



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

AGENDA

Regular Board Meeting, April 16, 2026, at 2:00 p.m.

- ❖ 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, April 16, 2026

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 March 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: WATER COST OF SERVICE & RATE STUDY RFP (Pages BP 68-79)

Review and possible approval of the draft Water Cost of Service & Rate Study RFP.

C. DISCUSSION & ACTION RE: CAPITAL IMPROVEMENT PLAN (CIP) AD HOC COMMITTEE (Page BP 80)

Review and possible approval of scope statement and establishment of a Capital Improvement Plan (CIP) ad hoc committee.

D. FIELD REPORT (Page BP 81)

Review of the March Field Report.

E. INTERIM GENERAL MANAGER'S REPORT

1. Draft MOU with Placer Hills Fire Protection District
2. Clark main abandonment
3. Irrigation Water Pump #2 replacement (see Memo - **Pages BP 82-86**)
4. Office and payroll software implementation complete

AGENDA

Regular Board Meeting, April 16, 2026

VI. FINANCIAL

A. TREASURER'S REPORT (Pages BP 87-92)

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

B. DISCUSSION & ACTION RE: FY2027 DRAFT BUDGET - AD HOC COMMITTEE (Pages BP 93-98)

Board consideration and possible approval of the first draft FY2027 budget presented by the ad hoc committee.

VII. ITEMS FOR INFORMATION

A. UPDATE RE: GENERAL MANAGER RECRUITMENT

B. CUSTOMER CONTACT VOLUNTEERS

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:

- Customer notification system (May)
- Procurement Policy (May)
- Management Continuity Plan
- LAFCO Municipal Service Review
- Desk procedures documentation
- Reservoir safety and emergency policy
- Field safety training
- 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 May 21, 2026, at 2:00 p.m. at the District Office.

X. ADJOURNMENT

MIDWAY HEIGHTS COUNTY WATER DISTRICT

Regular Board Meeting Minutes

March 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 2.00 p.m.

II. ROLL CALL

DIRECTORS PRESENT: Pauline Nevins, President
Geoff Teigen, Vice-President
Trisha Di Paola, Board Treasurer
Ronald Tucker, Director

DIRECTORS ABSENT: Stan Burton, Director & ACWA/JPIA

OTHERS PRESENT: Teddi Deppner, Board Secretary
Gerry LaBudde, Interim General Manager
Hannah Osborn, Office Technician
Wyatt Paul, Field Supervisor

MEMBERS OF THE PUBLIC: None

III. REVIEW AND APPROVAL OF MINUTES

M/S Geoff Tiegen / Ron Tucker to accept the February 19, 2026, Regular Meeting minutes as corrected.

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

IV. PUBLIC FORUM

None.

V. GENERAL BUSINESS

A. DISCUSSION & ACTION RE: FY2025 AUDIT DRAFT

M/S Pauline Nevins / Geoff Teigen to continue this item to the April 16, 2026 meeting.

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

B. DISCUSSION & ACTION RE: ADMINISTRATIVE ORGANIZATION ASSESSMENT

M/S Pauline Nevins / Geoff Teigen to approve Bryce Consulting work plan for conducting an organizational review of the District's administrative functions.

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

C. DISCUSSION & ACTION RE: FINAL APPROVALS FOR TREATED PRV REPLACEMENT PROJECT PERFORMED BY C.E. COX ENGINEERING, INC.

M/S Geoff Teigen / Trisha DiPaola to approve change orders 1 and 2 as shown in memo attachments A and B, progress payments 1 and 2, and to release the 5% retention for a total of \$76,693.67; and to approve the filing of the Notice of Completion with Placer County.

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

D. FIELD REPORT

Wyatt Paul presented the February 2026 field report. The irrigation water section required correction and the corrected copy of the field report will be posted to the website.

E. GENERAL MANAGER'S REPORT

1. Draft MOU with Placer Hills Fire Protection District – In review with District legal counsel.
2. Clark construction and reconnection – Upgraded service line installed and available for customer connection. The abandonment of the original line at the back of the property is still pending.
3. Reservoir inspection – The source of a leak was inspected and does not appear to be imminently urgent. Furthermore, there does not appear to be any danger to the public should the part fail. The location makes it difficult to determine the exact specifications of parts for repair, so the repair project will be revisited at a time when water isn't needed for customers during the summer.
4. Irrigation PRV inspection results – Valve failed due to high pressure. Consideration of purchase of a new raw water pump, as replacement parts for the existing pump are not available. Staff will install the new pump. Lead time on pump is about 4-5 weeks. Currently running on one raw water pump without a redundant pump in the event of a problem.

