



**REGULAR BOARD MEETING AGENDA**  
**BOARD OF DIRECTORS MEETING**  
**MALAGA COUNTY WATER DISTRICT**  
**3580 SOUTH FRANK AVENUE**  
**FRESNO, CALIFORNIA 93725**  
**Tuesday, JUNE 23, 2026 at 6:00PM**

*Access to the meeting will be available via Zoom. To join, please visit*  
<https://us04web.zoom.us/j/71190445702?pwd=jd2uhVQdqxNPPEx4gcj8YIPKTZwae.1>

Meeting chat link <https://us04web.zoom.us/launch/jc/71190445702>. Meeting ID: 711 9044 5702. Passcode: 29fhkB

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

Please submit all written correspondence for the Board of Directors by 12:00 pm the Friday prior to the meeting. Please deliver or mail to the District Clerk.

**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 No. 06-23-2026. A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MALAGA COUNTY WATER DISTRICT 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, for review and consideration.

Recommended Action. Approve Resolution No. 06-23-2026.

**Motion By:** \_\_\_\_\_ **Second By** \_\_\_\_\_

**b. Resolution No. 06-23-2026A. A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MALAGA COUNTY WATER DISTRICT 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. Approve Resolution No. 06-23-2026A.

**Motion By:** \_\_\_\_\_ **Second By** \_\_\_\_\_

**5. New Business:**

**a. Consideration of a bid to repair or replace blower motor at the WWTF.** A bid has been received from the manufacturer of the blower motors used at the WWTF to repair or replace the motor. A new motor will cost \$19,814.00 and will come with a 24-

month warranty. The cost to rebuild the motor will be \$12,086.55 and comes with a 12-month warranty. The motor will serve as a back-up motor.

Recommended Action. Staff recommends rebuilding the motor as it will be a back-up and may not be used, or used extensively, during the warranty period.

**Motion By:** \_\_\_\_\_ **Second By** \_\_\_\_\_

**b. Presentation of Audit for the Fiscal Year Ending June 30, 2024.**

Recommended Action. Acknowledge Receipt of Audit for Fiscal Year Ending June 30, 2024.

**Motion By:** \_\_\_\_\_ **Second By** \_\_\_\_\_

**c. Presentation of Audit for the Fiscal Year Ending June 30, 2025.**

Recommended Action. Acknowledge Receipt of Audit for Fiscal Year Ending June 30, 2025.

**Motion By:** \_\_\_\_\_ **Second By** \_\_\_\_\_

**d. Continuing Service Agreement for Engineering Services.**

Recommended Action. For information only. Set future agenda item to consider approval for next regular Board Meeting.

**6. Recreation Reports:**

**7. Engineer Reports:**

a. District Engineer Report.

b. CDBG Engineer Report:

**8. General Manager's Report:**

**9. President's Report:**

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

**11. Director's Reports:**

**12. Legal Counsel Report:**

**13. Communications:**

a. Written Communications:

b. Public Comment: *The Public may address the Malaga County Water District Board on item(s) of interest within the jurisdiction of the Board, not appearing on the agenda. The Board will listen to comments presented; however, in compliance with the Brown Act, the Board cannot take action on*

*items that are not on the agenda. The public should address the Board on agenda items at the time they are addressed by the Board. All speakers are requested to wait until recognized by the Board President. All Comments will be limited to three (3) minutes or less per individual/group per item per meeting, with a fifteen (15) minutes maximum.*

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

**15. Closed Session:**

- a. Personnel Evaluations: All Positions (Government Code Section 54957.)
- b. Pending Litigation Ortiz v. Malaga County Water District; Case No. 25-cv-01803 (Government Code Section 54956.9)
- c. Potential Litigation: One Case (Government Code 54956.9(d)(2).)

**16. Adjournment:**

**Motion by:** \_\_\_\_\_, **Second by:** \_\_\_\_\_

**Certification of Posting**

I, Norma Melendez, District Clerk of the Malaga County Water District, do hereby certify that the foregoing agenda for the Regular Meeting of the Board of Directors of June 23, 2026, was posted for public view on the front window of the MCWD office at 3580 S. Frank Street, Fresno Ca 93725, at or before 5:00P.M. On 06/19/2026.

**Maria Lopez**, District Accounting Clerk

# Item 4a

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## RESOLUTION NO. 06-23-2026

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

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**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 23<sup>rd</sup> day of June, 2026, by the following vote:

AYES:

# Item 4a

NOES:

ABSENT:

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

ATTEST:

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

# Item 4a

	2026-2027 WATER	2026-2027 SEWER	2026-2027 COLLECTI ON	2026-2027 PRE- TREATME	2026-2027 RECREATIO N	SOLID WASTE	TOTAL
<b>Expenses</b>							
<b>Labor</b>							
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
<b>Long Term Debt</b>							
Umpqua Bank	91257	125479			11407		228144
Zions Bank	8954	17907			17907		44767
Sewer Refi		36900					36900
Solar Project		117925			43737		161661
<b>Operations Expenses</b>							
<b>52300-Utilities</b>							
PG&E	253162	150975			31438		435575
Water		611			10577		
Sewer					3986		
53210-Testing	4000	11800		14000			29800
Testing Supplies	2000	1200					3200
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					5000		
<b>57150-Repair &amp; Maint.</b>							
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
<b>Solid Waste Disposal</b>							
Groundwater Sustainability	43470						43470
Backflow Prevention Program	10525						10525
<b>Collection System</b>							
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	2026-2027 PRE- TREATME	2026-2027 RECREATIO N	SOLID WASTE	TOTAL
Permit Issuance Admin Expense				1466			1466
<b>Recreation</b>							
Bingo					1000		1000
Recreation Committee Meetings					1000		1000
Events					28650		28650
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
<b>Taxes/Assessments</b>	184	933			765		1882
57170-Travel & Meetings							
Vandalism/Damage/Theft	10000	5000			8000		23000
<b>Solid Waste</b>							
74060-Solid Waste-Colltn-Res						78410	78410
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							
<b>98000-Grant Expenses</b>							
98005-RCAC							0
Screw Pump Project		120000					120000
Well 5A Project	10000						10000
Nitrogen Reduction Project		5000					5000
<b>Reserves</b>							
<b>Water</b>							
<b>Capital Improvements</b>							
System Expansion	0						
Well 5A Storage Tank	5967						
Unscheduled Maintenance/Repair Re	35802						35802
<b>System Maintenance</b>							
Pipeline Replacement	0						
Valve Replacement	5967						
Hydrant Relpacement	0						
Water Meter Maint/Replace	29451						29451
<b>Other</b>							
Vehicle Replacement	20000						20000
<b>LTD</b>							
LTD Reserve	11934						
<b>Sewer</b>							
<b>Capital Improvements</b>							
Collection System Expansion		0					
New Lift Station(s)		0					
Plant Replacement							
<b>Maintenance</b>							
Plant		43356					
Ponds		8671					

	2026-2027 WATER	2026-2027 SEWER	2026-2027 COLLECTI ON	2026-2027 PRE- TREATME N	2026-2027 RECREATIO N	SOLID WASTE	TOTAL
Unscheduled Maintenance/Repair Reserves		26014					
Collection System			13519				
LTD							
LTD Reserves		8671					
<b>Recreation</b>							
<b>Capital Improvements</b>							
Fitness Station- Walking Track					9068		
<b>Maintenance</b>							
Center Floor					0		
Center Roof					0		
Restrooms					0		
Ball Fields					0		
Pool					0		
Playground					9068		
LTD							
LTD Reserve					4534		
<b>SUB TOTAL</b>	<b>\$891,395</b>	<b>\$1,560,761</b>	<b>\$68,048</b>	<b>\$81,405</b>	<b>\$404,347</b>	<b>\$152,017</b>	<b>\$3,157,973</b>
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
<b>TOTAL</b>	<b>\$1,192,737</b>	<b>\$2,085,680</b>	<b>\$87,489</b>	<b>\$109,421</b>	<b>\$500,270</b>	<b>\$154,410</b>	<b>\$4,130,008</b>
<b>Revenue</b>							
<b>Water</b>							
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						
<b>Sewer</b>							
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					
<b>Collection System</b>							
Residential			12,096				
Commercial			75,394				
<b>PreTreatment</b>							
Surcharge				54,131			
Permit Fees				29,324			
Admin				1,466			
Recovered Costs							

