)	\$ (113,683)	\$ (363,337)	\$ 123,202	\$ (1,357,828)	\$ (649,349)
Adjustments to reconcile operating income (loss) to net cash provided/(used) by operating activities:						
Depreciation	225,813	207,268	62,180	-	495,261	495,261
Changes in assets and liabilities:						
(Increase) Decrease in accounts receivable	(16,020)	28,057	(71,785)	18,569	(41,179)	(107,527)
(Increase) Decrease in prepaid expense	8,040	10,525	-	-	18,565	11,689
Increase (Decrease) in accounts payable and accrued expense	108,075	128,859	(11,059)	(251,072)	(25,197)	73,514
(Increase) Decrease in deposits	-	-	(260)	-	(260)	20,057
Net Cash Provided/(Used) By Operating Activities	<u><u>\$ (678,102)</u></u>	<u><u>\$ 261,026</u></u>	<u><u>\$ (384,261)</u></u>	<u><u>\$ (109,301)</u></u>	<u><u>\$ (910,638)</u></u>	<u><u>\$ (156,355)</u></u>
Summary of cash balances, end of year						
Cash and cash equivalents	23,242	1,038,037	290,121	583,689	1,935,089	1,492,836
Restricted cash	218,677	218,722	-	-	437,399	78,863
	<u><u>\$ 241,919</u></u>	<u><u>\$ 1,256,759</u></u>	<u><u>\$ 290,121</u></u>	<u><u>\$ 583,689</u></u>	<u><u>\$ 2,372,488</u></u>	<u><u>\$ 1,571,699</u></u>

MALAGA COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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, 2025

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, 2025

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

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

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

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 years ended June 30, 2025 and 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.

MALAGA COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 2: Cash and Investments

The District's deposits as of June 30, 2025, 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, 2025:

	Bank Balance Category *			Carrying Amount
	1	2	3	
Cash on hand	\$ 68,926	\$ -	\$ -	\$ 68,926
Cash in bank	2,173,983	-	-	2,173,983
Fresno County Treasury	-	25,521	-	25,521
Local Agency Investment Fund	-	104,058	-	104,058
Total cash and investments	<u>\$2,242,909</u>	<u>\$ 129,579</u>	<u>\$ -</u>	<u>\$2,372,488</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, 2025:

	Beginning Balance	Additions/ Completions	Disposals/ Adjustments	Ending Balance
Land*	\$ 299,264	\$ -	\$ -	\$ 299,264
Water system	8,228,829	2,752,010	-	10,980,839
Sewer system	7,388,123	-	-	7,388,123
Buildings	1,169,276	-	-	1,169,276
Construction in progress*	3,438,279	-	(1,089,662)	2,348,617
Park development	1,115,704	-	-	1,115,704
Equipment	663,222	-	-	663,222
Total	22,302,697	2,752,010	(1,089,662)	23,965,045
Allowance for depreciation	(12,203,878)	(495,261)	-	(12,699,139)
	<u>\$ 10,098,819</u>	<u>\$ 2,256,749</u>	<u>\$(1,089,662)</u>	<u>\$ 11,265,906</u>

* Not currently being depreciated.

MALAGA COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 4: Noncurrent Liabilities

The following is a summary of deferred liabilities (long-term debt) for the year ended June 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance	Classification	
					Due Within One Year	Due After One Year
Note payable						
Debt Refinance	\$ -	\$ 2,857,000	\$ -	\$ 2,857,000	\$ 208,000	\$ 2,649,000
Water and sewer systems improvements	690,000	-	(690,000)	-	-	-
Parks and recreation improvements	710,500	-	(710,500)	-	-	-
Wastewater treatment plant improvements	275,992	-	(275,992)	-	-	-
Safe drinking water	350,286	-	(350,286)	-	-	-
RCAC grant anticipation	750,000	-	(530,611)	219,389	219,389	-
Solar loan	711,252	-	(38,748)	672,504	38,748	633,756
Total long-term debt	<u>\$ 3,488,030</u>	<u>\$ 2,857,000</u>	<u>\$ (2,596,137)</u>	<u>\$ 3,748,893</u>	<u>\$ 466,137</u>	<u>\$ 3,282,756</u>

Note 5: Note Payables

Debt Refinance

This debt was incurred to consolidate the District's notes payable. The total amount of the debt was \$2,857,000 and provides for interest at the rate of 5.67 percent per annum. Semi-annual payments of principal and interest began January 2025 and continue until paid. Full repayment of the loan is scheduled to occur in July 2044. The debt is split between the Water Fund and Waste Disposal Fund according to the tables below. Interest paid on this loan for the year ended June 30, 2025, was \$15,432.