RECESS:

M/S Pauline Nevins / Geoff Teigen to recess until 4:10 p.m.
Motion passed by unanimous consent.

5. Office and payroll software implementation – The implementation of the new software for payroll and office is scheduled for early April. Staff will communicate information regarding any changes to procedures to board members over the coming weeks.

VI. FINANCIAL

A. REVIEW OF TREASURER'S REPORT

M/S Trisha DiPaola / Geoff Teigen to accept the Treasurer's report of Fund Summaries, Transfers, and Checking Account Reconciliation Registers for February 2026 as presented.

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

B. DISCUSSION & ACTION RE: FY2026 SIX-MONTH BUDGET REVIEW

M/S Ron Tucker / Trisha DiPaola to accept the six-month budget review as presented.

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

VII. ITEMS FOR INFORMATION

A. UPDATE RE: GENERAL MANAGER RECRUITMENT

The District received one application and are planning to interview the candidate in early April. PCWA has generously provided assistance for this process.

B. RECEIVE & FILE: CTO AGREEMENT FORM

VIII. GENERAL DISCUSSION AND CALENDAR REVIEW

The Board and staff discussed future agenda items.

- District tour

Current list of potential agenda items:

- FY2027 Budget Ad-Hoc Committee (April)
- Rate Study RFP (April)
- Notification system / Auto voice and text messaging for emergencies
- Management Continuity Plan
- LAFCO Municipal Service Review
- Desk procedures documentation
- Reservoir safety and emergency policy
- Field safety training
- 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 will be held on April 16, 2026 at 2:00 p.m. at the District Office.

X. ADJOURNMENT

M/S Ron Tucker / Geoff Teigen to adjourn the meeting at 4:56 p.m.

Motion passed by unanimous consent.

(signatures on following page)

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.

DRAFT

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

NIGRO & NIGRO^{PC}



NIGRO & NIGRO^{PC}

A Professional Accountancy Corporation

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

**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^{PC}

MIDWAY HEIGHTS COUNTY WATER DISTRICT

For the Fiscal Year Ended June 30, 2025

Table of Contents

FINANCIAL SECTION

Page

Independent Auditors' Report 1
Management's Discussion and Analysis..... 4
Basic Financial Statements:
 Proprietary Fund:
 Balance Sheets.....10
 Statements of Revenues, Expenses and Changes in Net Position.....11
 Statements of Cash Flows.....12
 Notes to Financial Statements.....14
Required Supplementary Information:
 Schedule of the District's Proportionate Share of the Net Pension Liability39
 Schedule of the District's Contributions to the Defined Benefit Pension Plan.....40
 Schedule of Changes in the District's Total OPEB Liability and Related Ratios41

OTHER INDEPENDENT AUDITORS' REPORTS

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.....42

Financial Section



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)

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)

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>
Assets:			
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>
Total assets	<u>3,078,997</u>	<u>3,146,607</u>	<u>(67,610)</u>
Deferred outflows of resources	<u>83,723</u>	<u>114,083</u>	<u>(30,360)</u>
Total assets and deferred outflows of resources	<u>\$ 3,162,720</u>	<u>\$ 3,260,690</u>	<u>\$ (97,970)</u>
Liabilities:			
Current liabilities	\$ 106,285	\$ 126,322	\$ (20,037)
Non-current liabilities	<u>756,116</u>	<u>766,655</u>	<u>(10,539)</u>
Total liabilities	<u>862,401</u>	<u>892,977</u>	<u>(30,576)</u>
Deferred inflows of resources	<u>26,015</u>	<u>32,905</u>	<u>(6,890)</u>
Net position:			
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>
Total net position	<u>2,274,304</u>	<u>2,334,808</u>	<u>(60,504)</u>
Total liabilities, deferred outflows of resources and net position	<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)

