



admin@mhcwd.org (530) 878-8096  
16733 Placer Hills Road, PO Box 596, Meadow Vista, CA 95722

## **AGENDA**

### **Regular Board Meeting, March 19, 2026, at 2:00 p.m.**

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- ❖ The following agenda has been prepared and posted at least 72 hours prior to the regular board meeting of the Midway Heights County Water District (MHCWD) Board of Directors in accordance with the Ralph M. Brown Act.
- ❖ The chronological order of agenda items does not necessarily mean that each item will be considered in that order. Any listed items may be considered at any time during the meeting, at the discretion of the Board President.
- ❖ The public may address the Board on each agenda item during the Board's consideration of that item. Members of the public may be asked to state their name for the record but are not required to do so.
- ❖ The Board is prohibited by law from acting on any matter not appearing on the posted agenda, except in certain cases provided for in the Brown Act.
- ❖ Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection at the District Office at the address listed above.
- ❖ In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the District Office at (530) 878-8096. Requests must be made as early as possible, and at least one full business day before the start of the meeting.
- ❖ In accordance with Government Code Sec. 54954.2(a), this notice and agenda were posted at the following locations: MHCWD Office; Meadow Vista Post Office; Meadow Vista Village Center.

# AGENDA

Regular Board Meeting, March 19, 2026

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**I. CALL TO ORDER**

**II. ROLL CALL OF DIRECTORS**

Establish a quorum and identify for the minutes any other persons attending. Members of the public may remain anonymous in the minutes unless they wish to participate in the Public Forum, below, or comment on other agenda items.

**III. REVIEW AND APPROVAL OF MINUTES (Pages BP 4-7)**

The minutes from the February 19, 2026, Regular Meeting will be reviewed and may be approved.

**IV. PUBLIC FORUM**

This time is scheduled for comments from members of the public concerning subjects that do not specifically appear as items elsewhere on the agenda. The total time allotted for the public forum session is generally limited to 20 minutes. Discussion on each particular issue is limited to 10 minutes. Individuals are limited to approximately 3 minutes of public comments.

Potential issues or action items raised during the Public Forum will be noted by the Secretary and offered for discussion during the Calendar Review later in the session.

**V. GENERAL BUSINESS**

**A. DISCUSSION & ACTION RE: FY2025 AUDIT DRAFT (Pages BP 8-67)**

Review of and possible acceptance of FY2025 draft audit report from Nigro & Nigro, presented via Zoom.

**B. DISCUSSION & ACTION RE: ADMINISTRATIVE ORGANIZATION ASSESSMENT (Pages BP 68-71)**

Review and possible approval of Bryce Consulting work plan for conducting an organizational review of the District's administrative functions.

**C. DISCUSSION & ACTION RE: FINAL APPROVALS FOR TREATED PRV PROJECT (Pages BP 72-74)**

Review and possible approval of change orders and project payments for the Treated PRV Replacement Project performed by C.E. Cox Engineering, Inc.

**D. FIELD REPORT (Page BP 75)**

Review of the February Field Report.

**E. INTERIM GENERAL MANAGER'S REPORT**

1. Draft MOU with Placer Hills Fire Protection District
2. Clark construction and reconnection
3. Reservoir inspection
4. Irrigation PRV inspection results
5. Office and payroll software implementation

# AGENDA

Regular Board Meeting, March 19, 2026

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## VI. FINANCIAL

### A. TREASURER'S REPORT (Pages BP 76-81)

The Treasurer's Reports of Fund Summaries, Transfers, and Checking Account Reconciliation Register for February 2026, is offered for review and may be accepted.

### B. FY2026 SIX-MONTH BUDGET REVIEW (Pages BP 82-98)

Board consideration and possible acceptance of the six-month budget review.

## VII. ITEMS FOR INFORMATION

### A. UPDATE RE: GENERAL MANAGER RECRUITMENT

### B. RECEIVE & FILE: CTO AGREEMENT FORM (Page BP 99)

## VIII. GENERAL DISCUSSION AND CALENDAR REVIEW

The Board and staff may take this opportunity to ask questions; provide or receive information; make requests or provide directions regarding subsequent meeting agendas.

- District tour

Current list of potential agenda items:

- FY2027 Budget Ad-Hoc Committee (April)
- Operational priorities review
- Procedures & Policies and District Code updates
- Capital Improvement Plan (CIP)
- Field operations & maintenance manual
- Vacuum trailer

## IX. ANNOUNCEMENT OF NEXT REGULAR MEETING DATE & TIME

The next meeting, unless otherwise decided in session, will be held April 16, 2026, at 2:00 p.m. at the District Office.

## X. ADJOURNMENT

# MIDWAY HEIGHTS COUNTY WATER DISTRICT

## Regular Board Meeting Minutes

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February 19, 2026, 2:00 p.m. at District Office  
16733 Placer Hills Road, Meadow Vista, CA 95722

### I. CALL TO ORDER

President Nevins called the meeting to order at 2.04 p.m.

### II. ROLL CALL

**DIRECTORS PRESENT:** Pauline Nevins, President  
Stan Burton, Vice-President  
Geoff Teigen, Director & ACWA/JPIA

**DIRECTORS ABSENT:** Trisha Di Paola, Board Treasurer  
Ronald Tucker, Director

**OTHERS PRESENT:** Teddi Deppner, Board Secretary  
Gerry LaBudde, Interim General Manager  
Hannah Osborn, via Zoom  
Wyatt Paul, Field Operations  
Jared Solmons, Nigro & Nigro, via Zoom  
Tyler Cook, Nigro & Nigro, via Zoom

**MEMBERS OF THE PUBLIC:** None

### III. REVIEW AND APPROVAL OF MINUTES

**M/S Stan Burton / Pauline Nevins** to accept the January 15, 2026, Regular Meeting minutes as presented.

All ayes – Motion passed by unanimous vote of Directors present.

### IV. PUBLIC FORUM

None.

### V. GENERAL BUSINESS

#### A. DISCUSSION & ACTION RE: AUDIT REPORT

Auditors Nigro & Nigro presented an update regarding the FY2025 draft audit report via Zoom. Jared Solmons expressed his confidence that the draft audit should be complete by the end of the month. The plan is to finalize the audit draft for approval at the March 19 regular Board meeting. The auditors recommended considering hire of an accounting consultant to assist with tasks like monthly reconciliations or year-end audit prep.

## **B. FIELD REPORT**

Wyatt Paul presented the January 2026 field report. As the field report was not available in time to include in the board packet, it will be made available on the District website along with the meeting minutes.

## **C. GENERAL MANAGER'S REPORT**

1. Draft MOU with Placer Hills Fire Protection District – After receiving the feedback from the Fire District's legal counsel, we have revised the document and requested input from District legal counsel.
2. Clark construction and reconnection – Per the settlement agreement, the customer has determined the meter size and billing format. Field staff are procuring parts for the meter set and service line modification. After the meter is installed the existing pipeline at the back of the property will be abandoned.
3. PRV project progress – The project is complete, and the work went well. The contractor submitted Progress Payment No. 1 (PP-1) for the Coyote Mountain and Cedar Pines PRVs. PP-1 included two change orders totaling \$4,426.57. \$1,342.88 was for material that the District had agreed to supply. The balance was for removal of unforeseen concrete thrust blocks and additional labor and material to correct misalignments and restrain a joint between the PRV and the new thrust block that was installed.
4. PCWA's Financial Assistance Program (FAP) grant application – The District submitted for a \$21,000 grant to do a study on the tie-in to PCWA's system, which would provide redundancy for the treated water system.
5. Field staff asbestos training – Both regular field operations employees completed this training in February.
6. Reservoir update – The video inspection of the reservoir outlet is scheduled between February 27 – March 13. A notice will be sent to customers on Friday, February 20 about the impending outage in the irrigation system. Timing for the inspection is dependent on draining the reservoir to access the outlet structure. Staff are working with the inspection company to complete the inspection quickly and put the reservoir back online to minimize the outage.

Gerry LaBudde and Wyatt Paul exited the meeting after the General Manager's Report.

## **D. DISCUSSION & ACTION RE: JOB SPECIFICATION UPDATES**

This item was moved to the March 19 regular Board meeting.

## **E. DISCUSSION & ACTION RE: FEE ALIGNMENT (AD-HOC COMMITTEE)**

M/S Geoff Teigen / Stan Burton to accept the recommendations of the ad hoc committee.

All ayes – Motion passed by unanimous vote of Directors present.

## **F. DISCUSSION & ACTION RE: FY2027 BUDGET AD-HOC COMMITTEE**

**M/S Stan Burton / Geoff Teigen** to accept the FY2027 Ad-Hoc Committee scope statement as presented.

All ayes – Motion passed by unanimous vote of Directors present.

**G. DISCUSSION & ACTION RE: OFFICE SOFTWARE**

**M/S Geoff Tiegen / Stan Burton** to accept the recommendation of Google Workspace as the cloud-based office software solution.

All ayes – Motion passed by unanimous vote of Directors present.

**H. DISCUSSION & ACTION RE: PAYROLL SOFTWARE**

**M/S Stan Burton / Pauline Nevins** to adopt the Paycom software system as recommended.

All ayes – Motion passed by unanimous vote of Directors present.

**VI. FINANCIAL**

**A. REVIEW OF TREASURER'S REPORT**

**M/S Stan Burton / Geoff Tiegen** to accept the Treasurer's report of Fund Summaries, Transfers, and Checking Account Reconciliation Registers for January 2026 as corrected.

All ayes – Motion passed by unanimous vote of Directors present.

**VII. ITEMS FOR INFORMATION**

**A. UPDATE RE: GENERAL MANAGER RECRUITMENT**

President Nevins shared that the initial filing period produced no applicants. The search for a General Manager will continue until the position is filled.

**B. EMPLOYMENT POLICY (AD-HOC COMMITTEE)**

Following extensive review of the District's 2015 Policy of Employment by a board ad hoc committee and District legal counsel, District staff has completed the formatting of the renamed Personnel Policies. Copies of the policy document will be distributed to staff for review and signatures, and the signed acknowledgment pages will be added to each employee's personnel file.

**VIII. GENERAL DISCUSSION AND CALENDAR REVIEW**

The Board and staff discussed future agenda items.

Updated list of potential agenda items:

1. Six-month budget (March)
2. Job specification updates (March)
3. Policy and Procedures revisions (March)
4. FY2025 audit draft (March)

5. FY2027 Budget Ad-Hoc Committee (April)
6. Draft RFP for rate study
7. District tour
8. Capital Improvement Plan (CIP)
9. Field operations & maintenance manual
10. Vacuum trailer

**IX. ANNOUNCEMENT OF NEXT REGULAR MEETING DATE & TIME**

The next meeting will be held on March 19, 2026 at 2:00 p.m. at the District Office.

**X. ADJOURNMENT**

**M/S Stan Burton / Geoff Tiegen** to adjourn the meeting at 4:38 p.m. Motion passed by unanimous consent.

Respectfully Submitted,

Approved,

\_\_\_\_\_  
Teddi Deppner  
Secretary to the Board

\_\_\_\_\_  
Pauline Nevins  
President of the Board

Dated: \_\_\_\_\_

Midway Heights County Water District

All cited Attachments, Ordinances, Resolutions, and Policies are public information and are on file with the District. Copies are available upon request at the District Office.

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**  
**Presentation to the Board of Directors**  
**For the Fiscal Year Ended**  
**June 30, 2025**

**NIGRO & NIGRO<sup>PC</sup>**



## SCOPE OF WORK

Perform Audit Testwork of the Entity's Annual Financial Statements/Report

Report on the Entity's internal control over financial reporting and on compliance in accordance with Government Auditing Standards

## OUR RESPONSIBILITY IN ACCORDANCE WITH PROFESSIONAL STANDARDS

1. Form and express an opinion about whether the Annual Financial Statements results, that have been prepared by management, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
2. Our responsibility is to plan and perform the audit to obtain **reasonable assurance (not absolute assurance)** about whether the Annual Financial Statements are free of material misstatements.
3. We are to consider the Entity's internal controls and segregations of duties over accounting procedures and financial reporting as we perform our audit testwork. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal controls.

## AUDIT RESULTS

An Auditor's **Unmodified Opinion** has been issued on the Annual Financial Statements.

- The Annual Financial Statements are fairly presented in all material respects.
- The adopted significant accounting policies have been consistently applied.
- Estimates are considered reasonable for Depreciation, Pension, and OPEB expense as well as Lease calculations.
- New GASB Pronouncements were adopted.
- Required disclosures are properly reflected in the Annual Financial Statements.

## AU-C 265 – Communicating Internal Control Related Matters Identified in an Audit

**No Material Issues Arose to be Reported to the Governing Board/Management**

**Any Minor Issues Were Discussed Orally and Corrected by Management**

## How Do We Make You Better?

**Best Practice Solutions Were Conveyed to Management – That's the Audit ROI**

**Midway Heights County Water District**  
**Dashboard – Audited Financial Statements**  
**June 30, 2025 vs 2024**

Revenues & Expenses	2025	2024	Variance
<b>Operating Revenues:</b>			
Water sales	\$ 771,073	\$ 775,061	\$ (3,988)
<b>Non-Operating Revenues:</b>			
Property taxes	61,209	58,975	2,234
Investment earnings	18,740	16,838	1,902
Grant revenue	-	180,673	(180,673)
<b>Total Revenues</b>	<b>851,022</b>	<b>1,031,547</b>	<b>(180,525)</b>
<b>Operating Expenses:</b>			
Source of supply	166,366	165,947	419
Personnel services	410,846	390,592	20,254
Materials and services	49,372	71,244	(21,872)
General and administrative	173,934	148,556	25,378
<b>Operating expenses before depr.</b>	<b>800,518</b>	<b>776,339</b>	<b>24,179</b>
Depreciation expense	99,474	109,114	(9,640)
<b>Total Operating Expenses</b>	<b>899,992</b>	<b>885,453</b>	<b>14,539</b>
<b>Non-Operating Expenses:</b>			
Interest expense	11,534	12,483	(949)
<b>Total Expenses</b>	<b>911,526</b>	<b>897,936</b>	<b>13,590</b>
<b>Change in Revenues &amp; Expenses</b>	<b>\$ (60,504)</b>	<b>\$ 133,611</b>	<b>\$ (194,115)</b>
<b>Capital Outlay:</b>			
<b>Capital Asset Additions</b>	<b>\$ (5,480)</b>	<b>\$ (363,410)</b>	<b>\$ 357,930</b>
<b>Depreciation Expense</b>	<b>99,474</b>	<b>109,114</b>	<b>(9,640)</b>
<b>Change in Capital Expense</b>	<b>\$ 93,994</b>	<b>\$ (254,296)</b>	<b>\$ 348,290</b>
<b>Debt Service:</b>			
<b>Principal Paid</b>	<b>\$ (53,498)</b>	<b>\$ (69,583)</b>	<b>\$ 16,085</b>
<b>Cash &amp; Investments</b>	<b>\$ 610,971</b>	<b>\$ 595,298</b>	<b>\$ 15,673</b>
<b>Quick Summary:</b>			
<b>Change in Revenues &amp; Expenses</b>	<b>\$ (60,504)</b>		
<b>Change in Capital Expense</b>	93,994	Use of cash	
<b>Debt Service – Principal Payments</b>	(53,498)	Use of cash	
<b>Change in Inventory</b>	(11,337)	Use of cash	
<b>Change in Accounts Payable</b>	(20,840)	Use of cash	
<b>Change in OPEB Liability</b>	18,968	Non-Cash	
<b>Change in Pension Liability</b>	49,873	Non-Cash	
<b>Change in Cash &amp; Investments</b>	<b>\$ 16,656</b>	<b>Approximately</b>	<b>\$ 983</b>
<b>Investment Earnings to Portfolio</b>	<b>3.11%</b>		

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**  
**Report to the Board of Directors**  
**For the Fiscal Year Ended**  
**June 30, 2025**

**NIGRO & NIGRO<sup>PC</sup>**

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

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*For the Fiscal Year Ended June 30, 2025*

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Board of Directors  
Midway Heights County Water District  
Meadow Vista, California

We are pleased to present this report related to our audit of the financial statements of the Midway Heights County Water District (District) as of and for the year ended June 30, 2025. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the District.