Future payments of the bonds are as follows:

Combined Water & Waste Disposal Funds

Year Ending June 30,	Principal	Interest	Total
2026	\$ 208,000	\$ 246,220	\$ 454,220
2027	72,000	165,789	237,789
2028	77,000	160,636	237,636
2029	82,000	155,133	237,133
2030	88,000	149,315	237,315
2031-2035	543,000	642,932	1,185,932
2036-2040	763,000	424,041	1,187,041
2041-2045	1,024,000	163,098	1,187,098
	<u>\$ 2,857,000</u>	<u>\$ 2,107,164</u>	<u>\$ 4,964,164</u>

MALAGA COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 5: Note Payables (continued)

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. The debt was refinanced and paid in full as of June 30, 2025.

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. The debt was refinanced and paid in full as of June 30, 2025. 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, 2025, was \$15,270.

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. The debt was refinanced and paid in full as of June 30, 2025. The Water Fund finances this debt. Interest paid on this for the year ended June 30, 2025, was \$0.

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. The debt was refinanced and paid in full as of June 30, 2025. The Parks and Recreation Fund finances this debt. Interest paid on this for the year ended June 30, 2025, was \$27,924.

MALAGA COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 5: Note Payables (continued)

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 for the year ended June 30, 2025, was \$0.

Future payments of the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 38,748	\$ -	\$ 38,748
2027	38,748	-	38,748
2028	38,748	-	38,748
2029	38,748	-	38,748
2030 - 2034	193,740	-	193,740
2035 - 2039	193,740	-	193,740
Thereafter	130,032	-	130,032
	<u>\$ 672,504</u>	<u>\$ -</u>	<u>\$ 672,504</u>

Note 6: Restricted Assets – Cash

As of June 30, 2025, \$437,399 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, 2025.

MALAGA COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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, 2025 was \$873,250 with covered payroll equaling \$703,683. 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, 2025 were \$70,368. The District has a projected unfunded liability of \$140,176 included in accounts payable and accrued expenses.

Note 8: Restatement

The following prior period adjustments were made to correct the beginning net position balances:

	<u>Water</u>	<u>Waste Disposal</u>	<u>Recreation</u>	<u>Solid Waste</u>	<u>Total</u>
Beginning net position	\$7,530,370	\$1,101,460	\$(1,656,268)	\$ 15,706	\$6,991,268
Prior period adjustment - to reclass pretreatment to waste disposal	<u>33,954</u>	<u>(33,954)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Beginning net position, as restated	<u>\$7,564,324</u>	<u>\$1,067,506</u>	<u>\$(1,656,268)</u>	<u>\$ 15,706</u>	<u>\$6,991,268</u>

Note 9: Subsequent Events

In compliance with accounting standards, subsequent events were evaluated through May 29, 2026, which is the date the financial statements were available to be issued. Management has determined that no events require disclosure in accordance with the accounting standards subsequent to June 30, 2025.