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>
Operating loss before depreciation	(29,445)	(1,278)	(28,167)
Depreciation expense	<u>(99,474)</u>	<u>(109,114)</u>	<u>9,640</u>
Operating loss	(128,919)	(110,392)	(18,527)
Non-operating revenues(expenses), net	<u>68,415</u>	<u>244,003</u>	<u>(175,588)</u>
Change in net position	(60,504)	133,611	(194,115)
Net position:			
Beginning of year	<u>2,334,808</u>	<u>2,201,197</u>	<u>133,611</u>
End of year	<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)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Revenues

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

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Expenses

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
Operating expenses:			
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
Total operating expenses	<u>800,518</u>	<u>776,339</u>	<u>24,179</u>
Depreciation expense	99,474	109,114	(9,640)
Non-operating expenses:			
Interest expense	11,534	12,483	(949)
Total non-operating expenses	<u>11,534</u>	<u>12,483</u>	<u>(949)</u>
Total expenses	<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>
Capital assets:		
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>
Total capital assets, net	<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)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Debt Administration

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

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

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>
Current assets:		
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
Total current assets	<u>820,974</u>	<u>794,590</u>
Non-current assets:		
Capital assets – not being depreciated (Note 4)	38,643	71,399
Capital assets – being depreciated, net (Note 4)	2,219,380	2,280,618
Total non-current assets	<u>2,258,023</u>	<u>2,352,017</u>
Total assets	<u>3,078,997</u>	<u>3,146,607</u>
Deferred outflows of resources:		
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
Total deferred outflows of resources	<u>83,723</u>	<u>114,083</u>
Total assets and deferred outflows of resources	<u>\$ 3,162,720</u>	<u>\$ 3,260,690</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
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
Total current liabilities	<u>106,285</u>	<u>126,322</u>
Non-current liabilities:		
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
Total non-current liabilities	<u>756,116</u>	<u>766,655</u>
Total liabilities	<u>862,401</u>	<u>892,977</u>
Deferred inflows of resources:		
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
Total deferred inflows of resources	<u>26,015</u>	<u>32,905</u>
Net position:		
Net investment in capital assets (Note 10)	1,776,760	1,855,492
Unrestricted	497,544	479,316
Total net position	<u>2,274,304</u>	<u>2,334,808</u>
Total liabilities, deferred inflows of resources and net position	<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>
Operating revenues:		
Water sales	\$ 771,073	\$ 775,061
Total operating revenues	<u>771,073</u>	<u>775,061</u>
Operating expenses:		
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
Total operating expenses	<u>800,518</u>	<u>776,339</u>
Operating loss before depreciation	(29,445)	(1,278)
Depreciation expense	(99,474)	(109,114)
Operating loss	<u>(128,919)</u>	<u>(110,392)</u>
Non-operating revenues(expenses):		
Property taxes	61,209	58,975
Investment earnings	18,740	16,838
Grant revenue	-	180,673
Interest expense	(11,534)	(12,483)
Total non-operating revenues(expenses), net	<u>68,415</u>	<u>244,003</u>
Change in net position	(60,504)	133,611
Net position:		
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)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
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>
Net cash provided by (used in) operating activities	<u>(31,149)</u>	<u>17,719</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	60,547	58,975
Proceeds from grants	<u>-</u>	<u>349,779</u>
Net cash provided by non-capital financing activities	<u>60,547</u>	<u>408,754</u>
Cash flows from capital and related financing activities:		
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>
Net cash used in capital and related financing activities	<u>(32,276)</u>	<u>(445,548)</u>
Cash flows from investing activities:		
Investment earnings	<u>18,551</u>	<u>16,838</u>
Net cash provided by investing activities	<u>18,551</u>	<u>16,838</u>
Net increase(decrease) in cash and cash equivalents	15,673	(2,237)
Cash and cash equivalents:		
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>
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ (128,919)	\$ (110,392)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation expense	99,474	109,114
Allowance for bad debt	200	-
Change in assets - (increase)decrease:		
Accounts receivable	2,436	(735)
Inventory - materials and supplies	(11,337)	(4,609)
Prepaid expenses	(1,159)	374
Change in deferred outflows of resources - (increase)decrease		
Deferred amounts related to total OPEB liability	545	(2,232)
Deferred amounts related to net pension liability	29,815	(16,165)
Change in liabilities - increase(decrease):		
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
Change in deferred inflows of resources - increase(decrease)		
Deferred amounts related to total OPEB liability	7,688	2,857
Deferred amounts related to net pension liability	(14,578)	15,024
Total adjustments	<u>97,770</u>	<u>128,111</u>
Net cash provided by (used in) operating activities	<u>\$ (31,149)</u>	<u>\$ 17,719</u>