	2026-2027	2026-2027	2026-2027	2026-2027	2026-2027	2026-2027	
	WATER	SEWER	COLLECTI	PRE-	RECREATIO	SOLID	TOTAL
			ON	TREATME	N	WASTE	
Engineering				8,400			
Legal				2,100			
Testing				14,000			
<b>Recreation</b>							
County Tax Share					403,780		
Interdepartment Transfer/Franchise Fee					63,540		
Center Rentals					10,000		
Park Rentals					5,000		
Recovered Costs							
Events							
Fiesta Days					6,000		
Halloween/Trick or Trunk					1,300		
Christmas					3,600		
Staff/Volunteer Appreciation							
50's Dance					950		
Valentines Dance					1,100		
Bingo							
Donations					5,000		
<b>Solid Waste</b>							
Residential Service						78,410	
Commercial Service							
Franchise Fee						76,000	
<b>Total Expenses</b>	\$1,192,737	\$2,085,680	\$87,489	\$109,421	\$500,270	\$154,410	\$4,130,008
<b>Total Income</b>	\$1,192,737	\$2,085,680	\$87,489	\$109,422	\$500,270	\$154,410	\$4,130,008
<b>Enterprise Profit (Loss)</b>	\$0	(\$0)	\$0	\$0	(\$0)	(\$0)	\$0

# Administration

		Water	Sewer	Collection System	Pretreatment	Recreation	Solid Waste	
General Manager	\$ 80,000.00	\$ 195,111.56	\$ 339,871.75	\$ 12,587.84	\$ 12,587.84	\$ 67,659.65	\$ 1,535.98	\$ 629,354.63
Accounting Clerk	\$ 61,000.00	31.00%	54.00%	2.00%	2.00%	10.75%	0.25%	100.00%
Clerk	\$ 61,000.00							
Part time	\$ 15,000.00							
Sub Total	\$ 217,000.00	28%	49%	2%	3%	13%	5%	100%
Pension	\$ 21,700.00							
Benefits	\$ 118,008.00							
Payroll Tax	\$ 20,468.25							
Sick	\$ 1,085.00							
Paid Time Off	\$ 4,340.00	\$ 120,156.39	\$ 209,304.68	\$ 7,752.03	\$ 7,752.03	\$ 41,667.13		
Overtime	\$ 5,000.00							
Accounting								
Accounting	\$ 20,000.00							
Audit	\$ 20,000.00							
Bank Fees	\$ 1,500.00							
Legal								
Legal (General-unr	\$ 30,000.00							
Legal Litigation	\$ 50,000.00							
Dues								
NKGSA	\$ 4,200.00							
CSDA	\$ 8,187.00							
CRWA	\$ -							
CVCWA	\$ -							
CWEA	\$ -							
Chamber of Comrr	\$ 634.00							
SWRCB	\$ 1,530.12							
KWA	\$ 5,837.00							
Engineering (General Un	\$ 10,000.00							
Office Supplies	\$ 6,000.00							
Telephone	\$ 10,000.00							
Payroll Expense	\$ 11,000.00							
Computer	\$ 25,000.00							
Internet	\$ 3,600.00							
Conferences	\$ 20,000.00							
Annual Dinner	\$ 5,000.00							
Workers Compensation	\$ 9,302.76							
Utilitie PG&E	\$ 6,179.51							

Water	\$	191.04
Sewer	\$	1,328.76
Total	\$	629,392.13

### Collection System Maintenance

Operator 150 hrs	\$	5,550.00
Operator 150 hrs	\$	5,550.00
	\$	11,100.00
Pension	\$	1,110.00
Benefits	\$	5,664.38
Payroll Tax	\$	1,473.98
Sick	\$	55.50
Paid Time Off	\$	222.00
Camera	\$	2,000.00
Repairs	\$	3,000.00
Man Hole Repair	\$	3,750.00
	\$	28,375.86
Vac Trailer Maint	\$	3,900.00
Vac Trailer Fuel	\$	1,000.00
Lift Station Repair/Maint	\$	20,000.00
GIS	\$	357.00

**Directors**

		Water	Sewer	Collection	Pretreatment	Recreation	Solid Waste		
Directors Compensation	\$ 48,000.00	\$ 14,880.00	\$ 25,920.00	\$ 960.00	\$ 960.00	\$ 5,160.00	\$ 120.00	\$ 48,000.00	
Directors Benefits	\$ 196,680.00	\$ 60,970.80	\$ 106,207.20	\$ 3,933.60	\$ 3,933.60	\$ 21,143.10	\$ 491.70	\$ 196,680.00	

**Insurance**

		Water	Sewer	Pretreatment	Recreation	Collection System	Solid Waste	
SDRMA	\$ 98,000.00	\$ 30,380.00	\$52,920.00	\$ 1,960.00	\$ 10,535.00	\$ 1,960.00	\$ 245.00	\$ 98,000.00
SDRMA Workers Compensation	\$ 30,000.00	\$ 9,300.00	\$16,200.00	\$ 600.00	\$ 3,225.00	\$ 600.00	\$ 75.00	\$ 30,000.00

**Total Salaries**

Water	\$ 74,074
Sewer	\$248,894.25
Recreation	\$125,326.00
Admin	\$217,000.00
Pretreatment	\$23,032
Collection System	\$11,466
	\$699,792.44

**Long Term Debt**

	Principle	Annual Debt Service	Water	Sewer	Recreation
Umpqua Bank		\$ 228,143.56	\$ 91,257.42	\$ 125,478.96	\$ 11,407.18
Zions Bank		\$ 44,767.00	\$ 8,953.40	\$ 17,906.80	\$ 17,906.80
Sewer Refi		\$ 36,900.00		\$ 36,900.00	
Solar Project	\$ 2,777,732.00	\$ 161,661.48		\$ 117,924.75	\$ 43,736.73
		\$ 471,472.04	\$ 100,210.82	\$ 298,210.50	\$ 73,050.71



# 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	

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 Dance	\$400		
	Easter Program	\$1,900		
	Campout	\$475		
	Thanksgiving	\$1,700		
	Swim Night	\$550		
Bingo		\$1,000		
Food Distribution		\$100		

REC Committee Meeting/Supplies

\$200

ScholarshipsDone \$ 5,000.00

## Reserves

<b>Water</b>	<b>\$59,670</b>	
Capital Improvements		
System Expansion	\$0	
Well 5A Storage Tank	\$5,967	10%
	\$0	
	\$0	
System Maintenance	\$0	
Pipeline Replacement	\$0	
Valve Replacement	\$5,967	10%
Hydrant Relpacement	\$0	0%
Unscheduled Maintenance	\$35,802	60%
 LTD		
LTD Reserve	\$11,934	20%
 <b>Sewer</b>	 <b>\$86,712</b>	
Capital Improvements		
Collection System Expansion	\$0	
New Lift Station(s)	\$0	
Plant Replacement	\$0	
Maintenance		
Plant	\$43,356	50%
Ponds	\$8,671	10%
Unscheduled Maintenance/Rep	\$26,014	30%
LTD	\$0	
LTD Reserve	\$8,671	10%
 Collection System	 \$13,519	
 <b>Recreation</b>	 <b>\$22,669</b>	
Capital Improvements	\$0	
Fitness Stations/Walking Track	\$9,068	40%
Maintenance	\$0	
Center Floor	\$0	0%
Center Roof	\$0	0%
Restrooms	\$0	
Ball Fields	\$0	
Pool	\$0	
Playground	\$9,068	40%
 LTD		
LTD Reserve	\$4,534	20%





## Solid Waste

### Residential

Customers		Rate		Revenue
Regular	208	\$	31.14	\$ 77,719.30
Small Container	2	\$	28.78	\$ 690.70
Admin Fee				

### Commercial

Disposal and Recycling Fees				\$ 760,000.00
Franchise Fee				\$ 76,000.00
	Transfer to Recreation			\$ 66,007.41
	ECI Recycling Program			\$ 9,992.59