Very truly yours,

Murrieta, California  
March 19, 2026

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## ***Required Communications***

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**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

*Required Communications*

*For the Fiscal Year Ended June 30, 2025*

Generally accepted auditing standards (AU-C 260, *The Auditor’s Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<p><b>Our Responsibilities with Regard to the Financial Statement Audit</b></p>	<p>Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated September 10, 2025. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.</p>
<p><b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b></p>	<p>An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions and the account-type of areas tested. There were no changes to the planned scope and timing of our audit testwork.</p>
<p><b>Accounting Policies and Practices</b></p>	<p><b>Accounting Policies and Practices</b>                      Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted.</p> <p><b>Adoption of, or Change in, Significant Accounting Policies or Their Application</b>                      Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p><b>Significant or Unusual Transactions</b>                      We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p><b>Management’s Judgments and Accounting Estimates</b>                      Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgement. No such significant accounting estimates were noted or estimate applications were changed from the previous year.</p>
<p><b>Audit Adjustments</b></p>	<p>Audit adjustments are summarized in the attached <b>Summary of Adjusting Journal Entries</b>.</p>
<p><b>Uncorrected Misstatements</b></p>	<p>We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.</p>

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

*Required Communications*

*For the Fiscal Year Ended June 30, 2025*

Area	Comments
<b>Discussions With Management</b>	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
<b>Disagreements With Management</b>	We encountered no disagreements with management over the application of significant accounting principles, the basis for management’s judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
<b>Consultations With Other Accountants</b>	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
<b>Significant Issues Discussed With Management</b>	No significant issues arising from the audit were discussed or the subject of correspondence with management.
<b>Significant Difficulties Encountered in Performing the Audit</b>	No significant difficulties were encountered in performing our audit.
<b>Required Supplementary Information</b>	<p>We applied certain limited procedures to the:</p> <ol style="list-style-type: none"> <li>1. Management’s Discussion and Analysis</li> <li>2. Required Pension Plan Disclosures</li> <li>3. Required OPEB Plan Disclosures</li> </ol> <p>Which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p>
<b>Other Information</b>	We were not engaged to report on the Introductory, Other and Statistical Sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This information is intended solely for the information and use of Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

## **MIDWAY HEIGHTS COUNTY WATER DISTRICT**

### *Required Communications*

*For the Fiscal Year Ended June 30, 2025*

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#### **Our Audit Methodology**

As part of our firm's standard audit methodology, once our Audit Team has uploaded management's trial balance into our audit software, we are required to report to the Governance Board and Management all adjustments made to the trial balance during the audit process. This includes any proposed audit adjustments identified by our auditors as well as any adjustments provided by management. Our policy is designed to ensure full transparency and to give the Governance Board and Management a clear understanding of the nature and extent of changes considered during the audit, thereby reinforcing the integrity and depth of the audit procedures performed.

#### **Disclosure of Audit Adjustments and Reclassifications**

As part of our external audit engagement, we operate under the presumption that the District's books and records are materially accurate and appropriately closed prior to the commencement of audit fieldwork. Nonetheless, audit adjustments and reclassifications are often proposed during the course of the audit to ensure the District's financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and to enhance comparability with prior-year financial data. In the interest of transparency and governance, we have included, as an attachment to this letter, a summary of audit adjustments and reclassification journal entries identified during the audit.

The existence or absence of such adjustments does not inherently indicate deficiencies, but rather reflects the auditor's role in enhancing the fair presentation of the financial statements. Disclosure of these items provides the Governance Board and Management with insight into the scope and depth of the audit procedures performed.

To promote timely and accurate financial reporting, we recommend that management strengthen internal controls and oversight over the year-end financial close process. Enhancing these procedures can reduce the volume of post-closing audit adjustments and reclassifications, improve the quality of interim and year-end financial reporting, and support the District's efforts in maintaining compliance with financial reporting requirements and best practices in fiscal governance.

#### **Management Override of Controls**

Professional auditing standards require auditors to consider the risk that management may override established internal controls, regardless of the perceived effectiveness of those controls. During our audit, we identified management override of controls as a significant risk due to the inherent ability of management to initiate, authorize, record, or adjust transactions and financial records. Such override could occur through inappropriate journal entries, management bias in accounting estimates, or the circumvention of established approval and review processes, potentially resulting in material misstatement of the financial statements, whether due to error or fraud.

While our audit procedures did not identify any instances of inappropriate management override, the presence of this risk is inherent in all organizations and warrants continued attention. We recommend that the District continue to strengthen governance and oversight practices, including active involvement by the Governance Board, consistent monitoring of journal entries and significant estimates, segregation of duties where feasible, and periodic independent reviews of key financial processes. These measures help mitigate the risk of management override and support the integrity and reliability of the District's financial reporting.

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***Summary of Adjusting Journal Entries***

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# MIDWAY HEIGHTS COUNTY WATER DISTRICT

## Summary of Adjusting Journal Entries For the Fiscal Year Ended June 30, 2025

Account	Description	Debit	Credit
<b>Adjusting Journal Entries</b>			
<b>Adjusting Journal Entries JE # 1</b>			
To True up Capital Assets			
55001	Maintenance-Mobile Equipment	2,422.96	
58140	Office Equipment Purchases	248.51	
58140	Office Equipment Purchases	32,756.08	
59100	Depreciation Expense	181.00	
16001	Construction in Progress		32,756.08
16300	Field Equipment		2,422.96
16400	Office Furnishings & Equipment		248.51
17500	Accum Depreciation - Bldgs & St		181.00
<b>Total</b>		<b>35,608.55</b>	<b>35,608.55</b>
<b>Adjusting Journal Entries JE # 2</b>			
To Book GASB 68			
27000	PERS Net Pension Liability	2,732.00	
27100	Deferred inflows-Pension	14,578.00	
27200	Deferred inflows OPEB	15,024.00	
57125	CalPERS Retirement-Employer	12,505.00	
19000	Deferred Outflows-Pensions		29,815.00
27100	Deferred inflows-Pension		15,024.00
<b>Total</b>		<b>44,839.00</b>	<b>44,839.00</b>
<b>Adjusting Journal Entries JE # 3</b>			
To book GASB 75			
57150	CalPERS Health Employer	18,968.00	
19000	Deferred Outflows-Pensions		545.00
27200	Deferred inflows OPEB		7,688.00
28000	OPEB Liability		10,735.00
<b>Total</b>		<b>18,968.00</b>	<b>18,968.00</b>
<b>Adjusting Journal Entries JE # 4</b>			
To book GASB 87			
15000	Right to Use Asset	36,722.00	
15100	Accumulated Amort-Right to Use	13,037.82	
65390	Interest expense-GASB 87	570.00	
29000	Short term lease liab		36,722.00
58400	Rental - Office		10,245.00
59200	Amortization Exp-Right to use		3,362.82
<b>Total</b>		<b>50,329.82</b>	<b>50,329.82</b>
<b>Adjusting Journal Entries JE # 5</b>			
To true up the sick pay accruals balance			
56900	Admin Salaries	7,305.29	
22400	Accrued Vacation Pay		7,305.29
<b>Total</b>		<b>7,305.29</b>	<b>7,305.29</b>
<b>Adjusting Journal Entries JE # 6</b>			
To true up property tax revenue and receivable.			
12800	Future Assessments-Short Term	662.80	
48000	Current Secured Taxes		662.80
<b>Total</b>		<b>662.80</b>	<b>662.80</b>
<b>Adjusting Journal Entries JE # 7</b>			
To true up beginning net position to agree to 2024 audit report.			
58100	Office Supplies	2.93	
32000	Net Position		2.93
<b>Total</b>		<b>2.93</b>	<b>2.93</b>
	<b>Total Adjusting Journal Entries</b>	<b>157,716.39</b>	<b>157,716.39</b>

**MIDWAY HEIGHTS COUNTY WATER DISTRICT  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
For the Fiscal Year Ended  
June 30, 2025  
(With Comparative Amounts as of June 30, 2024)**

**NIGRO & NIGRO<sup>PC</sup>**

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

*For the Fiscal Year Ended June 30, 2025*

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***Financial Section***

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Midway Heights County Water District  
Meadow Vista, California

### Opinion

We have audited the accompanying financial statements of the Midway Heights County Water District (District), which comprise the balance sheet as of June 30, 2025, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2025, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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 the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Change in Accounting Principle

As described in Notes 1, 6, and 11 to the financial statements, as of July 1, 2024, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences and Statement No. 102, Certain Risk Disclosures. Our opinion is not modified with respect to these matters

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal 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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **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 the 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 the 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, Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, Schedule of the District's Contributions to the Pension Plan, and the Schedule of Changes in the District's Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

### **Prior-Year Comparative Information**

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which such partial information was derived.

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

In accordance with *Government Auditing Standards*, we have also issued a separate report dated March 19, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the District's internal control over financial reporting and compliance.

Murrieta, California

March 19, 2026

## **MIDWAY HEIGHTS COUNTY WATER DISTRICT**

### *Management's Discussion and Analysis (Unaudited)*

*For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)*

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Management's Discussion and Analysis (MD&A) offers readers of Midway Heights County Water District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2025. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- In fiscal year 2025, the District's net position decreased 2.59%, or \$60,504 from the prior year's net position of \$2,334,808 to \$2,274,304 as a result of the year's operations.
- In fiscal year 2025, operating revenues decreased 0.51%, or \$3,988 from \$775,061 to \$771,073, from the prior year, primarily due to decreases in water sales.
- In fiscal year 2025, operating expenses before depreciation expense increased by 3.11% or \$24,179 from \$776,339 to \$800,518, from the prior year, primarily due to increases in general and administrative expenses.

### **REQUIRED FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

## MIDWAY HEIGHTS COUNTY WATER DISTRICT

### Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

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#### FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

#### Condensed Balance Sheets

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 820,974	\$ 794,590	\$ 26,384
Capital assets, net	<u>2,258,023</u>	<u>2,352,017</u>	<u>(93,994)</u>
<b>Total assets</b>	<u>3,078,997</u>	<u>3,146,607</u>	<u>(67,610)</u>
<b>Deferred outflows of resources</b>	<u>83,723</u>	<u>114,083</u>	<u>(30,360)</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 3,162,720</u>	<u>\$ 3,260,690</u>	<u>\$ (97,970)</u>
<b>Liabilities:</b>			
Current liabilities	\$ 106,285	\$ 126,322	\$ (20,037)
Non-current liabilities	<u>756,116</u>	<u>766,655</u>	<u>(10,539)</u>
<b>Total liabilities</b>	<u>862,401</u>	<u>892,977</u>	<u>(30,576)</u>
<b>Deferred inflows of resources</b>	<u>26,015</u>	<u>32,905</u>	<u>(6,890)</u>
<b>Net position:</b>			
Net investment in capital assets	1,776,760	1,855,492	(78,732)
Unrestricted	<u>497,544</u>	<u>479,316</u>	<u>18,228</u>
<b>Total net position</b>	<u>2,274,304</u>	<u>2,334,808</u>	<u>(60,504)</u>
<b>Total liabilities, deferred outflows of resources and net position</b>	<u>\$ 3,162,720</u>	<u>\$ 3,260,690</u>	<u>\$ (97,970)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$2,274,304 as of June 30, 2025.

## MIDWAY HEIGHTS COUNTY WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

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### FINANCIAL ANALYSIS OF THE DISTRICT (continued)

#### Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (78% as of June 30, 2025) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of year 2025, the District showed a positive balance in its unrestricted net position of \$497,544 which may be utilized in future years.

#### Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>
Operating revenues	\$ 771,073	\$ 775,061	\$ (3,988)
Operating expenses	<u>(800,518)</u>	<u>(776,339)</u>	<u>(24,179)</u>
<b>Operating loss before depreciation</b>	(29,445)	(1,278)	(28,167)
Depreciation expense	<u>(99,474)</u>	<u>(109,114)</u>	<u>9,640</u>
<b>Operating loss</b>	(128,919)	(110,392)	(18,527)
Non-operating revenues(expenses), net	<u>68,415</u>	<u>244,003</u>	<u>(175,588)</u>
<b>Change in net position</b>	(60,504)	133,611	(194,115)
Net position:			
<b>Beginning of year</b>	<u>2,334,808</u>	<u>2,201,197</u>	<u>133,611</u>
<b>End of year</b>	<u>\$ 2,274,304</u>	<u>\$ 2,334,808</u>	<u>\$ (60,504)</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position decreased 2.59%, or \$60,504 from the prior year's net position of \$2,334,808 to \$2,274,304 as a result of the year's operations.

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

*Management's Discussion and Analysis (Unaudited)*

*For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)*

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**FINANCIAL ANALYSIS OF THE DISTRICT (continued)**

**Total Revenues**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
<b>Operating revenues:</b>			
Water sales	\$ 771,073	\$ 775,061	\$ (3,988)
<b>Total operating revenues</b>	<u>771,073</u>	<u>775,061</u>	<u>(3,988)</u>
<b>Non-operating revenues:</b>			
Property taxes	61,209	58,975	2,234
Investment earnings	18,740	16,838	1,902
Grant revenue	-	180,673	(180,673)
<b>Total non-operating revenues</b>	<u>79,949</u>	<u>256,486</u>	<u>(176,537)</u>
<b>Total revenues</b>	<u>\$ 851,022</u>	<u>\$ 1,031,547</u>	<u>\$ (180,525)</u>

In fiscal year 2025, operating revenues decreased 0.51%, or \$3,988 from \$775,061 to \$771,073, from the prior year, primarily due to decreases in water sales.

Also, non-operating revenues decreased by 68.83%, or \$176,537 from \$256,486 to \$79,949 due to a decrease in grant revenue.

## MIDWAY HEIGHTS COUNTY WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

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### FINANCIAL ANALYSIS OF THE DISTRICT (continued)

#### Total Expenses

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
<b>Operating expenses:</b>			
Source of supply	\$ 166,366	\$ 165,947	\$ 419
Personnel services	410,846	390,592	20,254
Materials and services	49,372	71,244	(21,872)
General and administrative	<u>173,934</u>	<u>148,556</u>	<u>25,378</u>
<b>Total operating expenses</b>	<u>800,518</u>	<u>776,339</u>	<u>24,179</u>
Depreciation expense	<u>99,474</u>	<u>109,114</u>	<u>(9,640)</u>
<b>Non-operating expenses:</b>			
Interest expense	<u>11,534</u>	<u>12,483</u>	<u>(949)</u>
<b>Total non-operating expenses</b>	<u>11,534</u>	<u>12,483</u>	<u>(949)</u>
<b>Total expenses</b>	<u>\$ 911,526</u>	<u>\$ 897,936</u>	<u>\$ 13,590</u>

In fiscal year 2025, operating expenses before depreciation expense increased by 3.11% or \$24,179 from \$776,339 to \$800,518, from the prior year, primarily due to increases in general and administrative expenses.