MIDWAY HEIGHTS COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2025

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

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

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

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

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

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

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
Total cash and investments	\$ 610,971

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
Total cash and investments	\$ 610,971

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

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>
Total accounts receivable, net	<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
Non-depreciable assets:				
Land	\$ 38,643	\$ -	\$ -	\$ 38,643
Construction-in-process	32,756	-	(32,756)	-
Total non-depreciable assets	<u>71,399</u>	<u>-</u>	<u>(32,756)</u>	<u>38,643</u>
Depreciable assets:				
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
Total depreciable assets	<u>4,579,337</u>	<u>38,236</u>	<u>(23,468)</u>	<u>4,594,105</u>
Accumulated depreciation:				
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	-
Total accumulated depreciation	<u>(2,298,719)</u>	<u>(99,474)</u>	<u>23,468</u>	<u>(2,374,725)</u>
Total depreciable assets, net	<u>2,280,618</u>	<u>(61,238)</u>	<u>-</u>	<u>2,219,380</u>
Total capital assets, net	<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

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

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

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

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

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
Balance at July 1, 2024 (Measurement date July 1, 2023)	\$ 162,029	\$ -	\$ 162,029
Changes for the year:			
Service cost	5,194	-	5,194
Interest	6,455	-	6,455
Changes in assumption	(914)	-	(914)
Net changes	10,735	-	10,735
Balance at June 30, 2025 (Measurement date June 30, 2024)	\$ 172,764	\$ -	\$ 172,764

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

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:

	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
	4.50%	5.50%	6.50%
	\$ 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)
Total Deferred Outflows/(Inflows) of Resources	\$ 1,687	\$ (25,569)

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)
Total	\$ (23,882)

MIDWAY HEIGHTS COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2025

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	-	-	-
Total plan members	4	2	6

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

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>
CalPERS – Miscellaneous Plan:			
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
Change in Plan Net Pension Liability	\$ 99,034	\$ 101,766	\$ (2,732)

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	-
Total Deferred Outflows/(Inflows) of Resources	\$ 82,036	\$ (446)

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)
Total	\$ 42,906

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)

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 ¹	New Strategic Allocation	Real Return ^{1,2}
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%	

¹ An expected inflation of 2.30% used for this period.

² 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

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>
Net investment in capital assets:	
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>
Total net investment in capital assets	<u>\$ 1,776,760</u>

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

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:

A. Entity	ACWA-JPIA	
B. Purpose	To pool member contributions and realize the advantages of self-insurance	
C. Participants	As of September 30, 2024 – 401 member districts	
D. Governing board	Nine representatives employed by members	
E. Condensed financial information	September 30, 2024	
Audit dated	March 27, 2025	
Statement of financial position:		<u>Sept 30, 2024</u>
Total assets		<u>\$ 308,144,466</u>
Deferred outflows		<u>3,099,110</u>
Total liabilities		<u>177,706,110</u>
Deferred inflows		<u>4,357,741</u>
Net position		<u>\$ 129,179,725</u>
Statement of revenues, expenses and changes in net position:		
Total revenues		\$ 261,895,930
Total expenses		<u>(253,429,117)</u>
Change in net position		8,466,813
Beginning - net position		<u>120,712,912</u>
Ending - net position		<u>\$ 129,179,725</u>
F. Member agencies share of year-end financial position		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

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.

Required Supplementary Information

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

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
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

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
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
Total OPEB liability:				
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)	-	-
Net change in total OPEB liability	10,735	(11,330)	(6,207)	11,305
Total OPEB liability - beginning	162,029	173,359	179,566	168,261
Total OPEB liability - ending	172,764	162,029	173,359	179,566
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-
District's net OPEB liability	\$ 172,764	\$ 162,029	\$ 173,359	\$ 179,566
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 119,299	\$ 109,438	\$ 106,248	\$ 103,616
District's net OPEB liability as a percentage of covered-employee payroll	144.82%	148.06%	163.16%	173.30%

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.