### Environmental Compliance Officer

		Hourly Rate	Hours per week
		\$ 37.68	\$ 5.00
Base Pay	\$ 29.00		\$ 7,540.00
Pension	\$ 2.90		\$ 754.00
Benefits	\$ 1.57		\$ 409.36
Payroll Tax	\$ 3.48		\$ 904.80
Sick	\$ 0.15		\$ 37.70
Paid Time Off	\$ 0.58		\$ 150.80
	\$ 37.68		\$ 9,796.66
		With Admin*	\$ 9,992.59

\*includes training, vehicle and othe expenses related to the position

## Utilities

### Water

	Connection	Account Number	Average Monthly	Annual	
Well No. 1	Electric	7635911339-6	\$ 41.48	\$ 497.76	
Well No. 7	Electric	5695551343-9	\$ 6,330.11	\$ 75,961.32	
Well No. 3A	Gas	4958023728-4	\$ 15.28	\$ 183.36	
Well No. 3A	Electric	3457060602-9	\$ 9,053.17	\$ 108,638.04	
Well No. 8	Electric	4193843412-7	\$ 4,328.72	\$ 51,944.64	
Well No. 6	Electric	1645698121-2	\$ 1,328.08	\$ 15,936.96	\$253,162.08
			\$21,096.84	\$253,162.08	

Water monthly averages are calculated from July 2025 when Well 3A came on-line.

### Sewer

	Connection	Account Number	Average Monthly*	Annual	Average Monthly With Solar	Annual with Solar
Chestnut Lift Station	Electric	9511540287-7	\$ 26.89	\$ 322.68		
WWTF**	Electric	9218603873-0	\$25,036.38	\$ 300,436.56	\$12,105.69	\$145,268.28
Golden State Lift Station	Electric	6323991470-6	\$ 82.20	\$ 986.40		
						\$150,974.68

\*\*Sewer monthly average calculated using 24 months, adjusted when solar came on-line.

Water	2" meter	\$ 611.28
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### Recreation

	Connection	Account Number	Average Monthly*	Annual	Average Monthly With Solar	Annual with Solar
Community Center**	Electric	3875658664-0	\$ 5,673.89	\$ 68,086.68	\$ 1,702.17	\$ 20,426.00
Ball Park Lights	Electric	3802554262-2	\$ 189.27	\$ 2,271.24		
Community Center	Gas	0792428785-2	\$ 652.12	\$ 7,825.44		\$ 31,438.36

\*\*Recreation monthly average calculated using 24 months, adjusted when solar came on-line.

Water	2-2" Meters+336 HCF	\$ 10,576.80	Estimate Based on 400 HCF
Sewer	3 ESU	\$ 3,986.28	

### Administration

	Connection	Account Number	Average Monthly*	Annual	
District Office	Gas	9656942713-9	\$ 69.29	\$ 831.48	
	Electric	7510911347-4	\$ 420.29	\$ 5,043.48	
Street Light	Electric	2920145594-5	\$ 10.38	\$ 124.56	
					\$ 6,179.51

Administration monthly average calculated using 24 months.

Water	\$ 15.92	\$ 191.04
Sewer	\$ 110.73	\$ 1,328.76

# Water

2025-2026

## Alley Clean-up

Labor Hours/week Per Hour  
40 \$ 38.50

Hours Hourly Rate Total Cost  
350 \$ 23.00 \$ 8,050.00

Salaries \$ 80,080.00  
Pension \$ 8,008.00  
Benefits \$ 39,336.00  
Payroll Tax \$ 10,424.53  
Sick \$ 881.30  
Paid Time \$ 1,601.60  
Overtime \$ 5,000.00  
Standby \$ 15,215.20  
Call-back \$ 5,000.00

Solid Waste Disposal \$ 3,600.00  
PG&E \$ 253,162.08  
Community Clean-up \$ 8,050.00  
Site Maintenance \$ 12,000.00  
Testing \$ 4,000.00  
Testing Supplies \$ 2,000.00  
Tools and Equipment \$ 12,000.00  
  
Well Maintenance \$ 60,000.00  
  
Distribution System Maintenance \$ 30,000.00  
Treatment Supplies \$ 15,000.00  
Supplies \$ 3,000.00  
Office/Storage Rent \$ -  
Vehicle Maintenance \$ 2,000.00  
Vehicle Fuel \$ 2,000.00  
Vehicle Replacement \$ 20,000.00  
Vandalism/Damage/Theft \$ 10,000.00

Revenue	Rate	Customers
Residential	\$ 85,771.39	27.79
Commercial	\$ 578,197.06	223
Fireline	\$ 427,952.33	
Supplimental Surcharge	\$ 43,470.00	
Non-residential Meter Surchar	\$ 29,727.00	
Total Commercial	\$ 1,079,346.40	
Recovered Costs	\$ 16,240.00	
Interdepartment Transfer	\$ 11,379.12	
Total Revenue	\$ 1,192,736.91	
Residential	7.1911%	
Commercial	90.4933%	

Meter replacement fund		Number	Present Value	Future Cost	Total Replacement Cost	Per Year	Per Month
Residential		280	\$ 210.00	\$458.40	\$ 128,353.03	\$ 28.65	\$ 2.39
Industrial/Com.	2"	167	\$ 660.00	\$1,440.70	\$ 240,596.44	\$ 90.04	\$ 7.50
	3"	10	\$ 1,923.00	\$4,197.67	\$ 41,976.68	\$ 262.35	\$ 21.86
	4"	10	\$ 2,317.00	\$5,057.72	\$ 50,577.20	\$ 316.11	\$ 26.34
	8"	1	\$ 4,453.00	\$9,720.34	\$ 9,720.34	\$ 607.52	\$ 50.63
			Residential Revenue		\$ 8,022.06	\$ 668.51	
					\$ 471,223.69	\$ 21,429.42	

Replacement cost based on 17 year life/16 year funding

Battery Replacement	\$	75.00	\$105.53	\$	49,389.22	\$	8,231.54	Battery Replacement based on 8 year life, 6 year contribution (two years without funding)
Groundwater Sustainability		2024-2025	2025-2026		2026-2027		2027-2028	2028-2029
FID	\$	33,642.00	\$	37,422.00	\$	41,202.00	\$	44,982.00
Flood Control	\$	1,512.00	\$	1,890.00	\$	2,268.00	\$	2,646.00
	\$	35,154.00	\$	39,312.00	\$	43,470.00	\$	47,628.00
Taxes/Assessments	\$	-						\$
GIS	\$	3,570.00						\$
Professional Services								
Legal	\$	3,000.00						
Engineering	\$	6,000.00						
Controls	\$	5,000.00						
Consulting	\$	1,000.00						
	\$	15,000.00						
Education and Training	\$	4,000.00						
Permit Fee	\$	2,000.00						
Community outreach/education.	\$	2,000.00						
Backflow Prevention Program (portion of total water labor	\$		10,524.86					

# Item 4b

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## 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 23<sup>rd</sup> 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

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**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

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

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

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

1) Class 1 - SIU	\$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

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

D. Additional Charges:

1) Class 1 through 3 Permit	
a. Required Permit Inspection(s) <sup>4</sup>	
\$ No Charge	
b. Compliance Schedule/Order Inspection <sup>5</sup>	\$ 144.17
c. Compliance Schedule/Order Inspection,	

	Requiring Sampling and Testing (plus actual costs of sampling, monitoring and testing.)	\$ 144.17
	d. Enforcement Inspection <sup>6</sup>	\$ 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) <sup>4</sup>	\$ No Charge
	b. Compliance Schedule / Order Inspection <sup>5</sup>	\$ 98.94
	c. Compliance Schedule / Order Inspection, Requiring Sampling and Testing (plus actual costs of sampling, monitoring and testing.)	\$ 98.94
	d. Enforcement Inspection <sup>6</sup>	\$ 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) <sup>4</sup>	\$ No Charge
	b. Compliance Schedule / Order Inspection <sup>5</sup>	\$ 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 <sup>6</sup>	\$ 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 5a