#### Capital Assets

	<u>Balance June 30, 2025</u>	<u>Balance June 30, 2024</u>
<b>Capital assets:</b>		
Non-depreciable assets	\$ 38,643	\$ 71,399
Depreciable assets	4,594,105	4,579,337
Accumulated depreciation	<u>(2,374,725)</u>	<u>(2,298,719)</u>
<b>Total capital assets, net</b>	<u>\$ 2,258,023</u>	<u>\$ 2,352,017</u>

At the end of year 2025, the District's investment in capital assets amounted to \$2,258,023 (net of accumulated depreciation), respectively. Capital asset additions amounted to \$5,480 for various projects and equipment. See Note 4 for further information.

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

*Management’s Discussion and Analysis (Unaudited)*

*For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)*

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**FINANCIAL ANALYSIS OF THE DISTRICT (continued)**

**Debt Administration**

The long-term debt of the District is summarized below:

	<b>Balance</b>	<b>Balance</b>
<b>Long-term debt:</b>	<b>June 30, 2025</b>	<b>June 30, 2024</b>
SRF Loan payable	\$ 481,263	\$ 496,525
Right-to-use lease payable	38,236	9,675
<b>Total long-term debt</b>	<b>\$ 519,499</b>	<b>\$ 506,200</b>

In fiscal year 2025, long-term debt increased by \$13,299. See Notes 5 and 7 for further information.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District’s funding sources, customers, stakeholders and other interested parties with an overview of the District’s financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District Office, 16733 Placer Hills Rd, Meadow Vista CA, 95722 – (530) 878-8096.

# MIDWAY HEIGHTS COUNTY WATER DISTRICT

## Balance Sheets

June 30, 2025 (With Comparative Amounts as of June 30, 2024)

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2025</u>	<u>2024</u>
<b>Current assets:</b>		
Cash and cash equivalents (Note 2)	\$ 610,971	\$ 595,298
Accrued interest receivable	1,643	1,454
Accounts receivable, net (Note 3)	151,529	154,165
Property taxes receivable	1,845	1,183
Inventory – materials and supplies	46,173	34,836
Prepaid expenses	8,813	7,654
<b>Total current assets</b>	<u>820,974</u>	<u>794,590</u>
<b>Non-current assets:</b>		
Capital assets – not being depreciated (Note 4)	38,643	71,399
Capital assets – being depreciated, net (Note 4)	2,219,380	2,280,618
<b>Total non-current assets</b>	<u>2,258,023</u>	<u>2,352,017</u>
<b>Total assets</b>	<u>3,078,997</u>	<u>3,146,607</u>
<b>Deferred outflows of resources:</b>		
Deferred amounts related to net OPEB liability(asset) (Note 8)	1,687	2,232
Deferred amounts related to net pension liability (Note 9)	82,036	111,851
<b>Total deferred outflows of resources</b>	<u>83,723</u>	<u>114,083</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 3,162,720</u>	<u>\$ 3,260,690</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 43,576	\$ 64,416
Deposits and unearned revenues	3,000	1,421
Long-term liabilities – due within one year:		
Compensated absences (Note 6)	7,382	8,396
Right-to-use lease payable (Note 5)	7,489	8,266
Loan payable (Note 7)	44,838	43,823
<b>Total current liabilities</b>	<u>106,285</u>	<u>126,322</u>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 6)	22,145	25,187
Right-to-use lease payable (Note 5)	30,747	1,409
Loan payable (Note 7)	398,189	443,027
Net OPEB liability (Note 8)	172,764	162,029
Net pension liability (Note 9)	132,271	135,003
<b>Total non-current liabilities</b>	<u>756,116</u>	<u>766,655</u>
<b>Total liabilities</b>	<u>862,401</u>	<u>892,977</u>
<b>Deferred inflows of resources:</b>		
Deferred amounts related to net OPEB liability(asset) (Note 8)	25,569	17,881
Deferred amounts related to net pension liability (Note 9)	446	15,024
<b>Total deferred inflows of resources</b>	<u>26,015</u>	<u>32,905</u>
<b>Net position:</b>		
Net investment in capital assets (Note 10)	1,776,760	1,855,492
Unrestricted	497,544	479,316
<b>Total net position</b>	<u>2,274,304</u>	<u>2,334,808</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 3,162,720</u>	<u>\$ 3,260,690</u>

The notes to financial statements are an integral part of this statement.

**MIDWAY HEIGHTS COUNTY WATER DISTRICT***Statements of Revenues, Expenses and Changes in Net Position**For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	<u>2025</u>	<u>2024</u>
<b>Operating revenues:</b>		
Water sales	\$ 771,073	\$ 775,061
<b>Total operating revenues</b>	<u>771,073</u>	<u>775,061</u>
<b>Operating expenses:</b>		
Source of supply	166,366	165,947
Personnel services	410,846	390,592
Materials and services	49,372	71,244
General and administrative	173,934	148,556
<b>Total operating expenses</b>	<u>800,518</u>	<u>776,339</u>
<b>Operating loss before depreciation</b>	(29,445)	(1,278)
Depreciation expense	(99,474)	(109,114)
<b>Operating loss</b>	<u>(128,919)</u>	<u>(110,392)</u>
<b>Non-operating revenues(expenses):</b>		
Property taxes	61,209	58,975
Investment earnings	18,740	16,838
Grant revenue	-	180,673
Interest expense	(11,534)	(12,483)
<b>Total non-operating revenues(expenses), net</b>	<u>68,415</u>	<u>244,003</u>
<b>Change in net position</b>	(60,504)	133,611
<b>Net position:</b>		
Beginning of year	<u>2,334,808</u>	<u>2,201,197</u>
End of year	<u>\$ 2,274,304</u>	<u>\$ 2,334,808</u>

## MIDWAY HEIGHTS COUNTY WATER DISTRICT

### Statements of Cash Flows

For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)

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	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers and others	\$ 775,288	\$ 774,326
Cash paid to employees for salaries and wages	(301,571)	(387,127)
Cash paid to vendors and suppliers for materials and services	<u>(504,866)</u>	<u>(369,480)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>(31,149)</u>	<u>17,719</u>
<b>Cash flows from non-capital financing activities:</b>		
Proceeds from property taxes	60,547	58,975
Proceeds from grants	<u>-</u>	<u>349,779</u>
<b>Net cash provided by non-capital financing activities</b>	<u>60,547</u>	<u>408,754</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(5,480)	(363,410)
Proceeds from right-to-use lease payable	38,236	-
Principal paid on long-term debt	(53,498)	(69,583)
Interest paid on long-term debt	<u>(11,534)</u>	<u>(12,555)</u>
<b>Net cash used in capital and related financing activities</b>	<u>(32,276)</u>	<u>(445,548)</u>
<b>Cash flows from investing activities:</b>		
Investment earnings	<u>18,551</u>	<u>16,838</u>
<b>Net cash provided by investing activities</b>	<u>18,551</u>	<u>16,838</u>
<b>Net increase(decrease) in cash and cash equivalents</b>	15,673	(2,237)
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>595,298</u>	<u>597,535</u>
End of year	<u>\$ 610,971</u>	<u>\$ 595,298</u>

**MIDWAY HEIGHTS COUNTY WATER DISTRICT***Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	<u>2025</u>	<u>2024</u>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>		
Operating loss	\$ (128,919)	\$ (110,392)
<b>Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:</b>		
Depreciation expense	99,474	109,114
Allowance for bad debt	200	-
<b>Change in assets - (increase)decrease:</b>		
Accounts receivable	2,436	(735)
Inventory - materials and supplies	(11,337)	(4,609)
Prepaid expenses	(1,159)	374
<b>Change in deferred outflows of resources - (increase)decrease</b>		
Deferred amounts related to total OPEB liability	545	(2,232)
Deferred amounts related to net pension liability	29,815	(16,165)
<b>Change in liabilities - increase(decrease):</b>		
Accounts payable and accrued expenses	(20,840)	11,035
Deposits and unearned revenues	1,579	(4,732)
Compensated absences	(4,056)	(325)
Total OPEB liability	10,735	(11,330)
Net pension liability	(2,732)	29,835
<b>Change in deferred inflows of resources - increase(decrease)</b>		
Deferred amounts related to total OPEB liability	7,688	2,857
Deferred amounts related to net pension liability	(14,578)	15,024
<b>Total adjustments</b>	<u>97,770</u>	<u>128,111</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (31,149)</u>	<u>\$ 17,719</u>

# MIDWAY HEIGHTS COUNTY WATER DISTRICT

## *Notes to Financial Statements*

*June 30, 2025*

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### **NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Description of Organization**

The Midway Heights County Water District was established in November 1954 in Placer County. The District was formed under Division 12 of the California Water Code to provide water to the District's residents. The District encompasses 4.1 square miles and has 804 active customer connections. The District is governed by five Board of Directors elected by the District's residents. The basic operating revenues of the District are charges for delivered water services.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

#### **B. Basis of Presentation, Basis of Accounting**

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

# MIDWAY HEIGHTS COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

##### 1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

##### 2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

*Level 2* – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

*Level 3* – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

##### 3. Receivables and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

##### 4. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

# MIDWAY HEIGHTS COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 5. Right-To-Use Lease Asset and Right-To-Use Lease Payable

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. The District has established a single model for lease accounting based on the principle that leases are financings of a right-to-use underlying asset. As a lessee, the District is required to recognize a lease liability (payable) and an intangible right-to-use leased asset. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life. The District monitors changes in circumstances that would require remeasurement of its lease and will remeasure the leased asset and lease payable if certain changes occur that are expected to significantly affect the amount of the lease payable.

##### 6. Inventories

Supply inventories maintained by the District consist primarily of water and irrigation system parts and supplies. Inventories are valued at cost using the first-in, first-out method.

##### 7. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$10,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Transmission and distribution system	15-75 years
Furniture	7-10 years
Vehicles	5-10 years
Equipment	3-5 years

##### 8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

# MIDWAY HEIGHTS COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 9. Compensated Absences

In accordance with GASB Statement No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Management evaluates sick leave for other District employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This analysis includes assessing relevant factors such as historical information about the use, payment or forfeiture of compensated absences, and the District's policies related to compensated absences. The measurement of compensated absences includes salary-related payment such as the employer portion of social security and Medicare taxes.

##### 10. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2023

Measurement Date June 30, 2024

Measurement Period July 1, 2023 to June 30, 2024

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

# MIDWAY HEIGHTS COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2023

Measurement Date June 30, 2024

Measurement Period July 1, 2023 to June 30, 2024

##### 12. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted net position** - This component of net position consists of constraints placed on net position use through external 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 does not meet the definition of "net investment in capital assets" or "restricted".

#### D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

# MIDWAY HEIGHTS COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Property Taxes

The Los Angeles County Assessor’s Office assesses all real and personal property within the County each year. The Los Angeles County Tax Collector’s Office bills and collects the District’s share of property taxes. The Los Angeles County Auditor-Controller’s Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Los Angeles County Tax Collector’s Office, which have not been credited to the District’s cash balance as of June 30.

The property tax calendar is as follows:

Lien date March 1  
Levy date July 1  
Due dates November 1 and March 1  
Collection dates December 10 and November 10

#### F. Reclassifications

Certain amounts from the prior year have been reclassified to conform to the current year’s presentation.

#### G. New Pronouncements– Governmental Accounting Standards Board (GASB)

During the fiscal year ended June 30, 2025, the District has implemented new GASB pronouncements as follows:

##### **GASB Statement No. 101 – Compensated Absences**

This GASB Statement amends the definition of a compensated absence to encompass the various types of benefits offered by governmental employees and establishes a unified model for accounting and reporting. The statement also revises the related financial statement disclosure requirements, including eliminating certain disclosures previously required that GASB research found did not provide essential information to financial statement users. The GASB statement applies to all units of state and local governments. The District adopted the Statement as of July 1, 2024. See Note 6 for the effect of this Statement.

##### **GASB Statement No. 102 – Certain Risk Disclosures**

This GASB Statement requires state and local governments to disclose vulnerabilities due to certain concentrations and constraints that could significantly impact their financial health. A concentration refers to a dependency on a specific source—such as a major revenue stream, customer, supplier, or workforce—while a constraint involves legal, regulatory, contractual, or other external limitations that restrict an entity’s ability to respond to those risks. If these factors make the government vulnerable to a near-term severe impact, disclosure is required in the notes to the financial statements. The goal of Statement No. 102 is to improve transparency and provide users with better insight into potential risks that could affect a government’s financial condition. The District adopted the Statement as of July 1, 2024. See Note 11 for the effect of this Statement.

# MIDWAY HEIGHTS COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2025</u>
Cash and cash equivalents	\$ 610,971
<b>Total cash and investments</b>	<b>\$ 610,971</b>

Cash and investments consisted of the following:

<u>Description</u>	<u>June 30, 2025</u>
Cash on hand	\$ 200
Demand deposits held with financial institutions	40,298
Deposits with money-market funds	54,361
Deposits with Placer County Treasury Investment Pool (PCTIP)	516,112
<b>Total cash and investments</b>	<b>\$ 610,971</b>

#### **Demand Deposits with Financial Institutions**

At June 30, 2025, the carrying amount of the District's demand deposits were \$40,298 and the financial institution's balances were \$41,865. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

#### **Custodial Credit Risk – Deposits**

Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2025, the District's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

# MIDWAY HEIGHTS COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 2 – CASH AND INVESTMENTS (continued)

#### Money-Market Funds

Money-market funds are an investment whose objective is to earn modest investment earnings while maintaining a net asset value (NAV) of \$1 per share (which is the funds main goal – preservation of principal). A money-market fund’s portfolio is typically comprised of short-term, or less than one year, securities representing high-quality, liquid debt and monetary instruments with minimal credit risk. Money-market funds are Level 1 investments (with quoted prices in active markets for identical assets) that are Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers money market funds a cash equivalent due to their highly liquid nature and NAV of \$1 per share. As of June 30, 2025, the District held \$54,361, in money market funds.

#### Placer County Treasury Investment Pool (PCTIP)

The District is a voluntary participant in the Placer County Treasury Investment Pool (PCTIP) pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the Placer County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or depositing the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. As of March 31, 2025, the District’s cash balance in PCTIP was \$516,112.

#### Investments Authorized by the California Government Code and the District’s Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5-years	None	None
U.S. Government Sponsored Agency Securities	5-years	None	None
State of California Obligations	5-years	None	None
CA Local Agency Obligations	5-years	None	None
Negotiable Certificates of Deposit (Negotiable CD)	5-years	30%	5%
CD Placement Service	5-years	30%	None
Banker's Acceptances	180 days	40%	30%
Reverse Purchase Agreement	92 days	20%	None
Repurchase Agreements	1-year	None	None
Commercial Paper	270 days	25%	10%
Medium- Term Notes	5-years	30%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5-years	None	None
Bank/Time Deposits	5-years	None	None

**NOTE 2 – CASH AND INVESTMENTS (continued)**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

**Disclosures Relating to Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**Fair Value Measurements**

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. All of the District’s investments were assigned a Level 2 input on the Investment Table.