MALAGA COUNTY WATER DISTRICT
COMBINING STATEMENT OF REVENUE AND EXPENSE
WASTE DISPOSAL FUND
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Business-Type Activities - Waste Disposal Fund				2024 Total
	2025				
	Sewer	Pretreatment	Solid Waste	Total	
OPERATING REVENUE					
Charges for services	\$ 1,600,789	\$ -	\$ 295	\$ 1,601,084	\$ 2,150,496
Other	-	-	455,756	455,756	-
Total operating revenue	1,600,789	-	456,051	2,056,840	2,150,496
OPERATING EXPENSE					
Salaries and wages	254,855	52,034	-	306,889	310,270
Employee benefits	298,121	70,291	-	368,412	112,313
Refuse collection and disposal	2,874	-	328,791	331,665	847,827
Depreciation	207,268	-	-	207,268	207,268
Utilities	298,205	-	2,837	301,042	281,975
Professional services	70,185	2,540	-	72,725	116,666
Repairs and maintenance	152,751	1,228	-	153,979	125,653
Board of directors	20,423	-	-	20,423	65,740
Contract services	31,815	2,145	1,179	35,139	37,991
Insurance	63,949	-	-	63,949	36,086
Supplies and small tools	68,583	116	-	68,699	71,123
Dues and memberships	20,989	345	-	21,334	17,113
Other	43,717	1,301	42	45,060	58,161
Telephone	6,340	50	-	6,390	3,366
Testing	21,790	7,680	-	29,470	30,932
Travel, meetings and education	-	-	-	-	375
Fuel and oil	10,644	2,488	-	13,132	13,883
Bank charges	-	-	-	-	40,821
Office supplies and postage	580	-	-	580	298
Rents and leases	1,102	-	-	1,102	14,950
Education and training	63	-	-	63	863
Total operating expense	1,574,254	140,218	332,849	2,047,321	2,393,674
Net operating income	26,535	(140,218)	123,202	9,519	(243,178)
Nonoperating revenue/(expense)					
Grant revenue	384,954	-	-	384,954	45,981
Grant expense	(1,488)	-	-	(1,488)	(51,315)
Taxes and assessments	(998)	-	-	(998)	-
Other	5,400	-	39,709	45,109	-
Interest and use of property	2,316	-	-	2,316	1,335
Interest expense	(27,531)	-	(329)	(27,860)	(7,390)
Net nonoperating revenue/(expense)	362,653	-	39,380	402,033	(11,389)
Change in net position	\$ 389,188	\$ (140,218)	\$ 162,582	\$ 411,552	\$ (254,567)

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

**MALAGA COUNTY WATER DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2025**

Federal Grantor/ Program Title	Assistance Listing Number	Program/ Contract Number	Federal Expenditures
MAJOR AWARDS:			
U.S. Environmental Protection Agency			
Pass-through			
State Water Resources Control Board			
Capitalization Grants for State Revolving Funds	66.458	D200100	\$ 2,542,496
Total Expenditures of Federal Awards			\$ 2,542,496

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the Malaga County Water District Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included in the schedule. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2 – BASIS OF ACCOUNTING

The accompanying SEFA is presented using the accrual basis of accounting.

NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal award expenditures agree or can be reconciled with the amounts reported in the District’s financial statements.

NOTE 4 – INDIRECT COST RATE

The District does not elect to use the 10% de minimis cost rate.



Jaribu W. Nelson, CPA

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

**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, 2025, and the related notes to the financial statements, and have issued our report thereon dated May 29, 2026.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 item 2025-01.

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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as finding 2025-01.

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

Clovis, California
May 29, 2026



Jaribu W. Nelson, CPA

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Board of Directors
Malaga County Water District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Malaga County Water District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Malaga County Water District's major federal programs for the year ended June 30, 2025. Malaga County Water District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Malaga County Water District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Malaga County Water District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Malaga County Water District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Malaga County Water District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Malaga County Water District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Malaga County Water District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Malaga County Water District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Malaga County Water District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Jaribu W. Nelson, CPA

Clovis, California
May 29, 2026

**MALAGA COUNTY WATER DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2025**

A. Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- *Material weaknesses identified?* *Yes* *No*
- *Significant deficiency(ies) identified?* *Yes* *None reported*

Non-compliance material to financial statements noted? *Yes* *No*

Federal Awards

Internal control over major programs:

- *Material weaknesses identified?* *Yes* *No*
- *Significant deficiency(ies) identified?* *Yes* *None reported*

Type of auditor’s report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? *Yes* *No*

Identification of Major Programs

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
66.458	Capitalization Grants for State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: *\$750,000*

Auditee qualified as low-risk auditee? *Yes* *No*

B. Financial Statement Findings

No matters were reported

C. Findings and Questioned Costs for Federal Awards

No matters were reported

**MALAGA COUNTY WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

FINANCIAL STATEMENT FINDINGS

Finding 2025-01

Accounting for Debt Refinancing Transactions

Criteria:

Management is responsible for establishing and maintaining effective internal controls over financial reporting to ensure that debt transactions, including refinancing activities, are accurately recorded in accordance with generally accepted accounting principles (GAAP). Debt refinancing transactions should be timely evaluated and recorded to properly reflect the extinguishment of existing debt and recognition of new debt obligations.