**Blower Inspection Report:**

<b>Repair #:</b>	U25018		<b>Date:</b>	6/11/2026	
<b>To:</b>	JBI Water & Wastewater		<b>Model:</b>	GAHMDPA - 8M Sutorbilt	
<b>Attention:</b>	Simon Morris		<b>SN:</b>	S712240	
<b>Email:</b>	<a href="mailto:simonmorris@jbiwater.com">simonmorris@jbiwater.com</a>				
<b>Visual Inspection</b>					
<b>External Condition:</b>	Good				
<b>Internal Condition:</b>	Heavy contact on drive-end headplate				
<b>Lubrication Condition</b>					
<b>DE Lube:</b>	Grease was old and dry and had crystalized and turned hard in drive bore				
<b>ODE Lube:</b>	Residual oil left in gear-end oil sump was clean and in good condition				
<b>Component Inspection</b>					
<b>Key:</b>	A: Like New		D: Damage/Signs of Heat		
	B: Standard Wear/Normal Appearance		F: Broken/Beyond Repair		
	C: Worn/Open Tolerances				
<b>Gears:</b>	<b>Notes:</b>		<b>Rotors:</b>	<b>Notes:</b>	
Drive:	B		Drive:	D	Can be cleaned & reused
Driven:	B		Driven:	D	Can be cleaned & reused
<b>DE Bearings:</b>	<b>Notes:</b>		<b>Shafts:</b>	<b>Notes:</b>	
Drive:	C	Drive bearing was worn	Drive:	B	
Driven:	C	Loose and worn	Driven:	B	
<b>ODE Bearings:</b>	<b>Notes:</b>		<b>Headplates:</b>	<b>Notes:</b>	
Drive:	B		Drive-end:	F	Cracked
Driven:	B		Gear-end:	B	

**ANALYSIS FINDINGS:**

When blower arrived it was dragging when being turned, and there was looseness in the drive bearing. Upon disassembly it was discovered that the grease in the drive bearing bore was very dry and had gotten hard. It had the appearance of carbon. There was a good amount of wear in the drive bearing. The driven bearing in the drive-end also had a lot of wear. The grease in this bearing looked very worn and had turned a dark color. The loose drive bearing allowed the drive rotor to make heavy contact with the drive-end headplate. This contact caused the headplate to get hot and crack.

**REPAIR/REPLACEMENT OPTIONS:**

This blower can be rebuilt, but will require a new drive-end headplate, as the old one is cracked. With a thorough cleaning and the use of all new bearings, seals, and gaskets, this blower can be returned to original performance. It is recommended that you check to make sure the grease you're using meets the specifications of the blower manufacturer. See below for pricing of a rebuild, as well as the price of a new replacement blower.

\*\* See following page (Sheet 2) for repair/replacement costs

**Service that Takes you to the next level**

440 Park 32 West Drive - Noblesville, IN 46062 - PH: (317) 773-7256 - FAX: (317) 776-5086

[www.universalblowerpac.com.com](http://www.universalblowerpac.com.com)

Blower Repair / Replacement Option Costs:	
UBP Repair	\$ 12,086.55
New Blower	\$ 19,814.00
Inspection Fee:	\$320.00 ** Waived if a repair or a new/remanufactured blower is purchased **

If you wish no additional work is to be performed, we will invoice our inspection fee. The blower can then be returned freight collect or scrapped at our facility. **\*If we do not receive a reply within 30 days you will be invoiced the inspection fee, and the blower will be scrapped at our facility.** The inspection fee is waived if a machine is repaired or a new/remanufactured blower is purchased after this report is sent.

**WARRANTY INFORMATION**

**All repaired Units: 12 months from ship date**

**New Sutorbilt Legend machines: 24 months from ship date or 18 months from install**

**New Duroflow and Cycloblowers: 18 months from ship date or 12 months from install**

Recommended Blower Maintenance Items:	
AEON PD Synthetic Blower Oil: (Fill sight glass halfway and change oil per O&M Manual Schedule)	\$40.23/Qt
AEON PD Synthetic Blower grease: (Add grease per O&M Manual Schedule)	\$32.92/tube

**We also repair, service and replace the following:**

- \* Blowers
- \* Fans
- \* Airlocks
- \* Centrifugal Blowers
- \* Regenerative Blowers
- \* Blower Packages
- \* Air Audits
- \* Energy Audits

Regards,

**Universal Blower Pac Service and Repair Team**

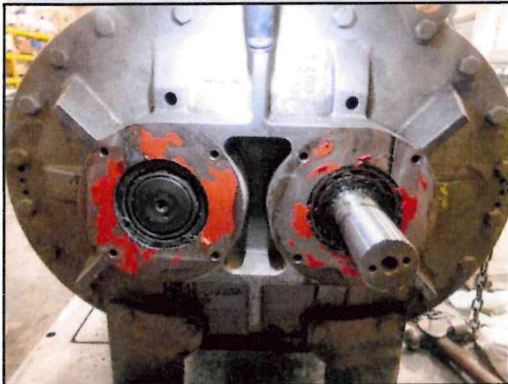

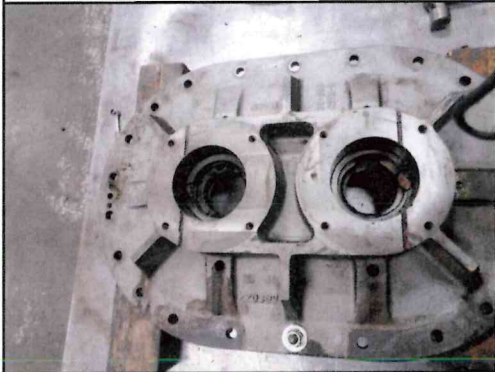

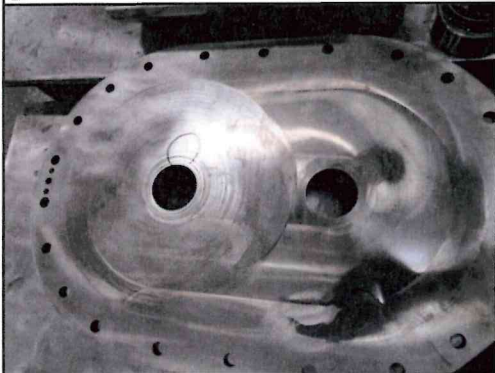
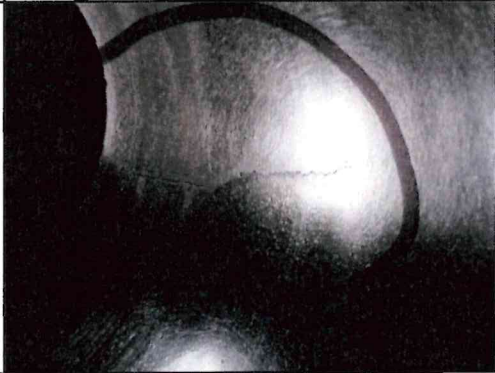
\*\* See following page (Sheet 3) for inspection photo's of the subject equipment

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[www.universalblowerpac.com.com](http://www.universalblowerpac.com.com)

**INSPECTION PHOTOS**

	
<p>Inspection Photo 1</p>	<p>Inspection Photo 2</p>
<p>Photo of both drive-end bearings</p>	<p>Photo showing the old, dry grease in the drive end</p>
	
<p>Inspection Photo 3</p>	<p>Inspection Photo 4</p>
<p>Photo of drive-end headplate, showing the old, dry grease in the drive bearing bore</p>	<p>Close-up photo of the drive bearing bore, showing the dry grease that had turned hard and black</p>
	
<p>Inspection Photo 5</p>	<p>Inspection Photo 6</p>
<p>photo of the drive-end headplate, showing the heavy contact as well as the crack in the metal</p>	<p>Close-up photo of the drive-end headplate, showing the crack in the metal</p>

**Service that Takes you to the next level**

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[www.universalblowerpac.com.com](http://www.universalblowerpac.com.com)

# Item 5b



## **MALAGA COUNTY WATER DISTRICT**

### **INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

**JUNE 30, 2024**

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**MALAGA COUNTY WATER DISTRICT  
BOARD OF DIRECTORS AND ADMINISTRATION  
JUNE 30, 2024**

---

**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

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**Administration**

Norma Melendez	Clerk
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Jaribu W. Nelson, CPA

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

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Malaga County Water District

### ***Qualified Opinion***

We have audited the accompanying financial statements of the business-type activities and each major fund of the Malaga County Water District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the District as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Qualified Opinion***

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Malaga County Water District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Malaga County Water District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 5-8 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with

sufficient evidence to express an opinion or provide any assurance.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2026, on our consideration of Malaga County Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Malaga County Water District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Malaga County Water District's internal control over financial reporting and compliance.