**NOTE 3 – ACCOUNTS RECEIVABLE, NET**

The balance at June 30, 2025, consists of the following;

<u>Description</u>	<u>June 30, 2025</u>
Accounts receivable	\$ 151,729
Allowance for doubtful accounts	<u>(200)</u>
<b>Total accounts receivable, net</b>	<u>\$ 151,529</u>

## MIDWAY HEIGHTS COUNTY WATER DISTRICT

### Notes to Financial Statements

June 30, 2025

#### NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2025, were as follows:

Description	Balance July 1, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
<b>Non-depreciable assets:</b>				
Land	\$ 38,643	\$ -	\$ -	\$ 38,643
Construction-in-process	32,756	-	(32,756)	-
<b>Total non-depreciable assets</b>	<u>71,399</u>	<u>-</u>	<u>(32,756)</u>	<u>38,643</u>
<b>Depreciable assets:</b>				
Transmission and distribution system	4,248,812	-	-	4,248,812
Building and Improvements	65,673	-	-	65,673
General Plant	20,352	-	-	20,352
Equipment	221,032	-	-	221,032
Lease assets – office space	23,468	38,236	(23,468)	38,236
<b>Total depreciable assets</b>	<u>4,579,337</u>	<u>38,236</u>	<u>(23,468)</u>	<u>4,594,105</u>
<b>Accumulated depreciation:</b>				
Transmission and distribution system	(36,587)	(2,208)	-	(38,795)
Building and Improvements	(2,007,886)	(86,735)	-	(2,094,621)
General Plant	(20,352)	-	-	(20,352)
Equipment	(220,856)	(101)	-	(220,957)
Lease assets – office space	(13,038)	(10,430)	23,468	-
<b>Total accumulated depreciation</b>	<u>(2,298,719)</u>	<u>(99,474)</u>	<u>23,468</u>	<u>(2,374,725)</u>
<b>Total depreciable assets, net</b>	<u>2,280,618</u>	<u>(61,238)</u>	<u>-</u>	<u>2,219,380</u>
<b>Total capital assets, net</b>	<u>\$ 2,352,017</u>	<u>\$ (61,238)</u>	<u>\$ (32,756)</u>	<u>\$ 2,258,023</u>

#### NOTE 5 – RIGHT-TO-USE LEASED ASSET AND RIGHT-TO-USE LEASE PAYABLE

Changes in right-to-use lease payable for fiscal year ending June 30, 2025 were as follows:

Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year	Due in More Than One Year
\$ 9,675	\$ 38,236	\$ (9,675)	\$ 38,236	\$ 7,489	\$ 30,747

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2025*

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**NOTE 5 – RIGHT-TO-USE LEASED ASSET AND RIGHT-TO-USE LEASE PAYABLE (continued)**

Annual debt service requirements for the right-to-use lease payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 7,489	\$ 581	\$ 8,070
2027	9,153	531	9,684
2028	9,801	343	10,144
2029	10,092	144	10,236
2030	<u>1,701</u>	<u>5</u>	<u>1,706</u>
Total	38,236	<u>\$ 1,604</u>	<u>\$ 39,840</u>
Current	<u>(7,489)</u>		
Long-term	<u>\$ 30,747</u>		

The District is reporting a total right-to-use leased asset, net of \$38,236 and a right-to-use lease payable of \$38,236 for the year ending June 30, 2025. Also, the District is reporting total amortization expense of \$10,430, principal payments of \$9,675 and interest expense of \$183 related to the above noted leases.

The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease payments to the net present value. In some cases, leases contain termination clauses. In these cases, the clause requires the lessee or lessor to show cause to terminate the lease.

The District’s lease is summarized as follows:

**Office Space**

On June 30, 2025, the district entered into a 60-month lease agreement for the use of office space for admin use. An initial right-to-use liability was recorded on June 30, 2025, in the amount of \$38,236. As of June 30, 2025, the value of the lease receivable was \$38,236. The District is required to make monthly fixed payments based on an agreed upon payment schedule. The lease has an implied interest rate of 2%. The District is amortizing the right-to-use asset of \$38,236 at \$797 per month.

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2025*

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**NOTE 6 – COMPENSATED ABSENCES**

Summary changes to compensated absences balances for the year ended June 30, 2025, were as follows:

<u>Balance</u> <u>July 1, 2024</u>	<u>Net</u> <u>Change</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Due Within</u> <u>One Year</u>	<u>Due in More</u> <u>Than One Year</u>
\$ 33,583	\$ (4,056)	\$ 29,527	\$ 7,382	\$ 22,145

As of June 30, 2025, the total liability for compensated absences was \$29,527, of which \$7,382 is expected to be paid within one year and is reported as a current liability. The beginning balance of compensated absences as of July 1, 2024, reflected an immaterial difference upon implementation of GASB Statement No. 101; therefore, no restatement was required.

**NOTE 7 – LOAN PAYABLE**

Changes in loans payable amounts for the year ended June 30, 2025, were as follows:

<u>Description</u>	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
State revolving fund loan	\$ 486,850	\$ -	\$ (43,823)	\$ 443,027	\$ 44,838	\$ 398,189

**2012 State Revolving Fund Loan**

In fiscal year 2012, the District and the State of California, Department of Public Health, entered into a contract for a construction loan in the amount of \$559,000 under the Safe Drinking Water State Revolving Fund Law of 1977. The purpose of the loan was to assist the District in financing construction of the treated water tank and improvements at the existing tank site, which will enable the District to meet the State of California’s safe drinking water standards. The loan proceeds were disbursed to the District based upon project expenditures submitted. The final construction costs totaled and submitted were \$892,400, which was \$333,400 more than the original contracted amount. The loan is scheduled to mature in fiscal year 2034. Principal and interest installments are payable each fiscal year at a rate of 2.304% on July 1st and January 1st. Annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 44,838	\$ 706,784	\$ 751,622
2027	45,876	694,197	740,073
2028	46,939	677,172	724,111
2029	48,027	656,599	704,626
2030	49,139	5,647	54,786
2031-2035	208,208	11,935	220,143
Total	443,027	\$ 2,752,334	\$ 3,195,361
Current	(44,838)		
Long-term	\$ 398,189		

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2025*

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**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Summary**

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2025</u>
OPEB related deferred outflows	\$ 1,687
Total other post-employment benefits liability	172,764
OPEB related deferred inflows	25,569

**A. General Information about the OPEB Plan**

**Plan Description**

The District currently has one eligible employee, with benefits provided under special contract. The contract describes eligibility to be 25 years of service with the District. At retirement, the District provides a contribution for the continuation of these coverage’s for eligible retirees. Eligibility for a District contribution requires retirement from the District and under CalPERS on or after age 50 with at least 15 years of continuous service. The District provides 100% of the cost of coverage for the retiree and any covered spouse. The District provides 100% of the cost of coverage for the retiree only and covered spouse.

An employee may also be eligible for retiree medical, dental, and vision benefits if, at the time of retirement from the District, the employee has at least twenty-five (25) years of service in the water utility industry, has been employed by the District for a minimum continuous period of five (5) years, and has attained a minimum age of fifty (50) years. For purposes of this benefit, “retirement from the District” means the employee’s effective retirement date is within 120 days of separation from employment with the District and the employee receive either a service or disability retirement allowance from CalPERS resulting from his or her service to the District.

**Funding Policy**

The contribution requirements of plan members and the District are established and may be amended by the District and/or the District’s Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis; however, recently contributions have been made to an OPEB Trust.

**Contributions**

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2024, the measurement period, the District’s had not made any contributions.

# MIDWAY HEIGHTS COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

#### A. General Information about the OPEB Plan (continued)

##### Accounting for the Plan

The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits are recognized when they are due and payable in accordance with the terms of each plan.

##### Method Used to Value Investments

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

#### B. Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

##### Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	3.97%
Inflation	2.30%
Payroll increases	2.80%
Healthcare Trend Rates	5.50% for 2024 - 2034 4.50% for 2035 - 2074 4.00% for 2075 and on
Morbidity	CalPERS 2021 Study
Mortality	CalPERS 2021 Study
Disability	Not valued
Retirement	2021 CalPERS Public Agency Miscellaneous experience study;

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**  
*Notes to Financial Statements*  
 June 30, 2025

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**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

**B. Total OPEB Liability (continued)**

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.97%. The projection of cash flows used to determine the discount rate assumed that the District’s contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**C. Changes in the total OPEB Liability**

The changes in the total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
<b>Balance at July 1, 2024 (Measurement date July 1, 2023)</b>	\$ 162,029	\$ -	\$ 162,029
<b>Changes for the year:</b>			
Service cost	5,194	-	5,194
Interest	6,455	-	6,455
Changes in assumption	(914)	-	(914)
Net changes	10,735	-	10,735
<b>Balance at June 30, 2025 (Measurement date June 30, 2024)</b>	<b>\$ 172,764</b>	<b>\$ -</b>	<b>\$ 172,764</b>

**Changes of Assumptions**

In fiscal year 2023-24, the measurement period, there was an increase in the discount rate from 3.86% to 3.97%.

**Change of Benefit Terms**

In fiscal year 2023-24, the measurement period, there were no changes to the actuarial assumptions.

**Subsequent Events**

There were no subsequent events that would materially affect the results presented in this disclosure.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.97%) or 1 percentage point higher (4.97%) than the current discount rate:

1% Decrease 2.97%	Discount Rate 3.97%	1% Increase 4.97%
\$ 181,146	\$ 172,764	\$ 164,552

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2025*

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**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

**C. Changes in the total OPEB Liability (continued)**

**Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates**

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

	<b>Healthcare Cost</b>		
	<b>1% Decrease</b>	<b>Trend Rate</b>	<b>1% Increase</b>
	<b>4.50%</b>	<b>5.50%</b>	<b>6.50%</b>
\$	160,896	\$ 172,764	\$ 185,459

**D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2025, the District recognized OPEB expense/(credit) of \$18,968. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 1,687	\$ (9,821)
Differences between expected and actual experience	-	(15,748)
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 1,687</b>	<b>\$ (25,569)</b>

The differences between projected and actual earnings on plan investments are amortized over four years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ (7,705)
2027	(7,705)
2028	(7,705)
2029	(767)
<b>Total</b>	<b>\$ (23,882)</b>

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2025*

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**NOTE 9 – PENSION PLAN**

**Summary**

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2025</u>
Pension related deferred outflows	\$ 82,036
Net pension liability	132,271
Pension related deferred inflows	446

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees’ Retirement System (CalPERS), or "The Plan".

**A. General Information about the Pension Plan**

**The Plan**

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	<u>Miscellaneous Plans</u>	
	<u>Classic</u>	<u>PEPRA</u>
	<u>Tier 1</u>	<u>Tier 2</u>
Hire date	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Benefit formula	2.5% @ 60	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%
Required member contribution rates	7.000%	8.250%
Required employer contribution rates – FY 2025	11.380%	8.630%

**Plan Description**

The District contributes to the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2023 Annual Actuarial Valuation Reports. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

*Notes to Financial Statements*

June 30, 2025

**NOTE 9 – PENSION PLAN (continued)**

**A. General Information about the Pension Plan**

At June 30, 2024 measurement date, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic	PEPRA	
	Tier 1	Tier 2	
Active members	2	1	3
Transferred and terminated members	2	1	3
Retired members and beneficiaries	-	-	-
<b>Total plan members</b>	<b>4</b>	<b>2</b>	<b>6</b>

All qualified permanent and probationary employees are eligible to participate in the District’s cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees’ Retirement Law.

**Contributions**

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended June 30, 2025, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic	PEPRA	
	Tier 1	Tier 2	
Contributions – employer	\$ 28,808	\$ 9,876	\$ 38,684

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

*Notes to Financial Statements*

June 30, 2025

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**NOTE 9 – PENSION PLAN (continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**

**Proportionate Share of Net Pension Liability and Pension Expense**

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2024, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following table shows the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2025:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2025</u>	<u>Fiscal Year Ending June 30, 2024</u>	
	<u>June 30, 2024</u>	<u>June 30, 2023</u>	
Measurement Date			
Percentage of Risk Pool Net Pension Liability	0.002735%	0.002728%	0.000007%

The District’s proportionate share percentage of the net pension liability for the June 30, 2024, measurement date was as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
<b>CalPERS – Miscellaneous Plan:</b>			
Balance as of June 30, 2023 (Measurement Date)	\$ 770,178	\$ 635,175	\$ 135,003
Balance as of June 30, 2024 (Measurement Date)	\$ 869,212	\$ 736,941	\$ 132,271
<b>Change in Plan Net Pension Liability</b>	<b>\$ 99,034</b>	<b>\$ 101,766</b>	<b>\$ (2,732)</b>

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

*Notes to Financial Statements*

June 30, 2025

**NOTE 9 – PENSION PLAN (continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

**Proportionate Share of Net Pension Liability and Pension Expense (continued)**

For the year ended June 30, 2025, the District recognized pension expense of \$49,873. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 38,684	\$ -
Difference between actual and proportionate share of employer contributions	9,031	-
Adjustment due to differences in proportions	11,871	-
Differences between expected and actual experience	11,436	(446)
Differences between projected and actual earnings on pension plan investments	7,614	-
Changes in assumptions	3,400	-
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<u>\$ 82,036</u>	<u>\$ (446)</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of \$38,684 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ 19,268
2027	23,356
2028	2,891
2029	(2,609)
<b>Total</b>	<u>\$ 42,906</u>

# MIDWAY HEIGHTS COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 9 – PENSION PLAN (continued)

#### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

##### Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023, total pension liability. The June 30, 2024, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

##### Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

*Notes to Financial Statements*

June 30, 2025

**NOTE 9 – PENSION PLAN (continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

**Long-term Expected Rate of Return (continued)**

The table below reflects long-term expected real rate of return by asset class.

Investment Type <sup>1</sup>	New Strategic Allocation	Real Return <sup>1,2</sup>
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021 Asset Liability Management study.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Subsequent Events**

There were no subsequent events that would materially affect the results in this disclosure.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
	CalPERS – Miscellaneous Plan	\$ 249,562	\$ 132,271

# MIDWAY HEIGHTS COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 9 – PENSION PLAN (continued)

#### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

##### Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS’ website under Forms and Publications.

#### C. Payable to the Pension Plans

At June 30, 2024, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2025.

### NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30, 2025:

<u>Description</u>	<u>June 30, 2025</u>
<b>Net investment in capital assets:</b>	
Capital assets – not being depreciated	\$ 38,643
Capital assets, net – being depreciated	2,219,380
Right-to-use lease payable – current portion	(7,489)
SRF Loan – current portion	(44,838)
Right-to-use lease payable – non-current portion	(30,747)
SRF Loan – non-current portion	<u>(398,189)</u>
<b>Total net investment in capital assets</b>	<b><u>\$ 1,776,760</u></b>

### NOTE 11 – RISK DISCLOSURE: CONCENTRATION OF REVENUE SOURCE (GASB STATEMENT NO. 102)

The District is subject to systematic risk due to receiving over 91% of its revenues from water sales. This dependence exposes the District to potential service interruptions or financial impacts in the event of drought conditions, regulatory restrictions, or contamination of the water source. Although the District has contingency plans and infrastructure in place to supplement supply in emergencies, such alternatives may not fully meet demand or could result in significant additional costs.