Other Independent Auditors' Reports



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

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

NIGRO & NIGRO^{PC}

MIDWAY HEIGHTS COUNTY WATER DISTRICT

Table of Contents

For the Fiscal Year Ended June 30, 2025

	<u>Page</u>
Letter to Board of Directors	1
Required Communications	2
Summary of Adjusting Journal Entries	5



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

Required Communications

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>Our Responsibilities with Regard to the Financial Statement Audit</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>Overview of the Planned Scope and Timing of the Financial Statement Audit</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>Accounting Policies and Practices</p>	<p>Accounting Policies and Practices 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>Adoption of, or Change in, Significant Accounting Policies or Their Application 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>Significant or Unusual Transactions 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>Management’s Judgments and Accounting Estimates 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>Audit Adjustments</p>	<p>Audit adjustments are summarized in the attached Summary of Adjusting Journal Entries.</p>
<p>Uncorrected Misstatements</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
Discussions With Management	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.
Disagreements With Management	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.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	No significant difficulties were encountered in performing our audit.
Required Supplementary Information	<p>We applied certain limited procedures to the:</p> <ol style="list-style-type: none"> 1. Management’s Discussion and Analysis 2. Required Pension Plan Disclosures 3. Required OPEB Plan Disclosures <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>
Other Information	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

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.

Summary of Adjusting Journal Entries

MIDWAY HEIGHTS COUNTY WATER DISTRICT

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

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
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
Total		35,608.55	35,608.55
Adjusting Journal Entries JE # 2			
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
Total		44,839.00	44,839.00
Adjusting Journal Entries JE # 3			
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
Total		18,968.00	18,968.00
Adjusting Journal Entries JE # 4			
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
Total		50,329.82	50,329.82
Adjusting Journal Entries JE # 5			
To true up the sick pay accruals balance			
56900	Admin Salaries	7,305.29	
22400	Accrued Vacation Pay		7,305.29
Total		7,305.29	7,305.29
Adjusting Journal Entries JE # 6			
To true up property tax revenue and receivable.			
12800	Future Assessments-Short Term	662.80	
48000	Current Secured Taxes		662.80
Total		662.80	662.80
Adjusting Journal Entries JE # 7			
To true up beginning net position to agree to 2024 audit report.			
58100	Office Supplies	2.93	
32000	Net Position		2.93
Total		2.93	2.93
	Total Adjusting Journal Entries	157,716.39	157,716.39

Midway Heights
County Water District



REQUEST FOR PROPOSAL
FOR:
WATER COST OF SERVICE
& RATE STUDY

DATE OF ISSUE: April 17th, 2026

PROPOSAL DUE BY 3:00 P.M., June 19th, 2026

Proposal Responses should be addressed and submitted to:

Gerry LaBudde, Interim General Manager
admin@mhcwd.org
530-878-8096

Midway Heights County Water District
PO Box 596
Meadow Vista, CA 95722

TABLE OF CONTENTS

INVITATION	1
OBJECTIVE	1
BACKGROUND	1
RFP SCHEDULE	2
SCOPE OF WORK	2
STUDY REQUIREMENTS	2
SCOPE OF SERVICES	3
PROJECT SCHEDULE	6
MINIMUM CONTENT OF RESPONSES	7
PROPOSAL FORMAT	8
SELECTION CRITERIA	9
SELECTION PROCESS	9
GENERAL TERMS AND CONDITIONS	9

DRAFT

INVITATION

Midway Heights County Water District (hereinafter referred to as "MHCWD") invites proposals from interested, qualified, professional consulting firms ("Consultant") to prepare a Comprehensive Water Rate Study. The selected Consultant should possess appropriate professional, public sector experience in performing water rate studies and experience with the Proposition 218 process.

The scope of work includes reviewing MHCWD's current water rates for both the treated water and irrigation systems and revenue structure, evaluating and updating water usage and billing data (as necessary), and obtaining and incorporating feedback from both staff and management. Additionally, the Consultant is expected to analyze rate structures and financial practices from local and comparable water utilities to support the development of equitable, cost-based, and competitive rate recommendations.

Please read this entire RFP package and include all requested information and forms in your proposal. Proposals must be signed by an authorized agent of the company submitting the proposal to be considered responsive.