*Jaribu W. Nelson, CPA*

Clovis, California  
April 17, 2026

# MALAGA COUNTY WATER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024

---

As management of Malaga County Water District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with information that is included within the financial statements.

## Financial Highlights

- Assets of the District exceeded its liabilities as of June 30, 2024, by \$6,991,628. Of this amount, a deficit unrestricted net position of (\$38,332) may be used once the deficit is restored to meet the District's ongoing obligations to customers and creditors. As of June 30, 2023, assets exceeded liabilities by \$6,664,937 with unrestricted net position equaling \$840,204.
- Total net position increased by \$326,331 for the year ended June 30, 2024. For the year ended June 30, 2023, total net position decreased by \$490,004.
- During the current year, the District's fixed assets increased by a net of \$1,419,871. This increase was mostly attributable to the purchase of improvements to Wells 3 and 5 less depreciation. Depreciation expense, the ratable amortization of the cost of fixed assets, amounted to \$495,261 for the current year. Prior year depreciation was \$414,535.
- Total debt increased by a net of \$512,779 during the current year. The increase was mostly attributable to the acquisition of the RCAC anticipation grant loan to finance Wells 3 and 5. During the prior year, total debt increased by a net of \$553,508. This was mostly attributable to the acquisition of a loan to finance the solar system.

## Overview of the Financial Statements

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

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

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

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

**MALAGA COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
YEAR ENDED JUNE 30, 2024**

---

**Financial Highlights (continued)**

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

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

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

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

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

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

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2024, the District's assets exceeded liabilities by \$6,991,268. A significant portion of the District's net position (99 percent) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to customers and they are not available for future spending.

In addition, the District has \$63,185 in net position (two percent) that is restricted to make improvements to water facilities and parks and recreation assets.

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

**MALAGA COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
YEAR ENDED JUNE 30, 2024**

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

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

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

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

**MALAGA COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
YEAR ENDED JUNE 30, 2024**

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**Business-type activities.** Business-type activities decreased the District's net position by \$490,004, accounting for 100 percent of the total decrease in net position.

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

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

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

As of June 30, 2024, the District's proprietary funds reported a combined ending fund balance of \$6,991,268, a increase of \$326,331. Of the entire ending fund balance, (\$38,332) is an unrestricted deficit and is will be available for spending as the deficit is restored.

**Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets for its business-type activities as of June 30, 2024, amounted to \$10,098,819 (net of allowance for depreciation). This investment in capital assets includes land, building, improvements, construction in progress and equipment.

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

**Debt administration.** The District's long-term debt totaled \$3,488,030 as of June 30, 2024. Of this total amount, \$992,242 is due and payable during the year ending June 30, 2025. The remainder, referred to as deferred liabilities, is due and payable over the next 20 years.

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

**Economic Factors and Next Year's Budgets and Rates**

The budget for the year ending June 30, 2025, remains unchanged from June 30, 2024.

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

**Requests for Information**

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

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

---

**ASSETS**

Cash and investments	\$ 1,492,836
Accounts receivable	400,109
Prepays	<u>23,027</u>

Total current assets 1,915,972

**OTHER ASSETS**

Restricted assets - cash	78,863
Capital assets, net of allowance for depreciation	<u>10,098,819</u>

Total other assets 10,177,682

Total assets 12,093,654

**LIABILITIES**

Accounts payable and accrued expense	1,573,265
Customer deposits payable	41,091
Due within one year	<u>992,242</u>

Total current liabilities 2,606,598

**NONCURRENT LIABILITIES**

Due in more than one year	<u>2,495,788</u>
---------------------------	------------------

Total liabilities 5,102,386

**NET POSITION**

Net investment in capital assets, net of related debt	6,966,415
Restricted	63,185
Unrestricted	<u>(38,332)</u>

Total net position 6,991,268

Total liabilities and net position \$ 12,093,654

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

---

**BUSINESS-TYPE ACTIVITIES**

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

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

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

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

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

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

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

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

**MALAGA COUNTY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**

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**Note 1: Summary of Significant Accounting Policies**

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

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

**Financial Reporting Entity**

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

**Government-Wide and Fund Financial Statements**

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

**MALAGA COUNTY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**

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**Note 1: Summary of Significant Accounting Policies (continued)**

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

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

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

The District reports the following major proprietary funds:

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

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

**Assets, Liabilities and Net Position or Equity**

**1. Cash and Investments**

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

**2. Property, Plant and Equipment**

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

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

**MALAGA COUNTY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**

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**Note 1: Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities and Net Position or Equity (continued)**

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

	<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 year ended June 30, 2024. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

**Estimates**

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

**Statement Reclassifications**

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

**MALAGA COUNTY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**

**Note 2: Cash and Investments**

The District's deposits as of June 30, 2024, were entirely covered by federal depository insurance or otherwise collateralized. The Government Code of the State of California requires California financial institutions to secure District deposits by pledging government securities as collateral.

The following is an analysis of cash as of June 30, 2024:

	Bank Balance Category *			Carrying Amount
	1	2	3	
Cash on hand	\$ 68,713	\$ -	\$ -	\$ 68,713
Cash in bank	1,378,039	-	-	1,378,039
Fresno County Treasury	-	25,521	-	25,521
Local Agency Investment Fund	-	99,426	-	99,426
Total cash and investments	<u>\$1,446,752</u>	<u>\$ 124,947</u>	<u>\$ -</u>	<u>\$1,571,699</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, 2024:

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

\* Not currently being depreciated.

**MALAGA COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2024**

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**Note 4: Noncurrent Liabilities**

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

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

**Note 5: Note Payables**

**Water and Sewer Systems Improvements**

This debt was incurred to refinance the construction of water well number eight and improvements to the sewer system. The total amount of the debt was \$887,000 and provides for interest at the rate of 2 percent per annum. Semi-annual payments of principal and interest began July 2022, and continue until paid. Full repayment of the loan is scheduled to occur in July 2030. The Water Fund finances this debt to the extent of 35.73 percent of the payments due and the Waste Disposal Fund finances 64.27 percent of the payments. Interest paid on this loan for the year ended June 30, 2024, was \$15,432.

Future payments of the bonds are as follows:

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

**MALAGA COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2024**

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

**Wastewater Treatment Plant Improvements**

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

Future payments of the bonds are as follows:

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

**Parks and Recreation Improvements**

This debt was incurred to finance improvements to parks and recreation department assets. The total amount of the debt was \$1,026,500 and provides for interest at the rate of 3.690 percent per annum. Semi-annual payments of principal and interest began June 2019, and continue until paid. Full repayment of the loan is scheduled to occur in December 2033. The Parks and Recreation Fund finances this debt. Interest paid on this for the year ended June 30, 2024, was \$30,138.

Future payments of the bonds are as follows:

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

**MALAGA COUNTY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**

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

**Safe Drinking Water**

This debt was incurred to finance water meters for safe drinking water. The total amount of the debt was \$403,417 and provides for interest at the rate of 0 percent per annum. Semi-annual payments of principal began January 2021, and continue until paid. Full repayment of the loan is scheduled to occur in January 2049. The Water Fund finances this debt. Interest paid on this for the year ended June 30, 2024, was \$0.

Future payments of the bonds are as follows:

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

**Solar Loan**

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

Future payments of the bonds are as follows:

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

**MALAGA COUNTY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**

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**Note 5: Notes Payable – (continued)**

**RCAC Grant Anticipation**

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

**Note 6: Restricted Assets – Cash**

As of June 30, 2024, \$123,839 in cash is restricted for the improvements to the wastewater treatment plant and parks and recreation assets. This amount is not available for spending for other purposes. The improvements to the wastewater treatment plant and the parks and recreation assets should be made during the year ending June 30, 2024.