The District continues to evaluate and implement diversification strategies, including the development of additional groundwater sources, recycled water programs, and rate structure adjustments to mitigate these concentration risks.

In accordance with GASB Statement No. 102, Certain Risk Disclosures, this note serves to disclose the concentration of revenue and associated risks that could significantly impact the District’s financial position and results of operations.

# MIDWAY HEIGHTS COUNTY WATER DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 12 – RISK MANAGEMENT POOL

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Further information about the Insurance Authority is as follows:

<b>A. Entity</b>	ACWA-JPIA
<b>B. Purpose</b>	To pool member contributions and realize the advantages of self-insurance
<b>C. Participants</b>	As of September 30, 2024 – 401 member districts
<b>D. Governing board</b>	Nine representatives employed by members
<b>E. Condensed financial information</b>	September 30, 2024
<b>Audit dated</b>	March 27, 2025
<b>Statement of financial position:</b>	<b>Sept 30, 2024</b>
<b>Total assets</b>	<u>\$ 308,144,466</u>
<b>Deferred outflows</b>	<u>3,099,110</u>
<b>Total liabilities</b>	<u>177,706,110</u>
<b>Deferred inflows</b>	<u>4,357,741</u>
<b>Net position</b>	<u>\$ 129,179,725</u>
<b>Statement of revenues, expenses and changes in net position:</b>	
<b>Total revenues</b>	\$ 261,895,930
<b>Total expenses</b>	<u>(253,429,117)</u>
<b>Change in net position</b>	8,466,813
<b>Beginning - net position</b>	<u>120,712,912</u>
<b>Ending - net position</b>	<u>\$ 129,179,725</u>
<b>F. Member agencies share of year-end financial position</b>	Not Calculated

The District participated in the self-insurance programs of the Insurance Authority as follows:

**Property Loss** - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$48,405,017). The District has a \$2,500 deductible for buildings, personal property and fixed equipment, a \$25,000/\$50,000 deductible for accidental mechanical breakdown, a \$1,000 deductible for mobile equipment, and a \$500 deductible for licensed vehicles.

**General Liability** - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to of \$60,000,000. This program does not have a deductible.

**Auto Liability** - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000. This program does not have a deductible.

**Public Officials' Liability** - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000.

**Cyber Liability** - The Insurance Authority has purchased insurance coverage of \$3,000,000 per occurrence/\$5,000,000 aggregate. This program does not have a deductible.

## MIDWAY HEIGHTS COUNTY WATER DISTRICT

### Notes to Financial Statements

June 30, 2025

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#### NOTE 12 – RISK MANAGEMENT POOL (continued)

Crime - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The District has a \$1,000 deductible.

Public Official Bond - The District has purchased a \$200,000 bond to cover the general manager's faithful performance of duty.

Workers' Compensation - The Insurance Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit for workers' compensation coverage. The Insurance Authority is self-insurance up to \$2,000,000 and has purchased excess insurance coverage of \$2,000,000 for employer's liability coverage.

Underground Storage Tank Pollution Liability - The Insurance Authority is self-insured up to \$500,000 per occurrence and has purchased excess coverage of \$3,000,000. The District has a \$10,000 deductible.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2025, 2024, and 2023. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2025, 2024, and 2023.

#### NOTE 13 – COMMITMENTS AND CONTINGENCIES

##### Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months or less), including any options to extend, regardless of their probability of being exercised. Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

##### Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

#### NOTE 14 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through March 19, 2026, the date on which the financial statements were available to be issued.

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***Required Supplementary Information***

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**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

*Schedule of the District's Proportionate Share of the Net Pension Liability  
For the Year Ended June 30, 2025*

**Last Ten Fiscal Years**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

<b>Measurement Date</b>	<b>District's Proportion of the Net Pension Liability</b>	<b>District's Proportionate Share of the Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</b>	<b>Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability</b>
June 30, 2015	0.00202%	\$ 55,370	\$ 141,656	31.84%	69.64%
June 30, 2016	0.00187%	64,884	173,896	33.50%	73.68%
June 30, 2017	0.00196%	77,269	193,677	36.57%	72.63%
June 30, 2018	0.00191%	71,928	211,308	35.54%	77.11%
June 30, 2019	0.00198%	79,283	202,405	38.14%	77.26%
June 30, 2020	0.00215%	90,822	207,848	39.61%	80.01%
June 30, 2021	0.00114%	21,736	229,283	9.34%	83.32%
June 30, 2022	0.00225%	105,169	232,742	43.93%	82.32%
June 30, 2023	0.00270%	135,003	239,412	67.45%	84.78%
June 30, 2024	0.00274%	132,271	196,110	67.45%	84.78%

**Notes to Schedule:**

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

**From fiscal year June 30, 2015 and June 30, 2016:**

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

**From fiscal year June 30, 2016 to June 30, 2017:**

There were no changes in assumptions.

**From fiscal year June 30, 2017 to June 30, 2018:**

The discount rate was reduced from 7.65% to 7.15%.

**From fiscal year June 30, 2018 to June 30, 2022:**

There were no significant changes in assumptions.

**From fiscal year June 30, 2022 to June 30, 2023:**

The discount rate was reduced from 7.15% to 6.90%.

**From fiscal year June 30, 2023 to June 30, 2025:**

There were no significant changes in assumptions.

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

*Schedule of the District's Contributions to the Defined Benefit Pension Plan  
For the Year Ended June 30, 2025*

**Last Ten Fiscal Years\***

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
June 30, 2016	\$ 18,357	\$ (18,357)	\$ -	173,896	10.56%
June 30, 2017	20,507	(20,507)	-	193,677	10.59%
June 30, 2018	21,698	(21,698)	-	211,308	10.27%
June 30, 2019	24,274	(24,274)	-	202,405	11.99%
June 30, 2020	27,691	(27,691)	-	207,848	13.32%
June 30, 2021	31,057	(31,057)	-	229,283	13.55%
June 30, 2022	31,516	(31,516)	-	232,742	13.54%
June 30, 2023	32,562	(32,562)	-	239,412	13.60%
June 30, 2024	35,951	(35,951)	-	196,110	18.33%
June 30, 2025	38,684	(38,684)	-	249,928	15.48%

**Notes to Schedule:**

<b>Fiscal Year</b>	<b>Valuation Date</b>	<b>Actuarial Cost Method</b>	<b>Asset Valuation Method</b>	<b>Inflation</b>	<b>Investment Rate of Return</b>
June 30, 2016	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Fair Value	2.30%	6.90%
June 30, 2024	June 30, 2022	Entry Age	Fair Value	2.30%	6.90%
June 30, 2025	June 30, 2023	Entry Age	Fair Value	2.30%	6.90%

**Amortization Method**

Level percentage of payroll, closed

**Salary Increases**

Depending on age, service, and type of employment

**Investment Rate of Return**

Net of pension plan investment expense, including inflation

**Retirement Age**

50 years (2%@55 and 2%@60), 52 years (2%@62)

**Mortality**

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**

*Schedule of Changes in the District's Net OPEB Liability and Related Ratios  
For the Year Ended June 30, 2025*

Fiscal Year Ended	Last Ten Fiscal Years*			
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
<b>Total OPEB liability:</b>				
Service cost	\$ 5,194	\$ 5,212	\$ 8,160	\$ 7,922
Interest	6,455	6,589	3,604	3,383
Changes of assumptions	(914)	2,777	(17,971)	-
Differences between expected and actual experience	-	(25,908)	-	-
<b>Net change in total OPEB liability</b>	<b>10,735</b>	<b>(11,330)</b>	<b>(6,207)</b>	<b>11,305</b>
<b>Total OPEB liability - beginning</b>	<b>162,029</b>	<b>173,359</b>	<b>179,566</b>	<b>168,261</b>
<b>Total OPEB liability - ending</b>	<b>172,764</b>	<b>162,029</b>	<b>173,359</b>	<b>179,566</b>
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - ending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>District's net OPEB liability</b>	<b>\$ 172,764</b>	<b>\$ 162,029</b>	<b>\$ 173,359</b>	<b>\$ 179,566</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered-employee payroll</b>	<b>\$ 119,299</b>	<b>\$ 109,438</b>	<b>\$ 106,248</b>	<b>\$ 103,616</b>
<b>District's net OPEB liability as a percentage of covered-employee payroll</b>	<b>144.82%</b>	<b>148.06%</b>	<b>163.16%</b>	<b>173.30%</b>

**Notes to Schedule:**

**Benefit Changes:**

Measurement Date June 30, 2021 – There were no changes in benefits  
 Measurement Date June 30, 2022 – There were no changes in benefits  
 Measurement Date June 30, 2023 – There were no changes in benefits  
 Measurement Date June 30, 2024 – There were no changes in benefits

**Changes in Assumptions:**

Measurement Date June 30, 2021 – There were no changes in assumptions  
 Measurement Date June 30, 2022 – The discount rate was reduced to 1.92% from 3.69%  
 Measurement Date June 30, 2023 – The discount rate was reduced to 3.69% from 3.86%  
 Measurement Date June 30, 2024 – The discount rate was reduced to 3.86% from 3.97%

\* Fiscal year 2022 was the first year of implementation; therefore, only four years are shown.

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***Other Independent Auditors' Reports***

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**INDEPENDENT AUDITORS' 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**

Board of Directors  
Midway Heights County Water District  
Meadow Vista, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Midway Heights County Water District (District), which comprise the balance sheet as of June 30, 2024, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 19, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 District'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 not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murrieta, California  
March 19, 2026



March 12, 2026

Ms. Pauline Nevins  
Board of Director  
Midway Heights County Water District

Re: Organizational Review

Dear Ms. Nevins:

As requested, the following pages provide a work plan for conducting an organizational review for the Midway Heights County Water District of the administrative functions. The goal of the study would be to determine the appropriate assignment of work and to identify gaps and/or duplications with administrative functions.

Bryce prides itself on developing and maintaining strong working relationships with employees and management and while the ultimate recommendations are developed by the consultant, we value the information provided by all levels of the organization.

Again, thank you for the opportunity to be considered for this project. If you need additional information, please contact me at (916) 974-0199.

Sincerely,

Shellie Anderson, Principal

**MIDWAY HEIGHTS COUNTY WATER DISTRICT  
ORGANIZATIONAL REVIEW  
PROPOSED WORK PLAN**

<b>TASKS</b>	<b>HOURS</b>	<b>COST</b>
1. Project Initiation	1	\$200
2. Study Participants Complete Position Inventory Questionnaire	---	---
3. Conduct Analysis of Data Collected	1	\$200
4. Meet with Staff to Identify Appropriate Assignment of Duties	2	\$400
5. Prepare Report of Findings and Recommendations	2	\$400
<b><i>Total Project Hours and Cost</i></b>	<b>6</b>	<b>\$1,200</b>

It is anticipated that all tasks will be conducted remotely.

Our consulting team has extensive experience dealing with local government service delivery, restructuring, and personnel management efforts. Shellie Anderson will serve as project manager for this study and will assume responsibility for on-going client contact, survey design, data collection, and preparation and presentation of reports. Stacy James, Project Consultant, will provide data collection and analysis support.

## SERVICES

Bryce Consulting was formed in July 1995 to provide the full range of human resource consulting services to governmental clients. We offer comprehensive and integrated advisory services in the areas of human resources management, classification and compensation, recruitment and selection, organization development, and training. Our scope and approach to consulting is based on a solid foundation of professional experience in providing consulting services to local governments. Bryce Consulting offers a comprehensive range of human resource consulting services including:

**Classification and Compensation** - This area of the practice includes the development, installation, and modification of all or part of an agency's classification plan and compensation program. Typical study results include compensation policy development; the preparation of class specifications and career ladders that are in compliance with the ADA; internal salary relationship analysis; external compensation surveys; and the development of a revised compensation plan.

**Training** - This service provides both off-the-shelf and custom designed training programs on a wide variety of salient topics to organizations. Depending on the needs of the organization, we provide employee, mid-management, executive management or agency-wide training on topics such as supervisory skills, negotiation and conflict resolution skills, performance development and evaluation, communicating with your boss and interpersonal skills.

**Human Resources Systems** - Typical assignments in this area result in the development or modification of the basic policy and administrative framework for the agency's human resource management system. Study results include the preparation of personnel rules, policies, and procedures, and employee handbooks.

**Performance Appraisal** - This service area involves the development and installation of comprehensive performance appraisal systems for both management and non-management staff. These systems are complete and include the necessary forms, procedure manuals, and the training of management and supervisory staff.

## STAFF RESUMES

### **SHELLIE ANDERSON**

Shellie Anderson is a principal with the firm who brings 25 years of human resource consulting experience within the State of California, specifically within the public sector. Her background includes managing and participating in compensation and classification studies of varying sizes, organizational analyses, recruitment and selection, development of performance evaluation systems, and succession planning. Ms. Anderson has personally completed hundreds of compensation studies and has worked with a variety of public agencies including the State of California, cities, counties, and electric, water, wastewater, and irrigation districts. Ms. Anderson has successfully worked with labor-management groups on multiple studies, to ensure successful accomplishment of study objectives. Ms. Anderson received a Bachelor's degree in Psychology and a Master's degree in Industrial and Organizational Psychology from the California State University, Sacramento. In addition, Ms. Anderson is a Certified Senior Professional in Human Resources. Ms. Anderson served on the Board for the IPMA – HR Sacramento Mother Lode Chapter for nearly a decade.

### **STACY JAMES**

Stacy James is a consultant with 15 years of professional human resources experience within the State of California including classification and compensation, recruitment and selection, development of work policies and procedures, and performance appraisal design. Ms. James previously oversaw the personnel practices in nine California Counties for social services and child support services departments which included serving as a business partner, conducting recruitments, determining and developing a variety of assessment processes, conducting job analyses, conducting classification studies, and providing training on rules and regulations governing the departments' merit system. Ms. James has extensive experience with compensation data collection and analysis. In addition, Ms. James has served as consultant to a variety of State agencies, counties, cities, non-profits, and special districts in the State of California. Ms. James earned her Bachelor's degree in Psychology from California State University, Sacramento.

# MEMORANDUM

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TO: MHCWD BOARD OF DIRECTORS  
 FROM: Gerry LaBudde, Interim General Manager  
 RE: Final Approvals For Treated PRV Replacement Project

The Treated PRV Replacement Project (referred to as DOMESTIC WATER MASTER METER & PRV REHABILITATION PROJECT in bid documents) is complete, and the contractor C.E. Cox Engineering has finished all items in the contract. The Project consisted of the rehabilitation of four existing pressure reducing valve (PRV) stations and included the demolition of existing piping, fittings and valves at each PRV site and installation of new components.

## RECOMMENDATIONS

1. Consider approval of the following Change Orders, Progress Payments, and Retention Amount:

Item	Total Amount	Includes Extra Work (Change Orders)
PROGRESS PAYMENT 1	\$37,944.49	Change Order #1 - \$4,426.57 (Attachment A)
PROGRESS PAYMENT 2	\$34,914.49	Change Order #2 - \$5,222.10 (Attachment B)
RETENTION @5% (a)	\$3,834.69	
<b>TOTAL</b>	<b>\$76,693.67</b>	

Initial Contract Amount **\$67,045.00**

*Notes:*

- a) 5% retention generally held on progress payments until final project approval.