Condition:

During the course of performing our audit procedures, we noted that the District refinanced certain outstanding debt obligations during the fiscal year. However, the District did not properly account for the refinancing transaction in its financial records. Specifically, the proceeds received from the new debt issuance were not properly allocated to extinguish the related existing notes payable that were refinanced. As a result, the District's debt balances were not accurately reflected, and the accounting records required significant audit adjustments to properly record the debt refinancing and related payoff of the existing obligations.

Cause:

The District lacks sufficient procedures and technical review controls over complex debt transactions. Management did not adequately analyze the refinancing transaction or ensure that the proceeds from the new debt issuance were properly applied to the corresponding outstanding debt balances in the accounting records.

Effect:

Failure to properly account for debt refinancing transactions resulted in material misstatement of notes payable and related debt activity within the District's financial statements. The deficiency required material audit adjustments to correctly present the outstanding debt obligations and related financing activities. Without such adjustments, the financial statements would not have been fairly stated in accordance with GAAP.

Recommendation:

We recommend that the District strengthen its internal controls over debt accounting by implementing procedures requiring the review and documentation of all debt issuances, refinancing transactions, and debt extinguishments. Management should ensure that personnel responsible for accounting for debt transactions possess sufficient technical expertise or consult with qualified external advisors when complex financing transactions occur. Additionally, all debt-related entries should be independently reviewed and reconciled to supporting debt agreements and closing documents prior to the financial statement preparation.

District Response:

Management agrees with the finding and will implement enhanced procedures to review and account for future debt refinancing transactions. The District will develop a formal review process for debt-related transactions and obtain technical assistance when necessary to ensure compliance with applicable accounting standards.

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

Finding 2024-01

Inadequate Recording and Reconciliation of Recreation Fund Transactions

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

Status:

Partially implemented, at the time of the completion of the prior audit report the recommendations did not allow enough time for full implementation. The District has replaced the individuals that were responsible for the prior finding and have utilized the services of an independent certified public accountant.

Finding 2024-02

Inadequate Controls Over Accounts Receivable Recording and Monitoring

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

Status:

Partially implemented, at the time of the completion of the prior audit report the recommendations did not allow enough time for full implementation. The District has replaced the individuals that were responsible for the prior audit finding.

CAGLIA
ENVIRONMENTAL
COLLECTION • RECYCLING • TRANSFER • LANDFILL MANAGEMENT

item 6.a.1.

June 18, 2026



Charles Garabedian, Interim District Manager
Malaga County Water District
3580 S. Frank Avenue
Fresno, CA 93725

Dear Mr. Charles Garabedian,

Thank you very much for being a valued customer of Industrial Waste and Salvage, a Caglia Environmental Company. We value your business and will continually strive to provide the highest level of customer service. As is the case with many industries, the cost of providing services to our most valued clients, like the Malaga County Water District, has increased and we are forced to implement a nominal price adjustment, as is stipulated in our contract with you:

ARTICLE 7.3, ANNUAL RATE ADJUSTMENT

RESOLUTION NO. 7-24-2018A Passed and adopted by the Board of Directors of the Malaga County Water District at their meeting held on this 24th day of July, 2019.

...WHEREAS as a result of the changed reporting dates, the California CPI for June each year will not be available until mid-August of each year; therefore section 7.3 of the Franchise Agreement was amended to reflect the that the annual CPI adjustment would be based on the published April CPI year over year which will be published in mid-June each year and a corresponding on time change in the CPI rate adjustment calculation method for the 2018 rate year and WHEREAS the District desired and thereby amended section 7.3 of the Franchise Agreement as attached hereto as Attachment 1...

The CPI percentage increase, based on April 2025-2026, effective August 1, 2026 is: 3.6% . For reference, please see the attached *Consumer Price Index* for the State of California.

Your business is important to us and we look forward to continue providing you with prompt, courteous and reliable service.

Should you have any questions, please contact me at your convenience.

With regards,

A handwritten signature in blue ink that reads "Keith Hester".

Keith Hester
General Manager
Industrial Waste and Salvage
khester@cagliarecycling.com
(559) 417-8307 mobile
(559) 233-1158 office





Consumer Price Index Calculator

1. Select an Index

California

2. Select index type

All Urban Consumers

3. Select beginning month

April

4. Select beginning year

2025

5. Select ending month

April

6. Select ending year

2026

Beginning Index Value

352.063

Ending Index Value

364.746

Based upon the Index, index type, and the time period you have specified, the percent change in the Consumer Price Index is equal to:

3.6%