**Note 7: Pension Plan**

All full-time employees are participants in the District's Money Purchase Retirement Benefit Plan after twelve consecutive months of employment. Total payroll for the year ended June 30, 2024 was \$1,011,525 with covered payroll equaling \$698,080. The pensions cost to the District is 10 percent of the participants' compensation. Required and accrued contributions to the plan for the year ended June 30, 2024 were \$69,808. The District has a projected unfunded liability of \$938,712 included in accounts payable and accrued expenses.

**Note 8: Subsequent Events**

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

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

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

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

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

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

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



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

To the Board of Directors  
Malaga County Water District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Malaga County Water District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2026, which contains a qualified opinion related to the Recreation Fund.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did identify certain deficiencies in internal control that we consider to be material weaknesses. These items can be referred to in the schedule of findings and questioned costs as items 2024-01, 2024-02.

**Report on Compliance and Other Matters**

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

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

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued:	Qualified			
Internal control over financial reporting:				
• Material weaknesses identified?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
• Significant deficiency(ies) identified?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	Yes
Non-compliance material to financial statements noted?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

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

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

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**FINANCIAL STATEMENT FINDINGS**

**Material Weakness**

Finding 2024-01

Inadequate Recording and Reconciliation of Recreation Fund Transactions

***Criteria:***

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

***Condition:***

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

***Cause:***

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

***Effect:***

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

***Recommendation:***

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

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

***Views of Responsible Officials:***

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

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

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**Significant Deficiency**

Finding 2024-02

Inadequate Controls Over Accounts Receivable Recording and Monitoring

***Criteria***

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

***Condition***

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

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

***Cause***

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

***Effect***

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

***Recommendation***

We recommend that management strengthen controls over accounts receivable by:

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

***Views of Responsible Officials***

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

**MALAGA COUNTY WATER DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023**

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Findings 2023-01

Improve the preparation of the financial statements

***Recommendation:***

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

***Status:***

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

## CONSULTANT SERVICES AGREEMENT

CSA NO:

Malaga County Water District <b>Client/Agency</b>	1057 <b>Proposal No.</b>
Board of Directors <b>Attention</b>	(559) 485-7353 <b>Telephone</b>
Malaga County Water District <b>Bill to</b>	<b>Fax</b>
3580 S. Frank Street <b>Billing Address</b>	charlsir62@gmail.com <b>Email</b>
Fresno, CA 93725 <b>City, Zip Code</b>	
2026/2027 Ongoing Engineering Services Proposal <b>Project Title</b>	Malaga, California <b>Location</b>

## DESCRIPTION OF SERVICES

Please refer to the attached proposal dated June 17, 2026, "2026/2027 Ongoing Engineering Services Proposal."

The provisions set forth below and on the following paragraphs 1 through 42 are incorporated into and made a part of this Agreement. In signing, the Client acknowledges that they have read and approved all such terms and hires Provost & Pritchard Engineering Group, Inc., dba Provost & Pritchard Consulting Group, (Consultant) to perform the above-described services.

## TERMS AND CONDITIONS

Client and Consultant agree that the following terms and conditions shall be part of this agreement:

1. In providing services under this Agreement, the Consultant shall perform in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances at the same time and in the same or similar locality. The Consultant makes no warranty, express or implied, as to its professional services rendered under this Agreement.
2. Client acknowledges that Consultant is not responsible for the performance of work by third parties including, but not limited to, the construction contractor and its subcontractors.
3. Client agrees that if Client requests services not specified in the scope of services described in this agreement, Client will pay for all such additional services as extra services, in accordance with Consultant's billing rates utilized for this contract.

## DOCUMENTS

4. Client acknowledges that all reports, plans, specifications, field data and notes and other documents, including all documents on electronic media, prepared by Consultant (collectively Work Product) are instruments of service which shall remain the property of Consultant and may be used by Consultant without the consent of Client. Consultant shall retain all common law, statutory law and other rights, including copyrights. Consultant grants Client a perpetual, royalty-free fully paid-up, nonexclusive and irrevocable license to copy, reproduce perform, dispose of, use and re-

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use the Work Product in connection with the Project, in whole or in part, and to authorize others to do so for the benefit of Client. Client acknowledges that its right to utilize Work Product pursuant to this agreement will continue only so long as Client is not in default, pursuant to the terms and conditions of this agreement, and Client has performed all its obligations under this agreement.

5. Client agrees not to reuse Work Product, in whole or in part, for any project other than the project that is the subject of this agreement. Client further agrees to waive all claims against Consultant resulting in any way from any unauthorized changes or unauthorized reuse of the Work Product for any other project by anyone on Client's behalf. Client agrees not to use or permit any other person to use versions of Work Product which are not final and which are not signed and stamped or sealed by Consultant. Client shall be responsible for any such use of non-final Work Product. Client hereby waives any claim for liability against Consultant for use of non-final Work Product. If a reviewing agency requires that check prints be submitted with a stamp or seal, those shall not be considered final for purposes of this paragraph.
6. In the event Client (1) makes, agrees to, authorizes, or permits changes in Work Product, or (2) makes, agrees to, authorizes, or permits construction of such unauthorized changes, which changes are not consented to in writing by Consultant, or (3) does not follow recommendations prepared by Consultant pursuant to this agreement, resulting in unauthorized changes to the project, Client acknowledges that the unauthorized changes and their effects are not the responsibility of Consultant. Client agrees to release Consultant from all liability arising from such unauthorized changes, and further agrees to defend, indemnify and hold harmless Consultant, its officers, directors, employees and subconsultants from and against all claims, demands, damages or costs, including attorneys' fees, arising from such changes.
7. Under no circumstances shall delivery of Work Product for use by the Client be deemed a sale by the Consultant, and the Consultant makes no warranties, either express or implied, of merchantability and fitness for any particular purpose. In no event shall the Consultant be liable for indirect or consequential damages as a result of the Client's unauthorized use or reuse of the Work Product.
8. The Client is aware that differences may exist between electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed sealed hard-copy documents shall govern.

## LIMITATIONS

9. Consultant makes no representations concerning soils or geological conditions unless specifically included in writing in this agreement, or by amendments to this agreement. If Consultant recommends that Client retain the services of a Geotechnical Engineer and Client chooses to not do so, Consultant shall not be responsible for any liability that may arise out of the making of or failure to make soils or geological surveys, subsurface soils or geological tests, or general soils or geological testing.
10. Client acknowledges that, unless specifically stated to the contrary in the proposal's description of services to be provided, Consultant's scope of services for this project does not include any services related in any way to asbestos and/or hazardous or toxic materials. Should Consultant or any other party encounter such materials on the job site, or should it in any other way become known that such materials are present or may be present on the job site or any adjacent or nearby areas which may affect Consultant's services, Consultant may, at its option, suspend or terminate work on the project until such time as Client retains a qualified contractor to abate and/or remove the asbestos and/or hazardous or toxic materials and warrant that the job site is free from any hazard which may result from the existence of such materials.

## INDEMNIFICATION

11. To the fullest extent allowed by law, Consultant will indemnify and hold harmless, but shall have no duty to defend Client, its officers, directors, employees, and agents (collectively, the "Client indemnities") from, for and against any and all claims, demands, damages, losses, expenses, liabilities, and penalties arising out of or relating to the Project, but only to the extent caused by the negligent or other wrongful acts or omissions of Consultant, its subconsultants, or any person or entity for whose acts or omissions any of them are responsible, or by the failure of any such party to perform as required by this Agreement. To the fullest extent allowed by law, Client will indemnify and hold harmless, but shall have no duty to defend Consultant and its officers, directors, employees and agents from, for and against any and all claims, demands, damages, losses, expenses, liabilities and penalties arising out of or relating to the Project, but only to the extent caused by the negligent or other wrongful acts or omissions of Client or any person

or entity for whose acts or omissions it is responsible, or by the failure of any such party to perform as required by this Agreement. The obligations and rights of this Section are in addition to other obligations and rights of indemnity provided under this Agreement or applicable law.