Questions or clarifications to the RFP should be submitted by email to: admin@mhcwd.org. Material questions that are pertinent to the RFP scope of work or procedures will be distributed to all interested firms.

OBJECTIVE

The goal of the RFP is to receive proposals for a comprehensive Water Rate Study that will provide the basis for establishing cost-based water rates that adequately and equitably fund treated and untreated ("raw") water services, while minimizing rate fluctuations.

BACKGROUND

MHCWD was formed as a special district in 1954. MHCWD is located primarily in Meadow Vista, California and serves approximately four square miles in the unincorporated areas of Meadow Vista, Colfax, Weimar and Applegate. MHCWD provides potable (drinking) water and irrigation water, purchased from Placer County Water Agency and distributed to its customers. MHCWD operates on a fiscal year beginning July 1 and maintains a general fund operational balance of approximately \$750,000 that is accumulated through water service charges, county taxes, and county-managed investment income.

MHCWD has approximately 500 total customers (450 drinking water customers, 356 irrigation customers, for a total of a combined 806 active connections).

MHCWD has two treated storage tanks with a total capacity of approximately 470,000 gallons, and

approximately 23 miles of treated water mainline pipe built in 1991. MHCWD purchases treated water from the Placer County Water Agency's Weimar system through a wholesale account. The irrigation system includes an earthen reservoir with a capacity of approximately 7 million gallons, 52 fire hydrants available for fire suppression services, and approximately 16 miles of mainline pipe built in 1956.

MHCWD's customer base is nearly 100 percent residential, with little to no commercial or industrial accounts. Customer meters range in size from 3/4" for standard residential services up to 2" for some larger irrigation-type services.

More detailed information on MHCWD and its finances can be found at <https://www.mhcwd.org/financial>

Based on a rate study performed in 2019 and after approval by the Board of Directors in February 2020, MHCWD incrementally increased its rates beginning on July 1, 2020, and with the last increase occurring on July 1, 2023.

RFP SCHEDULE

Issue RFP	April 17, 2026
Proposal Submission Due to MHCWD	June 19, 2026 at 3:00 p.m.
RFP Evaluation Process.....	June 19, 2026 - July 3, 2026
Recommendation to Board of Directors for Award ...	July 16, 2026
Selected Firm to be notified by	July 21, 2026

RFP Schedule is subject to change at MHCWD's discretion.

SCOPE OF WORK

Study Requirements

Prepare a comprehensive Water Rate Study that includes proposed rate increases through a five-year increase schedule. The study shall address both the Treated Water System and the Irrigation Water System separately, producing an independent cost-of-service analysis and five-year rate schedule for each system. The proposed rate structure should account for:

- Generally accepted rate design criteria
- Requirements of Proposition 218
- Cost of providing services, including impact of regulatory requirements
- Trends in operational and maintenance costs
- Incorporation of future repair and replacement and capital and financing requirements into revenue modeling

- Equity of the existing and any recommended rates for residential, multi-family, commercial, and accessory dwelling units
- Meeting operating reserve fund policies and potential rate stabilization components
- Meeting State Revolving Fund debt ratio requirements
- Update connection charges for new connections to both the treated and irrigation systems

Scope of Services

The Consultant should become familiar with the project to the extent necessary to scope and perform the rate study and associated tasks. At a minimum, services should include, but not be limited to the following:

- Initial kickoff meeting with MHCWD staff.
- Review and evaluate MHCWD's existing water usage and billing data for both systems. Identify any data gaps and work with District staff to reconcile or supplement data as needed.
- Prepare a request for information from the MHCWD for information necessary for rate analysis.
- Review and analyze existing financial data for both the Treated Water System and the Irrigation Water System, including current revenues, expenditures, reserve balances, debt obligations, and capital improvement plans. Data shall be analyzed separately for each system.
- Review and evaluate MHCWD's existing rate structures for both systems, including:
 - The Irrigation Water System's three existing rate structures: (1) service charge plus volumetric/usage charge; (2) annual flat rate based on purchased capacity; and (3) seasonal rate varying between the October–May and June–September periods.
 - The treated water system existing rate structure: service charge per meter plus volumetric/usage charge.
 - The pumped zone surcharge applicable to both treated water and irrigation water customers served in the separate pressure zone requiring pumping
 - The cost basis and equity of each existing structure and surcharge, with a recommendation on whether each should be retained, consolidated, or modified in the proposed rate designs
- Perform a cost-of-service (revenue requirement) analysis for each system separately, allocating costs to customer classes (residential, multi-family, commercial and accessory development units) in compliance with Proposition 218 requirements.
- Benchmark both the Treated Water System rates and the Irrigation Water System rates against comparable local and regional water agencies. Provide a comparison summary showing how MHCWD's rates compare to peer agencies for each system.