2. Consider final approval and acceptance of the Domestic Master Meter and PRV Rehabilitation Project and filing of the Notice of Completion with Placer County.





## MHCWD

Monthly Field Report for February 2026

### FLOW RECORDS

#### Treated Water purchased:

2.24 million gallons for an average service connection use of 165 gallons per day, based on 454 active service connections. Based on current data for January 2025.

#### Irrigation Water purchased:

8.7 million gallons with an estimated demand of 8.7 million gallons and an estimated usage of 911 gallons per day per customer based on 354 active services. Based on current data for February 2025.

### FIELD ACTIVITIES++

#### 21 Service Calls

- 4 Treated
- 13 Irrigation
- 4 Both (General Service/Questions)

#### 7 After Hours Calls

#### 4 Main Line/System Repairs

#### 0 Service Disconnections

#### 0 New Service Connections

#### 1 Service Installations

#### 0 Double Check Valves Tested

#### 12 Underground service alerts

**Miscellaneous:** Monthly Bac-T samples, Maintenance at all facilities. Final two treated water PRV's completed. Naturewood irrigation PRV.

**MIDWAY HEIGHTS COUNTY WATER DISTRICT**  
**FUNDS SUMMARY**

**February 2026**

**REGULAR BOARD MEETING**  
**March 19, 2026**

**OPERATING FUNDS:**

**Placer County-MHCWD Investment Trust Fund (32005):**

Balance as of: (01/31/26) **\$ 482,940.57**

\*(Includes: Current Fiscal Year Operation Fund, Capital Facilities Funds, Emergency Fund, Rehabilitation and Replacement Reserve Funds and Rate Stabilization Funds)

**Wells Fargo Bank:**

Adjusted Bank Statement Balance (02/28/2026--Reconciled to Checking Account #1670 General) \*\* **\$ 90,063.59**

**CALIFORNIA BANK & Trust:**

Adjusted Bank Statement Balance (02/28/26-- Reconciled Money Market Account #6809 Tank Loan) \*\* **\$35,712.28**

\*\*See the attached Reconciliation Summary and Check Register for detail.

**LOAN BALANCES**

**STATE REVOLVING FUND (0.33 MG tank and improvements, 2014, 20 year loan)**

Balance (12/31/25) **\$420,737.09**

**APPROVAL OF ACCOUNT TRANSFERS & BILLS PAID FOR THE MONTH OF FEBRUARY 2026**

  
\_\_\_\_\_  
**Treasurer of the Board**

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8:31 AM  
03/11/26

Midway Heights CWD  
**Reconciliation Summary**

10005 · Cash in Checking-1670, Period Ending 02/28/2026

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	<u>Feb 28, 26</u>
<b>Beginning Balance</b>	45,311.38
<b>Cleared Transactions</b>	
Checks and Payments - 24 items	-43,819.26
Deposits and Credits - 29 items	88,571.47
<b>Total Cleared Transactions</b>	<u>44,752.21</u>
<b>Cleared Balance</b>	<u><u>90,063.59</u></u>
<b>Uncleared Transactions</b>	
Checks and Payments - 8 items	-9,960.81
<b>Total Uncleared Transactions</b>	<u>-9,960.81</u>
<b>Register Balance as of 02/28/2026</b>	<u><u>80,102.78</u></u>
<b>New Transactions</b>	
Checks and Payments - 7 items	-23,966.71
Deposits and Credits - 1 item	1,367.95
<b>Total New Transactions</b>	<u>-22,598.76</u>
<b>Ending Balance</b>	<u><u>57,504.02</u></u>

8:32 AM  
03/11/26

Midway Heights CWD  
Reconciliation Detail

10005 · Cash in Checking-1670, Period Ending 02/28/2026

Type	Date	Num	Name	Clr	Amount	Balance
<b>Beginning Balance</b>						45,311.38
<b>Cleared Transactions</b>						
<b>Checks and Payments - 24 items</b>						
Bill Pmt -Check	02/03/2026	eft	Aborn Powers	X	-809.49	-809.49
Bill Pmt -Check	02/04/2026	eft	Paychex, Inc.	X	-14,515.41	-15,324.90
Bill Pmt -Check	02/04/2026	eft	Paychex, Inc.	X	-3,039.56	-18,364.46
Check	02/05/2026	1661	Wells Fargo	X	-143.79	-18,508.25
Check	02/05/2026	1662	Wells Fargo	X	-0.14	-18,508.39
Bill Pmt -Check	02/09/2026	eft	AT&T U-verse	X	-107.00	-18,615.39
Bill Pmt -Check	02/09/2026	eft	PG&E	X	-11.14	-18,626.53
Bill Pmt -Check	02/10/2026	eft	CalPERS Health Benefits D...	X	-1,940.71	-20,567.24
Bill Pmt -Check	02/10/2026	eft	Paychex, Inc.	X	-550.50	-21,117.74
Bill Pmt -Check	02/10/2026	eft	PG&E	X	-118.63	-21,236.37
Bill Pmt -Check	02/10/2026	eft	PG&E	X	-63.46	-21,299.83
Check	02/11/2026		Wells Fargo	X	-429.16	-21,728.99
Bill Pmt -Check	02/12/2026	10010	TiffanyJ	X	-6,513.48	-28,242.47
Bill Pmt -Check	02/12/2026	10011	State Water Resources Co...	X	-5,116.64	-33,359.11
Bill Pmt -Check	02/12/2026	10005	California Bank & Trust	X	-4,519.20	-37,878.31
Bill Pmt -Check	02/12/2026	eft	California Special Districts ...	X	-1,650.00	-39,528.31
Bill Pmt -Check	02/12/2026	10006	Cranmer Analytical Laborat...	X	-595.00	-40,123.31
Bill Pmt -Check	02/17/2026	eft	Verizon Wireless	X	-153.48	-40,276.79
Bill Pmt -Check	02/18/2026	eft	PG&E	X	-358.78	-40,635.57
Bill Pmt -Check	02/19/2026	eft	Frontier Communications	X	-73.36	-40,708.93
Bill Pmt -Check	02/19/2026	eft	Frontier Communications	X	-73.36	-40,782.29
Bill Pmt -Check	02/23/2026	eft	Paycom	X	-1,002.39	-41,784.68
Bill Pmt -Check	02/25/2026	10014	Dawson Oil Company	X	-1,225.09	-43,009.77
Bill Pmt -Check	02/27/2026	eft	Aborn Powers	X	-809.49	-43,819.26
<b>Total Checks and Payments</b>					<b>-43,819.26</b>	<b>-43,819.26</b>
<b>Deposits and Credits - 29 items</b>						
Deposit	02/02/2026			X	311.06	311.06
Deposit	02/02/2026			X	789.80	1,100.86
Deposit	02/03/2026			X	44.34	1,145.20
Deposit	02/03/2026			X	331.28	1,476.48
Deposit	02/03/2026			X	476.04	1,952.52
Deposit	02/04/2026			X	1,473.97	3,426.49
Deposit	02/04/2026			X	11,873.44	15,299.93
Deposit	02/06/2026			X	348.98	15,648.91
Deposit	02/09/2026			X	160.45	15,809.36
Deposit	02/09/2026			X	282.56	16,091.92
Deposit	02/09/2026			X	382.92	16,474.84
Deposit	02/10/2026			X	321.51	16,796.35
Deposit	02/11/2026			X	6,411.15	23,207.50
Bill Pmt -Check	02/12/2026	10007	Dawson Oil Company	X	0.00	23,207.50
Bill Pmt -Check	02/12/2026	10009	Nevins, Pauline	X	0.00	23,207.50
Bill Pmt -Check	02/12/2026	10008	Deppner, Theodora	X	0.00	23,207.50
Deposit	02/12/2026			X	1,149.69	24,357.19
Deposit	02/12/2026			X	1,976.25	26,333.44
Deposit	02/13/2026			X	160.45	26,493.89
Deposit	02/13/2026			X	224.49	26,718.38
Deposit	02/13/2026			X	4,663.75	31,382.13
Deposit	02/17/2026			X	256.45	31,638.58
Deposit	02/17/2026			X	632.95	32,271.53
Deposit	02/20/2026			X	447.83	32,719.36
Deposit	02/20/2026			X	3,288.75	36,008.11

8:32 AM  
03/11/26

Midway Heights CWD  
Reconciliation Detail

10005 · Cash in Checking-1670, Period Ending 02/28/2026

Type	Date	Num	Name	Clr	Amount	Balance
Deposit	02/23/2026			X	269.46	36,277.57
Deposit	02/25/2026			X	2,150.11	38,427.68
Deposit	02/26/2026			X	143.79	38,571.47
Transfer	02/26/2026			X	50,000.00	88,571.47
Total Deposits and Credits					88,571.47	88,571.47
Total Cleared Transactions					44,752.21	44,752.21
Cleared Balance					44,752.21	90,063.59
<b>Uncleared Transactions</b>						
<b>Checks and Payments - 8 items</b>						
Bill Pmt -Check	02/25/2026	10018	Hydros Engineering, Inc.		-2,975.00	-2,975.00
Bill Pmt -Check	02/25/2026	10020	Sauers Engineering Inc.		-2,430.00	-5,405.00
Bill Pmt -Check	02/25/2026	10016	ESRI		-2,225.00	-7,630.00
Bill Pmt -Check	02/25/2026	10012	ACWA Joint Powers Insura...		-1,764.54	-9,394.54
Bill Pmt -Check	02/25/2026	10019	Nevins, Pauline		-180.00	-9,574.54
Bill Pmt -Check	02/25/2026	10013	Cooks Portable Toilets		-161.08	-9,735.62
Bill Pmt -Check	02/25/2026	10015	Deppner, Theodora		-160.86	-9,896.48
Bill Pmt -Check	02/25/2026	10017	Hills Flat Lumber Co.		-64.33	-9,960.81
Total Checks and Payments					-9,960.81	-9,960.81
Total Uncleared Transactions					-9,960.81	-9,960.81
Register Balance as of 02/28/2026					34,791.40	80,102.78
<b>New Transactions</b>						
<b>Checks and Payments - 7 items</b>						
Bill Pmt -Check	03/02/2026	eft	PCWA		-10,215.46	-10,215.46
Bill Pmt -Check	03/02/2026	eft	PCWA		-1,921.10	-12,136.56
Bill Pmt -Check	03/05/2026	10021	Best Best & Krieger LLP		-8,090.50	-20,227.06
Bill Pmt -Check	03/05/2026	10025	TiffanyJ		-2,171.16	-22,398.22
Bill Pmt -Check	03/05/2026	10024	US Bank		-1,445.49	-23,843.71
Bill Pmt -Check	03/05/2026	10023	Tel-Com		-68.00	-23,911.71
Bill Pmt -Check	03/05/2026	10022	Cranmer Analytical Laborat...		-55.00	-23,966.71
Total Checks and Payments					-23,966.71	-23,966.71
<b>Deposits and Credits - 1 item</b>						
Deposit	03/05/2026				1,367.95	1,367.95
Total Deposits and Credits					1,367.95	1,367.95
Total New Transactions					-22,598.76	-22,598.76
<b>Ending Balance</b>					<b>12,192.64</b>	<b>57,504.02</b>

8:47 AM  
03/11/26

Midway Heights CWD  
Reconciliation Summary

10009 · Cal Bank and Trust-6809, Period Ending 02/28/2026

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	<u>Feb 28, 26</u>
Beginning Balance	31,188.70
Cleared Transactions	
Deposits and Credits - 2 items	<u>4,523.58</u>
Total Cleared Transactions	<u>4,523.58</u>
Cleared Balance	<u><u>35,712.28</u></u>
Uncleared Transactions	
Deposits and Credits - 1 item	<u>45.00</u>
Total Uncleared Transactions	<u>45.00</u>
Register Balance as of 02/28/2026	<u><u>35,757.28</u></u>
New Transactions	
Deposits and Credits - 1 item	<u>4,519.20</u>
Total New Transactions	<u>4,519.20</u>
Ending Balance	<u><u>40,276.48</u></u>

8:48 AM  
03/11/26

Midway Heights CWD  
Reconciliation Detail

10009 · Cal Bank and Trust-6809, Period Ending 02/28/2026

Type	Date	Num	Name	Clr	Amount	Balance
<b>Beginning Balance</b>						31,188.70
<b>Cleared Transactions</b>						
<b>Deposits and Credits - 2 items</b>						
Bill	02/01/2026	Feb ...	California Bank & ...	X	4,519.20	4,519.20
Deposit	02/27/2026			X	4.38	4,523.58
Total Deposits and Credits					4,523.58	4,523.58
Total Cleared Transactions					4,523.58	4,523.58
Cleared Balance					4,523.58	35,712.28
<b>Uncleared Transactions</b>						
<b>Deposits and Credits - 1 item</b>						
Check	12/30/2025		California Bank & ...		45.00	45.00
Total Deposits and Credits					45.00	45.00
Total Uncleared Transactions					45.00	45.00
Register Balance as of 02/28/2026					4,568.58	35,757.28
<b>New Transactions</b>						
<b>Deposits and Credits - 1 item</b>						
Bill	03/01/2026	Mar ...	California Bank & ...		4,519.20	4,519.20
Total Deposits and Credits					4,519.20	4,519.20
Total New Transactions					4,519.20	4,519.20
<b>Ending Balance</b>					<b>9,087.78</b>	<b>40,276.48</b>

# MEMORANDUM

---

TO: MHCWD BOARD OF DIRECTORS  
FROM: Hannah Osborn, Office Technician  
RE: Six Month Budget Review

## **Overview**

During the first six months of the fiscal year 2026, legal and engineering expenses were higher than originally budgeted. These increases were primarily driven by several non-recurring activities and project-specific requirements that required additional professional services. The following summarizes the primary drivers of these costs.

## **Legal Fees**

Legal expenses increased primarily due to several matters that required expanded support outside of regular general counsel. Key factors included:

### **Real Property \$14,952**

Review, negotiation, and drafting of several complex agreements related to ongoing easement and property issues.

### **Employment Matters \$40,405**

Employee-related issues, including personnel matters, employment policy guidance, and related legal review. Legal review and updates to employment agreements, policies, and internal documentation were completed to ensure compliance with applicable labor and employment regulations.

## **Engineering Fees**

Engineering expenses exceeded projections due to the need for specialized expertise in water utility management:

### **Interim General Manager Support \$14,516**

External consultants provided interim leadership and operational oversight to ensure continuity of day-to-day operations during a transition period. The interim support included coordination with engineering teams, review of ongoing operational matters, and assistance with maintaining project and system continuity.

## **Conclusion**

A significant portion of these costs relate to temporary operational needs and specific employment-related matters. As these issues are resolved and management transitions are nearing completion, we expect professional service costs to normalize closer to historical levels. Excluding these unusual professional service fees, operating costs were approximately \$5291 less than the approved budget. Staff will continue to monitor professional service spending closely and implement cost controls where appropriate while ensuring the company maintains appropriate legal protection and operational oversight.