## FINANCIAL

12. All fees and other charges due Consultant will be billed monthly and shall be due at the time of billing unless specified otherwise in this agreement. If Client fails to pay Consultant within sixty (60) days after invoices are rendered, Consultant shall have the right in its sole discretion to consider such default in payment a material breach of this entire agreement, and, upon written notice, Consultant's duties, obligations and responsibilities under this agreement may be suspended or terminated for cause pursuant to Sections 26 through 31. In such event, Client shall promptly pay Consultant for all outstanding fees and charges due Consultant at the time of suspension or termination including all costs and expenses incurred in the performance of services up to suspension or termination.
13. Consultant shall not be liable to Client for any costs or damages that may result from the termination or suspension of services under this agreement due to Client's failure to pay Consultant invoices in accordance with the terms of this paragraph. In the event that Consultant agrees to resume terminated or suspended services after receiving full payment of all late invoices, Client agrees that time schedules and fees, as applicable, related to the services will be equitably adjusted to reflect any delays or additional costs caused by the termination or suspension of services.
14. In all cases where the proposal calls for payment of a retainer, that payment shall be made by Client to Consultant prior to commencement of services under this agreement. Upon receipt of retainer payment, the Consultant shall commence services as provided for under this Agreement. Unless otherwise provided for in the project proposal, such retainer shall be held by Consultant throughout the duration of the contract, and shall be applied to the final project invoice, and to any other outstanding AR, including late payment charges, on the project. Any amount of said retainer in excess of the final invoice and other outstanding AR shall be returned to the Client within 30 days of issuance of the final project invoice.
15. Client agrees that all billings from Consultant to Client will be considered correct and binding on Client unless Client, within ten (10) days from the date of receipt of such billing, notifies Consultant in writing of alleged inaccuracies, discrepancies, or errors in billing. In the event of a dispute over any billing or portion of billing, Client agrees to pay the undisputed portion of any billings in accordance with the payment terms set forth in Section 12.
16. Client agrees to pay a monthly late payment charge, which will be the lesser of one and one half percent (1-1/2%) per month or a monthly charge not to exceed the maximum legal rate, which will be applied to any unpaid balance commencing thirty (30) days after the date of the billing. Client acknowledges that payments applied first to unpaid late payment charges and then to unpaid balances of invoices.
17. In the event Consultant's fee schedule changes due to any increase of costs such as the granting of wage increases and/or other employee benefits to field or office employees or any taxes or fees imposed by local, state, or federal government on consultants' fees during the lifetime of this agreement, the new fee schedule shall apply to all subsequent work on time-and-materials contracts.
18. If payment for Consultant's services is to be made on behalf of Client by a third party lender, Client agrees that Consultant shall not be required to indemnify the third party lender, in the form of an endorsement or otherwise, as a condition to receiving payment for services. Client agrees to reimburse Consultant for all collection agency fees, legal fees, court costs, reasonable consultant staff costs and other expenses paid or incurred by Consultant in the event that collection efforts become necessary to enforce payment of any unpaid billings due to Consultant in connection with the services provided in this agreement.

## LIMITATION OF LIABILITY

19. Notwithstanding any other provisions of this Agreement to the contrary, the aggregate liability of the Consultant under this Agreement, whether for breach of contract, tort, strict liability or any other legal theory, will not exceed the total amount of Consultant's compensation for performing services under this Agreement or \$50,000, whichever is greater, however this limitation of Consultant's liability does not apply to third-party claims, or to the Client's reasonable attorneys' fees and expert witnesses' fees and litigation expenses arising out of or related to such third-party claims for which Consultant is liable.

## DISPUTE RESOLUTION

20. In an effort to resolve any conflicts or disputes that arise regarding performance under this agreement by either party, Client and Consultant agree that all such disputes shall be submitted to nonbinding mediation, using a mutually agreed upon mediation services experienced in the resolution of construction disputes. Unless the parties mutually agree otherwise, such mediation shall be a pre-condition to the initiation of any litigation. The parties further agree to include a similar mediation provision in their agreements with other independent contractors and consultants retained for the project and require them to similarly agree to these dispute resolution procedures. This provision shall not be interpreted to restrict the right of either party to file an action in a court of law, in the County of Fresno, State of California, having appropriate jurisdiction or to preclude or limit the Consultant's right to record, perfect or to enforce any applicable lien or Stop Notice rights.

## CONSTRUCTION PROJECTS

21. If the scope of services contained in this agreement does not include construction phase services for this project, Client agrees that such construction phase services will be provided by Client or by others. Client assumes all responsibility for interpretation of the contract documents and for construction observation and supervision and waives any claim against Consultant that may in any way be connected thereto. In addition, Client agrees to indemnify and hold Consultant harmless from any loss, claim, or cost, including reasonable attorneys' fees and costs of defense, arising or resulting from the performance of such services by other persons or entities and from any and all claims arising from the modification, clarification, interpretation, adjustments or changes made to the contract documents to reflect changed field or other conditions, except for claims arising from the negligence or other wrongful acts of Consultant, its employees, its subconsultants, or any other person or entity for which Consultant is responsible.
22. Client agrees to include provisions in its contract with the construction contractor to the effect that in accordance with generally accepted construction practices, the construction contractor will be required to assume sole and complete responsibility for job site conditions during the course of construction of the project, including safety of all persons and property, and that this requirement shall apply continuously and not be limited to normal working hours. Neither the professional activities of Consultant nor the presence of Consultant or its employees or subconsultants at a construction site shall relieve the contractor and its subcontractors of their obligations, duties and responsibilities including, but not limited to, construction means, methods, sequence, techniques or procedures necessary for performing, superintending or coordinating all portions of the work of construction in accordance with the contract documents and applicable health or safety requirements of any regulatory agency or of state law.
23. Client agrees to require its contractor and subcontractors to review the plans, specifications and documents prepared by Consultant prior to the commencement of construction phase work. If the contractor and/or subcontractors believe there are deficiencies, conflicts, errors, omissions, code violations, or other deficiencies in the plans, specifications and documents prepared by Consultant, contractors shall notify Client so those deficiencies may be corrected or otherwise addressed by Consultant prior to the commencement of construction phase work.
24. If, during the construction phase of the project, Client discovers or becomes aware of changed field or other conditions which necessitate clarifications, modifications or other changes to the plans, specifications, estimates or other documents prepared by Consultant, Client agrees to notify Consultant and, at Client's option, retain Consultant to prepare the necessary changes or modifications before construction activities proceed. Further, Client agrees to require a provision in its construction contracts for the project which requires the contractor to promptly notify Client of any changed field or other conditions so that Client may in turn notify Consultant pursuant to the provisions of this paragraph.
25. If, due to the Consultant's error, omission or negligence, a required item or component of the Project is omitted from the Consultant's construction documents, the Consultant shall not be responsible for paying the cost required to add such item or component to the extent that such item or component would have been required and included in the original construction documents. The Consultant will not be responsible for any cost or expense that enhances the value of the Project.