- Develop a multi-year (five-year) financial model for each system that projects revenue requirements, capital needs, and required reserve funding, and evaluates rate sufficiency under various scenarios (e.g., low/medium/high growth, varying capital expenditure timelines).
- Develop at least four rate structure scenarios covering both the Treated Water and Irrigation Water systems, including fixed and variable fees.
 - Rate model should include financing options for future capital improvements. The model should allow for assessment of rate impacts based on implementation of project combinations to enable MHCWD to assess and prioritize projects considering rate impacts.
- Recommended rate structures shall provide direct identification of revenues appropriated for major funded activities including but not limited to:
 - Administrative and maintenance expenses,
 - Wholesale water escalations from Placer County Water Agency for both treated and irrigation supplies,
 - Operations and maintenance expenses,
 - Repair and replacement of existing facilities,
 - Capital improvement expenses, and
 - Debt coverage requirements.

Any recommended rate structures or models should take into consideration both the ease of administration and understanding by the rate payers.

- Provide guidance on potential funding of future infrastructure projects including loan and grant programs such as the State Revolving Fund, USDA – RUS or other financing programs.
- Anticipated rate scenarios for each system shall include both fixed (base/service charge) and variable (volumetric/commodity) fee components.
 - Each scenario shall clearly identify the revenues allocated to: operations and maintenance expenses, capital improvement expenses, debt service coverage requirements, and reserve fund targets.
 - Include both fixed (base/service charge) and variable (volumetric/commodity) fee components.
 - Clearly identify revenues allocated to operations and maintenance, capital improvements, debt service, and reserve fund targets.
 - Evaluate tiered and uniform volumetric structures and their impacts on different customer classes.
 - For the Irrigation Water System, address whether to retain, consolidate, or replace the three existing rate structures.
 - Include analysis of the pumped zone surcharge for both systems to ensure incremental pumping costs are equitably recovered. Analysis should include

evaluation of increasing cost of electricity and other operation and maintenance costs associated with the pumped system.

- Balance cost-of-service principles with ease of administration and ratepayer understanding.
- Bill impact analysis showing the changes in monthly bills for various customer types/meter sizes across varying usage levels for the alternative rate structures.
- Evaluation of debt service coverage ratio analysis for the State Revolving Fund Loan compliance to identify potential shortfalls in revenue to comply with required debt service coverage ratio.
- Develop updated connection charges (also referred to as capacity or development fees) for both the Treated Water System and the Irrigation Water System. The analysis shall calculate the cost of capacity required to serve a new customer, consistent with applicable legal standards (including California Government Code Section 66013), and shall address any distinctions between meter sizes or service types, including accessory dwelling units. Connection charge recommendations shall be presented separately from the ongoing rate structures and shall include supporting calculations and a nexus analysis suitable for adoption by the Board.
- Financial health benchmarks/reserve policy evaluation of reserves against best practices guidelines of the Government Finance Officers Association (GFOA). Consultant shall evaluate and provide recommendations on operating reserves and provide recommendations regarding proper reserve levels.
- Prop 218 Facilitation and Support – Support the District through the Proposition 218 noticing and public hearing process to adopt new rates for both the Treated Water System and the Irrigation Water System. The scope should include:
 - Preparing legally compliant notices, coordinating mailing logistics to all affected property owners,
 - Advising the District on mailing list requirements, timing, and noticing procedures in accordance with California Proposition 218,
 - Reviewing the District’s draft notices prior to mailing,
 - Attendance and facilitation of Prop 218 Meeting including preparation of presentation slides in PowerPoint format - including at a minimum explanation of Prop 218 requirements to public, methodology of rate setting, presentation of recommended rate structure, address questions from the public in conjunction with MHCWD staff and assist with protest tabulation of votes.
- Meetings (may be on-site or remote, depending on need)
 - Project kick-off meeting with District staff (1 meeting)
 - Ad Hoc Committee review of preliminary study (1 meeting)
 - Facilitate customer workshop with preliminary study to gather customer input (1 meeting)
 - Board Presentation of draft and final study results and projected rates (2 meetings)