**MIDWAY HEIGHTS  
COUNTY WATER DISTRICT**

**Budget  
2026 Fiscal Year**

**Six-month review**

**March 19, 2026**

Midway Heights County Water District  
Fiscal Year 2026 six-month review

Budget..... 1-7  
Detail..... 8-11  
Fund descriptions.....12-13  
Fund balances..... 14

# MHCWD BUDGET FISCAL YEAR 2026 SIX MONTH REVIEW

July 1, 2025 to December 31, 2025

## SALES, FEES AND REIMBURSEMENTS

	FY 2026 APPROVED	FY 2026 IRRIGATION	FY 2026 TREATED	FY 2026 SIX MONTH REVIEW	FY 2026 IRRIGATION	FY 2026 TREATED	
<b>1) Irrigation Water Resale</b>							55%
a) Miners Inch Service	<u>\$258,641</u>	<u>\$258,641</u>	<u>\$0</u>	<u>\$141,104</u>	<u>\$141,104</u>	<u>\$0</u>	
b) Metered Service Charge	\$159,927	\$159,927	\$0	\$84,628	\$84,628	\$0	
c) Metered Water Usage	\$77,271	\$77,271	\$0	\$38,872	\$38,872	\$0	
	\$21,443	\$21,443	\$0	\$17,604	\$17,604	\$0	
<b>2) Treated Water Resale</b>							57%
a) Service Charges	<u>\$496,879</u>	<u>\$0</u>	<u>\$496,879</u>	<u>\$285,104</u>	<u>\$0</u>	<u>\$285,104</u>	
b) Metered Water Usage	\$344,429		\$344,429	\$171,636		\$171,636	
	\$152,450		\$152,450	\$113,468		\$113,468	
<b>3) Late Charges/Returned Check Fees</b>							0% A
a) Late charges	<u>\$2,376</u>	<u>\$1,039</u>	<u>\$1,337</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
b) Returned check fees	\$2,220	\$970	\$1,250	\$0	\$0	\$0	
	\$156	\$68	\$88	\$0	\$0	\$0	
<b>4) Irrigation Reconnection Fees</b>							17%
	<u>\$600</u>	<u>\$600</u>	<u>\$0</u>	<u>\$100</u>	<u>\$100</u>	<u>\$0</u>	
<b>5) Treated Reconnection Fees</b>							0%
	<u>\$125</u>	<u>\$0</u>	<u>\$125</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
<b>6) Installations-Irrigation</b> (Reimbursed Expenditures)							99%
	<u>\$4,000</u>	<u>\$4,000</u>	<u>\$0</u>	<u>\$3,957</u>	<u>\$0</u>	<u>\$3,957</u>	
<b>7) Installations-Treated</b> (Reimbursed Expenditures)							0%
	<u>\$4,000</u>	<u>\$0</u>	<u>\$4,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
<b>TOTAL-SALES, FEES AND REIMBURSEMENTS:</b>	<b><u>\$766,621</u></b>	<b><u>\$264,280</u></b>	<b><u>\$502,341</u></b>	<b><u>\$430,265</u></b>	<b><u>\$141,204</u></b>	<b><u>\$289,061</u></b>	<b>56%</b>

A- late fees not assessed before or during period of transition, will begin with latest billing cycle

**Operational Expenditures**

	FY 2026 APPROVED	FY 2026 IRRIGATION	FY 2026 TREATED	FY 2026 SIX MONTH REVIEW	FY 2026 IRRIGATION	FY 2026 TREATED	48%
<b>1) Irrigation Water Purchase</b>	<u>\$56,003</u>	<u>\$56,003</u>	<u>\$0</u>	<u>\$26,641</u>	<u>\$26,641</u>	<u>\$0</u>	
<b>2) Treated Water Purchase</b>	<u>\$137,476</u>	<u>\$0</u>	<u>\$137,476</u>	<u>\$61,189</u>	<u>\$0</u>	<u>\$61,189</u>	45%
<b>3) Payroll</b>	<u>\$352,645</u>	<u>\$157,826</u>	<u>\$194,819</u>	<u>\$186,529</u>	<u>\$76,666</u>	<u>\$109,863</u>	53%
a) Administration/Office	\$130,683	\$57,123	\$73,560	\$87,846	\$39,531	\$48,315	
b) Administration/Office salaries reimbursed	\$500	\$250	\$250	\$479	\$216	\$263	
c) Field salaries	\$153,379	\$70,457	\$82,922	\$67,517	\$22,531	\$44,986	
d) Field salaries reimbursed	\$3,760	\$1,880	\$1,880	\$1,056	\$1,056	\$0	
e) Health Benefits	\$64,323	\$28,116	\$36,207	\$29,631	\$13,334	\$16,297	
<b>4) Employer Payroll Liabilities</b>	<u>\$47,199</u>	<u>\$21,032</u>	<u>\$26,167</u>	<u>\$32,204</u>	<u>\$14,492</u>	<u>\$17,712</u>	68%
a) CalPERS Pension	\$24,697	\$11,114	\$13,583	\$15,586	\$7,014	\$8,572	
b) CalPERS Pension-Unfunded Liabilities	\$16,108	\$7,041	\$9,067	\$13,347	\$6,006	\$7,341	B
c) Social Security	\$2,062	\$928	\$1,134	\$936	\$421	\$515	
d) Medicare	\$4,332	\$1,949	\$2,383	\$2,336	\$1,051	\$1,285	C
e) Other Post Employment Benefits-Unfunded Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	
<b>5) Professional Services</b>	<u>\$64,089</u>	<u>\$25,981</u>	<u>\$38,108</u>	<u>\$100,851</u>	<u>\$44,555</u>	<u>\$56,296</u>	157%
a) Legal	\$19,000	\$8,305	\$10,695	\$69,849	\$31,432	\$38,417	
b) Engineering	\$6,000	\$2,623	\$3,377	\$11,541	\$5,193	\$6,348	
c) Accounting/Audit/Payroll	\$20,960	\$9,162	\$11,798	\$8,884	\$3,998	\$4,886	
d) Laboratory Analysis	\$4,650	\$0	\$4,650	\$1,840	\$0	\$1,840	
e) Software and Software Support	\$13,479	\$5,892	\$7,587	\$8,736	\$3,931	\$4,805	

B-CalPERS Pension-Unfunded Liabilities paid in full

C-District does not fund OPEB.

D- 368% coverage in legal, 192% in engineering see cover memo for more detail

**Operational Expenditures**

07

- 6) **Contract Field Work**
  - a) Contract Irrigation Repairs/Maintenance
  - b) Irrigation Installations (reimbursed)
  - c) Contract Treated Repairs/Maintenance
  - d) Treated Installations (reimbursed)
  - e) Backfill Material
  - f) Backfill Material (reimbursed)

- 7) **Office**
  - a) Supplies
  - b) Maintenance/Repairs/Replacement

8) **Postage**

9) **Telephone & Alarms**

10) **Utilities (Electric & Telemetry)**

11) **Publications/Dues/Fees**

- a) Publications & Publishing
- b) Licenses Fees
- c) Dues and Subscriptions

12) **Election Expense**

13) **Director's Fees**

	FY 2026 APPROVED	FY 2026 IRRIGATION	FY 2026 TREATED	FY 2026 SIX MONTH REVIEW	FY 2026 IRRIGATION	FY 2026 TREATED	FY 2026	FY 2026	
	<u>\$11,240</u>	<u>\$6,120</u>	<u>\$5,120</u>	<u>\$4,868</u>	<u>\$563</u>	<u>\$4,305</u>			43%
	\$5,000	\$5,000	\$0	\$563	\$563	(\$0)			
	\$0	\$0	\$0	\$0	\$0	\$0			
	\$5,000	\$0	\$5,000	\$4,306	\$0	\$4,306			
	\$0	\$0	\$0	\$0	\$0	\$0			
	\$1,000	\$1,000	\$0	\$0	\$0	\$0			
	\$240	\$120	\$120	\$0	\$0	\$0			
	<u>\$4,700</u>	<u>\$2,054</u>	<u>\$2,646</u>	<u>\$1,886</u>	<u>\$849</u>	<u>\$1,037</u>			40%
	\$3,700	\$1,617	\$2,083	\$1,534	\$690	\$844			
	\$1,000	\$437	\$563	\$352	\$158	\$194			
	<u>\$3,731</u>	<u>\$1,631</u>	<u>\$2,100</u>	<u>\$1,502</u>	<u>\$676</u>	<u>\$826</u>			40%
	<u>\$8,610</u>	<u>\$3,764</u>	<u>\$4,846</u>	<u>\$3,476</u>	<u>\$1,564</u>	<u>\$1,912</u>			40%
	<u>\$7,488</u>	<u>\$3,273</u>	<u>\$4,215</u>	<u>\$4,349</u>	<u>\$1,957</u>	<u>\$2,392</u>			58%
	<u>\$9,000</u>	<u>\$3,803</u>	<u>\$5,197</u>	<u>\$7,028</u>	<u>\$3,162</u>	<u>\$3,865</u>			78%
	\$1,800	\$787	\$1,013	\$0	\$0	\$0			E
	\$300	\$0	\$300	\$250	\$113	\$138			
	\$6,900	\$3,016	\$3,884	\$6,778	\$3,050	\$3,728			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			0%
	<u>\$10,440</u>	<u>\$4,563</u>	<u>\$5,877</u>	<u>\$4,200</u>	<u>\$1,890</u>	<u>\$2,310</u>			40%

E-Most dues have been paid

F-No election

**Operational Expenditures**

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	FY 2026 APPROVED	FY 2026 IRRIGATION	FY 2026 TREATED	FY 2026 SIX MONTH REVIEW	FY 2026 IRRIGATION	FY 2026 TREATED	G
<b>14) Insurance</b>							
a) Liability & Property	\$32,919	\$14,389	\$18,530	\$23,003	\$10,351	\$12,652	70%
b) Workers Comp. Insurance	\$25,282	\$11,051	\$14,231	\$21,362	\$9,613	\$11,749	
	\$7,637	\$3,338	\$4,299	\$1,641	\$738	\$902	
<b>15) Operation &amp; Maintenance Materials</b>							
a) Irrigation - maintenance expense	\$13,800	\$6,550	\$7,250	\$8,504	\$3,111	\$5,393	62%
b) Irrigation - installation expense (reimbursed to District)	\$4,800	\$4,800	\$0	\$688	\$688	\$0	
c) Treated - maintenance expense	\$1,750	\$1,750	\$0	\$2,423	\$2,423	\$0	
d) Treated - installation expense (reimbursed to District)	\$5,500	\$0	\$5,500	\$5,393	\$0	\$5,393	
	\$1,750	\$0	\$1,750	\$0	\$0	\$0	
<b>16) Mileage Reimbursement</b>	\$500	\$219	\$281	\$0	\$0	\$0	0%
<b>17) Travel, Meetings &amp; Training</b>	\$3,000	\$1,311	\$1,689	\$0	\$0	\$0	0%
<b>18) Safety Equipment</b>	\$3,400	\$1,486	\$1,914	\$1,762	\$793	\$969	52%
<b>19) Water Board System Fee</b>	\$5,695	\$0	\$5,695	\$5,117	\$0	\$5,117	90%
<b>20) Vehicle/Mobile Equip. Maint. &amp; Op.</b>							
a) maintenance	\$16,333	\$7,139	\$9,194	\$9,995	\$4,498	\$5,497	61%
b) fuel	\$3,500	\$1,530	\$1,970	\$2,214	\$996	\$1,218	
	\$11,533	\$5,041	\$6,492	\$7,781	\$3,501	\$4,279	

G-Liability & Property paid in full  
H-Paid in full

**Operational Expenditures**

	FY 2026 APPROVED	FY 2026 IRRIGATION	FY 2026 TREATED	FY 2026 SIX MONTH REVIEW	FY 2026 IRRIGATION	FY 2026 TREATED	FY 2026
<b>21) Rentals</b>							<b>44%</b>
a) Office Rental	\$13,026	\$5,694	\$7,332	\$5,730	\$2,578	\$3,151	
b) Field Equipment Rental	\$9,034	\$3,949	\$5,085	\$4,742	\$2,134	\$2,608	
c) Portable Toilet	\$2,000	\$874	\$1,126	\$21	\$10	\$12	
	\$1,992	\$871	\$1,121	\$966	\$435	\$532	
<b>22) Bank Charges</b>	<u>\$1,100</u>	<u>\$481</u>	<u>\$619</u>	<u>\$1,315</u>	<u>\$592</u>	<u>\$723</u>	<b>120% I</b>
<b>23) Admin. Fees</b> (includes LAFCO fees)	<u>\$2,100</u>	<u>\$918</u>	<u>\$1,182</u>	<u>\$1,072</u>	<u>\$482</u>	<u>\$589</u>	<b>51%</b>
<b>TOTAL-OPERATING EXPENDITURES</b>	<b>\$804,495</b>	<b>\$323,675</b>	<b>\$480,820</b>	<b>\$491,221</b>	<b>\$195,421</b>	<b>\$295,800</b>	<b>61%</b>
<b>NET REVENUE-OPERATIONAL</b>	<b>(\$37,873)</b>	<b>(\$59,395)</b>	<b>\$21,522</b>	<b>(\$60,955)</b>	<b>(\$54,217)</b>	<b>(\$6,738)</b>	<b>161%</b>

I- bank charges increased September of 2025 as premium services were added. Staff has since removed premium services

**OTHER REVENUE**

	FY 2026 APPROVED	FY 2026 IRRIGATION	FY 2026 TREATED	FY 2026 MONTH REVIEW	FY 2026 IRRIGATION	FY 2026 TREATED
1) Treated Water Connections	\$5,000	\$0	\$5,000	\$0	\$0	\$0
2) Taxes	\$62,500	\$27,319	\$35,181	\$34,989	\$15,395	\$19,594
3) Non-Dedicated Interest from Investments	\$15,132	\$6,614	\$8,518	\$9,673	\$4,353	\$5,320
4) Grants-PCWA	\$0	\$0	\$0	\$0	\$0	\$0
5) Miscellaneous income	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL-OTHER REVENUE:</b>	<b>\$82,632</b>	<b>\$33,934</b>	<b>\$48,698</b>	<b>\$44,662</b>	<b>\$19,748</b>	<b>\$24,914</b>

0%  
56%  
64%  
N/A  
54%

**Funding Of Contingencies & Reserves**

	FY 2026 APPROVED	FY 2026 IRRIGATION	FY 2026 TREATED	FY 2026 MONTH REVIEW	FY 2026 IRRIGATION	FY 2026 TREATED
1) Treated Water Capital Facilities above item funded by treated connection charges	\$5,000	\$0	\$5,000	\$0	\$0	\$0
2) Rehabilitation & Replacement Reserve Fund above item funded by water charges	\$0	\$0	\$0	\$0	\$0	\$0
3) Vehicle/Mobile Equipment Reserve	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$5,000</b>	<b>\$0</b>	<b>\$5,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NET REVENUE-OTHER</b>	<b>\$77,632</b>	<b>\$33,934</b>	<b>\$43,698</b>	<b>\$44,662</b>	<b>\$19,748</b>	<b>\$24,914</b>
<b>TOTAL-NET REVENUE</b>	<b>\$39,759</b>	<b>(\$25,461)</b>	<b>\$65,220</b>	<b>(\$16,293)</b>	<b>(\$34,469)</b>	<b>\$18,176</b>

0%  
0%  
58%  
-41%

**CAPITAL IMPROVEMENT, DEBT SERVICES AND RESERVE FUNDS BUDGET**

091

**FUNDING SOURCE**

	FY 2026 APPROVED	FY 2026 IRRIGATION	FY 2026 TREATED	SIX MONTH REVIEW	FY 2026 IRRIGATION	FY 2026 TREATED	0%
1) Rehabilitation & Replacement Reserve Fund	\$7,499	\$7,499	\$0	\$0	\$0	\$0	0%
2) Vehicle/Mobile Equipment Reserve	\$17,962	\$17,962	\$0	\$0	\$0	\$0	0%
<b>TOTAL-FUNDING SOURCE:</b>	<b>\$25,461</b>	<b>\$25,461</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

**CAPITAL EXPENDITURES**

1) Capital Expenses	\$54,786	\$0	\$54,786	\$32,489	\$0	\$32,489	59%
a) Treated tank loan debt services	\$54,786	\$0	\$54,786	\$27,359	\$0	\$27,359	
b) Treated PRV project	\$0	\$0	\$0	\$5,130	\$0	\$5,130	
<b>TOTAL-Expenditures</b>	<b>\$54,786</b>	<b>\$0</b>	<b>\$54,786</b>	<b>\$32,489</b>	<b>\$0</b>	<b>\$32,489</b>	<b>59%</b>
<b>NET:CAP IMPR, DEBT SER AND RES FUNDS BUDGET</b>	<b>(\$29,325)</b>	<b>\$30,461</b>	<b>(\$54,786)</b>	<b>(\$32,489)</b>	<b>\$0</b>	<b>(\$32,489)</b>	<b>111%</b>
<b>NET TOTAL-FISCAL YEAR BUDGET</b>	<b>\$10,434</b>	<b>\$10,434</b>	<b>\$5,434</b>	<b>(\$48,783)</b>	<b>(\$34,469)</b>	<b>(\$14,314)</b>	<b>-468%</b>

Midway Heights County Water District

Fiscal Year 2026 six month review

**SALES, FEES AND REIMBURSEMENTS: PAGE 1**

**EXPENDITURES DETAIL: PAGE 2-5**

Note: shared item costs are allocated based a percentage of the customer base of irrigation customers (44%) and treated customers (56%).