## SUSPENSION AND TERMINATION

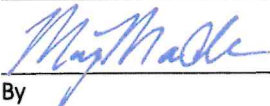
26. If the Project or the Consultant's services are suspended by the Client for more than thirty (30) consecutive calendar days, the Consultant shall be compensated for all services performed and reimbursable expenses incurred prior to the receipt of notice of suspension. In addition, upon resumption of services, the Client shall compensate the

- Consultant for expenses incurred as a result of the suspension and resumption of its services, and the Consultant's schedule and fees for the remainder of the Project shall be equitably adjusted.
27. If the Consultant's services are suspended for more than ninety (90) days, consecutive or in the aggregate, the Consultant may terminate this Agreement upon giving not less than five (5) calendar days' written notice to the Client.
  28. If the Client is in breach of the payment terms or otherwise is in material breach of this Agreement, the Consultant may suspend performance of services upon five (5) calendar days' notice to the Client. The Consultant shall have no liability to the Client, and the Client agrees to make no claim for any delay or damage as a result of such suspension caused by any breach of this Agreement by the Client. Upon receipt of payment in full of all outstanding sums due from the Client, or curing of such other breach that caused the Consultant to suspend services, the Consultant shall resume services, and there shall be an equitable adjustment to the remaining project schedule and fees as a result of the suspension.
  29. Client acknowledges Consultant has the right to complete all services included in this agreement. In the event this agreement is terminated before the completion of all services, unless Consultant is responsible for such early termination, Client agrees to release Consultant from all liability for services not performed or completed by Consultant and from liability for any third-party reliance, use, interpretation or extrapolation of Consultant's work product. In the event all or any portion of the services by Consultant are suspended, abandoned, or otherwise terminated, Client shall pay Consultant all fees and charges for services provided prior to termination, not to exceed the contract limits specified herein, if any. Client acknowledges if the project services are suspended and restarted, there will be additional charges due to suspension of the services which shall be paid for by Client as extra services pursuant to Section 26. Client acknowledges if project services are terminated for the convenience of Client, Consultant is entitled to reasonable termination costs and expenses, to be paid by Client as extra services pursuant to Section 31.
  30. The Client may terminate this Agreement for the Client's convenience and without cause upon giving the Consultant not less than seven (7) calendar days' written notice.
  31. In the event of termination of this Agreement by either party, Consultant shall invoice Client for all outstanding services and expenses reasonably incurred by the Consultant in connection with the orderly termination of this Agreement, including but not limited to demobilization, reassignment of personnel, associated overhead costs and all other expenses directly resulting from the termination. The Client shall within thirty (30) calendar days of termination pay the Consultant for all services rendered and all reimbursable costs incurred by the Consultant up to the date of termination, in accordance with the payment provisions of this Agreement.

## OTHER

32. This agreement shall be binding upon the heirs, executors, administrators, successors and assigns of Client and Consultant.
33. This agreement shall not be assigned by either Client or Consultant without the prior written consent of the other.
34. Consultant's or Client's waiver of any term, condition or covenant shall not constitute the waiver of any other term, condition or covenant. Consultant's or Client's waiver of any breach of this agreement shall not constitute the waiver of any other breach of the Agreement.
35. Client and Consultant agree that if any term or provision of this Agreement is determined to be illegal, in conflict with any law, void or otherwise unenforceable, and if the essential terms and provisions of this Agreement remain unaffected, then the validity of the remaining terms and provisions will not be affected and the offending provision will be given the fullest meaning and effect allowed by law.
36. This agreement shall be governed by and construed in accordance with the laws of the State of California. The Client agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Fresno, State of California.
37. Within the limits of the approved scope and fee, Consultant may engage the services of any subconsultants when, in the Consultant's sole opinion, it is appropriate to do so. Such subconsultants may include testing laboratories, geotechnical engineers and other specialized consulting services deemed necessary by the Consultant to carry out the scope of the Consultant's services.

38. Consultant shall be entitled to immediately, and without notice, suspend the performance of any and all of its obligations pursuant to this agreement if Client files a voluntary petition seeking relief under the United States Bankruptcy Code or if there is an involuntary bankruptcy petition filed against Client in the United States Bankruptcy Court, and that petition is not dismissed within fifteen (15) days of its filing. Any suspension of services made pursuant to the provisions of this paragraph shall continue until such time as this agreement has been fully and properly assumed in accordance with the applicable provisions of the United States Bankruptcy Code and in compliance with final order or judgment issued by the Bankruptcy Court.
39. This agreement shall not be construed to alter, affect or waive any design professional's lien, mechanic's lien or stop notice right, which Consultant may have for the performance of services pursuant to this agreement. Client agrees to provide to Consultant the current name and address of the record owner of the property upon which the project is to be located. Client also agrees to provide Consultant with the name and address of any and all lenders who may loan money on the project and who are entitled to receive a preliminary notice.
40. Consultant shall not be liable for damages resulting from the actions or inactions of governmental agencies including, but not limited to, permit processing, environmental impact reports, dedications, general plans and amendments thereto, zoning matters, annexations or consolidations, use or conditional use permits, project or plan approvals, and building permits. Client agrees that it is the responsibility of Client to maintain in good standing all governmental approvals or permits and to timely apply for any necessary extensions thereof.
41. Consultant and Client each agree to waive consequential damages for claims, disputes or other matters in question arising out of or relating to this Agreement. This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination in accordance with paragraphs 26 through 31, except for termination expenses provided for in said paragraph 31. Client further agrees that to the fullest extent permitted by law, Consultant shall not be liable to Client for any special, indirect or consequential damages whatsoever, whether caused by Consultant's negligence, errors, omissions, strict liability, breach of contract, breach of warranty or other cause or causes whatsoever, including but not limited to, loss of use of equipment or facility, and loss of profits or revenue.
42. This Agreement is the entire Agreement between the Client and the Consultant. It supersedes all prior communications, understandings and agreements, whether oral or written. Amendments to this Agreement must be in writing and signed by both the Client and the Consultant.

_____	Provost & Pritchard Engineering Group, Inc., dba Provost & Pritchard Consulting Group
<b>Client/Agency</b>	
_____	_____
<b>By</b>	<b>By</b>
_____	Maija Madec
<b>Name</b>	<b>Name</b>
_____	Principal Engineer
<b>Title</b>	<b>Title</b>
_____	6-17-2026
<b>Date Signed</b>	<b>Date Signed</b>

# PROVOST & PRITCHARD CONSULTING GROUP

455 W Fir Ave, Clovis, CA 93611 • (559) 449-2700  
www.provostandpritchard.com

June 17, 2025

Board of Directors  
Malaga County Water District  
3580 S. Frank Street  
Fresno, CA 93725

RE: 2026/2027 Ongoing Engineering Services Proposal

Provost & Pritchard Consulting Group (Provost & Pritchard) has been providing a wide range of professional consulting services to local cities, counties, and special districts throughout the Central Valley, including Malaga County Water District, for the past 58 years. Provost & Pritchard has been providing engineering services for Malaga County Water District for over 30 years, and we are familiar with the District's existing water and sewer system systems, operations, and system needs.

Provost & Pritchard presently provides a variety of consulting services to Malaga County Water District, including engineering, administration, construction review, and consultation. We are very much interested in continuing our relationship with the District.

## Basic Services

It is proposed that Provost & Pritchard is retained on a time and materials basis to perform the Basic Services described below.

### Phase 100, 101, 105 District Administration

- Assistance with general district administration and participation in regular meetings when requested (it is assumed that P&P would attend no more than 4 Board Meetings through the year)
- Preparation and update of district mapping as requested
- Approximately 12 hours per month of general consulting
- Limited preparation and administration of funding assistance applications – excepting those funding applications contracted with other consultants

### Phase 200 Water Facilities

- Approximately 40 hours a year of consulting associated with the water system (including coordination with the SWRCB Division of Drinking Water, evaluation of the water system, and capital improvement recommendations).

### Phase 400 Wastewater Facilities

- Approximately 60 hours per year of consulting associated with the wastewater systems (including communications with the Regional Water Quality Control Board, evaluation of the sewer and treatment systems, and capital improvement recommendations).
- Assistance with the updates to the Pretreatment Ordinance (if requested).

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### **Phase 600 Development Reviews**

- Consulting associated with proposed developments (including review of improvement plans, determination of fees or requirements, periodic field review of improvements).
- Assistance with processing of annexation requests.

### **Existing Extra Services**

- High Speed Rail impacts and related coordination.
- Infrastructure Master Plan Update , to address current land use, regulatory requirements, anticipated growth, and necessary water and sewer infrastructure to support he demands.
- Design and construction review of WWTP improvements funded through the CDBG program
- Design and construction review of Well 3A project
- Design and construction review of Well 5A project

### **Special Services**

Special services include participation in special meetings and special studies that may be required of District operations and management. Please refer to the Draft Open Items List, submitted separately, for more defined tasks that I am aware of and that may require the involvement of an engineer.

Specific projects or tasks would be considered individually by the Board of Directors and specific authorization would be required prior to initiating work.

If the District wishes to continue to retain the services at Provost & Pritchard Consulting Group, I have included a Consultant Services Agreement for execution.

Thank you for your consideration. Please contact me if you have any questions or if you need additional information.

Respectfully,



Maija Madec, P.E.