**1. Irrigation Water Purchase**

Provides funding for irrigation water purchases from Placer County Water Agency (PCWA). PCWA is currently undergoing a five-year rate increase that will raise the cost of irrigation water by about 40%. This year 7%

**2. Treated Water Purchase**

Provides funding for treated water purchases from PCWA. PCWA is currently undergoing a five-year rate increase that will raise the cost of irrigation water by about 45%. This year 7%

**3. Salaries and Benefits**

This category represents direct and indirect costs associated with the funding for personnel employed by the District for administration and field operations. COLA is 3.2% this year.

Administration/ Office

Provides funding for administration salary costs.

Administration/Office Salaries Reimbursed

Administrative cost reimbursed to the District for events such as installation of water services.

Field Salaries

Provides funding for field operations salary costs.

Field Salaries Reimbursed

Field costs reimbursed to the District for events such as installation of water services.

Health Benefits

Provides funding for payments related to employee health benefits.

**4. Employer Payroll Liabilities**

Represents payments associated with employer payroll liabilities: social security, PERS retirement, and Medicare. To fully fund item 4e), Other Post Employment Benefits-Unfunded Liabilities, would cost \$15,024. There is no requirement to fund the OPEB liability. At the end of last fiscal year, the District has a liability of \$22,222.01 for the employee's accrued leave.

**5. Professional Services**

Legal

Provides funding for administrative services by the District's legal counsel. Based on three year average.

Engineering

Provides funding for projects provided by the District's engineering consultants.

Accounting/ Audit/ Payroll

Provides funding for the preparation of the District's annual audit and for the District's accountant.

Laboratory Analysis

Provides funding for laboratory services for mandated water quality monitoring of the water supply. This includes routine distribution system monitoring and emergency repair sampling. Increased cost for lead and copper sampling.

Software and Software Support

Provides funding for the District's maintenance and service agreement for the billing system, software upgrades, etc.

**6. Contract Field Work:**

Contract Irrigation Repairs/Maintenance

Provides funding for repairs and maintenance associated with the District's irrigation system done by outside contractors. Budgeted for one major repair.

Irrigation Installations Reimbursed

Reimbursements associated with installing customer services.

Contract Treated Repairs/Maintenance

Provides funding for repairs and maintenance associated with the District's treated system done by outside contractors. Budgeted for one major repair.

Treated Installations Reimbursed

Reimbursements associated with installing customer services.

Backfill Material

Provides funding for backfill material for restoration of areas affected by system repairs.

Backfill Material Reimbursed

Provides funding for backfill material reimbursements for restoration of areas affected by installing water services.

**7. Office:**

Supplies - Based on three year average

Provides funding for costs associated with the printing of bills, customer correspondence and Board Meeting items as well as all miscellaneous office supplies.

Maintenance/Repairs

Provides funding for costs associated with maintaining and repairing office equipment.

**8. Postage**

Provides funding for mailing of all customer bills and District correspondence.

**9. Telephone and alarms**

Provides funding for telephones, cellular phones, pagers, and alarms. Increased cost for additional cell phone.

**10. Utilities:**

Provides funding for telemetry and electrical energy costs for the operation of all District facilities.

## **11. Publications/Dues/Fees**

### Publications and Publishing

Provides funding for District advertising of legal ads and for vacancies that may occur.

### Licenses Fees

Provides funding for operator's licenses.

### Dues and Subscriptions

Provides funding for professional organization memberships including ACWA, AWWA, and USA North.

## **12. Election Expenses**

Provides funding for the general election. Cost based on number of Director seats and 46% projected voter participation.

## **13. Director's Fees**

Provides funding for the Board of Directors to attend the monthly Board Meetings, standing committee meetings and miscellaneous meetings that may arise. Director fees based on \$120 per meeting and 87 meeting per year. The Board may adopt an ordinance to increase its' compensation by 5% per year.

## **14. Insurance**

Provides funding for insurance premiums payable to ACWA/JPIA.

Liability and Property: based on current estimates.

Workers Compensation: based on current rates.

## **15. Operation and Maintenance Material**

### Irrigation - Maintenance Expense

Provides funding for repairs and maintenance associated with the District's irrigation system. Based on three-year average.

### Irrigation - Installation Expense

Provides funding for installation expenses associated with the District's irrigation system.

### Treated - Maintenance Expense

Provides funding for repairs and maintenance associated with the District's treated system. Based on three-year average.

### Treated - Installation Expense

Provides funding for installation expenses associated with the District's treated system.

## **16. Mileage Reimbursement**

Provides funding for mileage reimbursement to District employees who use their personal vehicle for District business.

## **17. Travel, Meetings and Training**

Provides funding for meetings and conferences associated with job assignments or related to the conduct of District business. Also provides funds for training materials, programs, and fees to attend training sessions for staff to keep current with new laws, technologies and methods of carrying out the mission of the District.

## **18. Safety Equipment**

Provides funding for worksite safety and personal protective equipment.

## **19. Water Board System Fee**

Provides funding for the State Department of Health Services Drinking Water Program permit.

## **20. Vehicle/Mobile Equipment M&O:**

Provides funding for the maintenance and operation of the District's vehicles and mobile equipment including fuel purchases. Based on fuel at \$5.60 a gallon

## **21. Rentals**

### Office Rental

Provides funding for the District office space rental located at 16733 Placer Hills Rd. Meadow Vista.

### Field equipment rental

Provides funding for field equipment rentals.

### Portable Toilet

Provides funding for the rental, maintenance and cleaning of the portable toilet located at the District's maintenance yard.

## **22. Bank Charges**

Provides funding for service charges associated with the District's bank accounts. Based on current fees.

## **23. Administration Fees**

Provides funding for miscellaneous administrative fees including LAFCO.

## **OTHER REVENUE, PAGE 6**

## **3. Non-Dedicated Interest from Investments**

The rate of return on investments has increased this past year.

## **FUNDING OF CONTINGENCIES & RESERVES: PAGE 6**

This category accounts for expenditures designated for contingencies and reserves.

**1) Treated Water Connections** - from connection fees.

**2) Rehabilitation & Replacement Reserve Funds**- from charges for water service.

**3) Vehicle/Mobile Equipment Reserve** - funds replacement of vehicles, backhoe, etc. This is a sub-fund of the Rehabilitation & Replacement Reserve Funds

## **CAPITAL IMPROVEMENT, DEBT SERVICES AND RESERVE FUNDS BUDGET: PAGE 7**

**1) Rehabilitation & Replacement Reserve Fund:** \$10,200 to be used to purchase new master meter.  
\$34,500 has been approved for engineering services.

**2) Vehicle/Mobile Equipment Reserve:** This is a sub-fund of the Rehabilitation & Replacement Reserve Funds

## **CAPITAL EXPENDITURES**

**1) a) Treated tank loan debt services** – Annual expense reduced by approximately \$6,000 due to District meeting loan reserves



[admin@mhcwd.org](mailto:admin@mhcwd.org) (530) 878-8096  
16733 Placer Hills Road, P.O. Box 596, Meadow Vista, CA 95722

#### **GENERAL FUND (375-165):**

This fund includes five categories representing the districts investment portfolio. The funds come from various sources as described below. These funds are accessed, as needed, to finance the District's expenses. The monies are transferred via wire to the District's Wells Fargo District Operating Checking Account. The categories are as follows:

#### **CURRENT FISCAL YEAR OPERATION FUND**

This fund receives the District's revenue from Placer County for tax payments and interest on investments.

#### **TREATED WATER CAPITAL FACILITIES FUND & IRRIGATION WATER CAPITAL FACILITIES FUND**

These two funds receive the transfer of water connection fees, which are segregated and restricted to capital improvement expenses. Separation of these monies from others in the General Fund also allows each fund to earn and accumulate its own interest.

#### **TREATED WATER REHABILITATION AND REPLACEMENT RESERVE FUND & IRRIGATION WATER REHABILITATION AND REPLACEMENT RESERVE FUND**

Rehabilitation and Replacement Reserves serve to fund unplanned or accelerated infrastructure rehabilitation or replacement needs when assets wear out before their expected useful life ends or when the District desires to accrue for its future rehabilitation and replacement needs. These reserves may also be used as a source of funds for Capital Improvement Projects.

#### **WATER EMERGENCY CAPITAL RESERVE FUND**

The Emergency Capital Reserve is used to fund replacement of critical assets damaged by catastrophic events such as a natural disaster. These funds may also be utilized in the event of financial shortfall related to increased expenses or decreased revenue. The target balance is 15% of the operation and maintenance budget.

**TREATED WATER RATE STABILIZATION RESERVE FUND  
&  
IRRIGATION WATER RATE STABILIZATION RESERVE FUND**

Water Rate Stabilization Reserves are cash reserves that can mitigate the impacts of occasional revenue shortfalls. Revenue shortfalls can occur because of several factors, including weather factors (mandatory drought restrictions), poor regional economic conditions, increased water conservation, or other unforeseen circumstances. Rate stabilization reserves can help smooth out revenue variability resulting from these factors and help ensure adequate fiscal resources during such times that could otherwise require large rate spikes. Annual revenue in excess of budget is moved to its appropriate reserve. Reserves are drawn down over time to smooth rate increases and should be maintained at 15% of the operation and maintenance budget.

**WELLS FARGO DISTRICT OPERATING CHECKING ACCOUNT xxxxxx1670:**

This is the District checking account on deposit with Wells Fargo Bank. This account was opened for the express purpose of paying the District's operation and maintenance expenses (monthly accounts payable) in a timely manner. Deposits of all accounts receivable are made directly into this account with transfers to and from the General Fund as needed.

**WELLS FARGO RATE PAYER CHECKING ACCOUNT xxxxxx9798:**

This account was established in compliance with the Deposit Account Maintenance Agreement for deposit of ratepayer payments prior to deposit with Fiscal Agent (California Bank & Trust). Funds are transferred into this account from the District's operating checking account on a monthly basis. The amount is based on 1/12 of the annual payment due to the State Water Resources Control Board, currently \$5,044.38. The funds are generated from the Board designated Treated Service Charge Rate Increases dated January 1, 2011 and October 28, 2012. A check or wire transfer will be sent to California Bank & Trust every January and July, currently \$30,266.28.

**CALIFORNIA BANK -CHECKING ACCOUNT xxxxxx6809**

The District set up this account as required by the State of California in order to secure the loan to fund the construction of the 0.33 MG treated storage tank project. This fund was specifically created by, and is described in, the Fiscal Services and Deposit Account Control Agreement for the State of California Department of Public Health Loan Contract implemented November 15, 2011 Funding Agreement Number 3110041-002C. Pursuant to Section 3 (a) of the Agreement, in order to satisfy the Reserve Fund, A check or wire transfer will be sent to California Bank & Trust every January and July, currently \$30,266.28 from the District's Wells Fargo Rate Payer Checking Account. Cal Bank and Trust wires the payments of \$27,392.99 to State Water Resources Control Board in January and July. The remaining amount of \$2,873.29 is used to cover banking cost (\$135) and to fund the reserve fund (\$2,738.29) until it accumulates \$54,785.98.

Investment Fund @ Placer County      12/31/2025

Current FY Operation Fund	\$110,189.81
Treated Capital Facilities	\$78,329.53
Irrigation Capital Facilities	\$0.00
Treated R and R	\$171,496.92
Irrigation R and R	\$31,530.92
Emergency Reserve	\$80,000.00
Treated Rate Stabilization	\$31,874.10
Irrigation Rate Stabilization	\$17,962.65
TOTAL	<b>\$521,383.93</b>

## AGREEMENT FOR COMPENSATORY TIME OFF

In accordance with the federal Fair Labor Standards Act (“FLSA”), Midway Heights County Water District (“the District”) has adopted a policy of providing employees with the option of earning compensatory time off (“CTO”) in lieu of on-call, call-out, and/or overtime compensation.

I, the undersigned, understand that I may elect to receive CTO in lieu of on-call pay, call-out, and/or overtime compensation for hours spent on-call, call-out, or worked in excess of forty (40) regular hours in a workweek. By signing this agreement, I knowingly agree to each of the following:

- For any on-call pay I receive, or any call-out or overtime hours I work, I understand that I have the option to receive compensation or accrue additional hours as CTO. I understand that, when on-call, call-out, or overtime hours are worked, I must advise (on my timecard) whether I wish to receive compensation or accrue CTO.
- If I elect to accrue CTO, for purposes of overtime, CTO will be accrued at the rate of one and one-half (1 1/2) hours for all hours worked in excess forty (40) regular hours per work week. For on-call and call-out pay, CTO will be accrued at the amounts provided by District policy.
- CTO may be used or cashed out consistent with the provisions of the District’s Personnel Policies and all applicable laws and regulations.
- I may not accrue more than 80 hours of CTO. Once I have accrued 80 hours of CTO, I will be compensated with on-call compensation or overtime pay until my accruals fall below 80 hours, and I elect to accrue additional CTO up to the 80 hour cap.
- The District may cash out accrued CTO at any time in its discretion. Any unused CTO at the time of employment separation will be paid to me at the rate required by law.
- Requests to use CTO must be made in advance and are subject to the approval of the General Manager of the District.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Employee signature

\_\_\_\_\_  
Employee Name (typed or printed)