- Facilitate a public workshop prior to the Proposition 218 hearing to present the proposed rate structures and connection charges to ratepayers, receive public input, and respond to questions. The Consultant shall incorporate feedback from this workshop into a revised Draft Rate Study report prior to finalization and initiation of the Proposition 218 noticing process. (1 meeting)
- Proposition 218 hearing (1 meeting)
- Provide the following deliverables:
 - Preliminary Rate Study report for District staff and ad hoc committee review prior to customer workshop
 - Revised Draft Rate Study report incorporating input from District staff, ad hoc committee, and the customer workshop, for initial Board review
 - Revised Draft Rate Study report incorporating input from the public hearing prior to the Proposition 218 hearing
 - Final Rate Study report incorporating Board feedback
 - An Excel-based financial model with clearly labeled, editable inputs and assumptions for each system
 - PowerPoint presentation summarizing findings and recommendations for Board and public use
 - Updated connection charge calculations and nexus analysis for each system
 - Proposition 218 notice content, rate change documentation, and protest tabulation guidance materials for use by the District

Draft and finalized deliverables to be provided in editable, electronic format with reports in Microsoft Word and/or PowerPoint format and spreadsheets in Excel format.

Project Schedule

Below is the desired schedule for initiation of this project; however, dates may be subject to change and adjusted as necessary.

- Contract awarded by MHCWD July 2026
- Preliminary study report to Rate Study ad-hoc committee September 2026
- Customer workshop..... October 2026
- Present revised study report including customer input to Board December 2026
- Present finalized study and accompanying materials to Board January 2026
- Public workshop (pre-Proposition 218) February 2027
- Proposition 218 public hearing March 2027

MINIMUM CONTENT OF RESPONSES

All responding Consultants are requested to provide a proposal which shall include, but need not be limited to the following information in the following order and format:

Cover Letter:

This letter shall be a brief formal letter acknowledging the purpose and scope of the services and signed by an individual with the authority to bind the proposing entity. The cover letter shall acknowledge the Professional Service Agreement (PSA), identify any exceptions to the PSA or the requirements of the RFP and commitment to execute this agreement with the District. This letter must include the following information:

- Complete legal (company) name (as it should appear in a contract)
- Company address
- Contact person, telephone number, and email address

Executive Summary:

Executive summary of proposal, including description demonstrating understanding of the project, methodology to be used, key milestones and personnel to be assigned to the project.

Qualifications & Relevant Experience:

Provide qualifications, including education and experience, of the proposed staff and other key personnel who will be assigned for the project from start to finish, including any sub-consultants. Expertise applicable to the work specified should be emphasized. Consultant must demonstrate clear understanding of the Proposition 218 process and capability to prepare all required documentation.

Provide 3-5 references, within the past five years, from public agency clients for whom similar or comparable services have been performed. Include the name of the agency, mailing address, and contact name and telephone number.

Also indicate the type of project, description of Consultant activities and, if the project came in, over or under budget. Provide an explanation if the project was over budget.

Provide two examples of completed rate studies for communities of similar size or service area. Also include an example of a Proposition 218 notice sent to customers.

Scope of Work:

Please provide a Proposed Scope of Services based on the Scope of Work contained in this RFP; include any ideas for modifying, clarifying, or improving the proposed scope of work. Provide a realistic working schedule with key deliverables, milestones, and tasks based on consultant's experience and scope of work/deliverables identified in this RFP.

Proposed Schedule of Work and Fees:

including accepted manner of payment, rates for additional professional services

Cost Proposal:

The cost proposal should contain all pricing information relative to performing the scope of work as described in this RFP, including a total all-inclusive maximum price, component costs (which should correlate with the total maximum cost), indicating fixed rates, hourly rates, billing increments for hourly rates, etc. Include a list of anticipated reimbursable expenses with rates charged for each, as applicable. Include rates for additional professional services, should they be required to supplement services listed in this RFP.

Project Team:

Describe the proposed project organization, including identification and responsibilities of key personnel. Indicate the role and responsibility of primary Consultant and all sub-consultants. Include resumes of key personnel assigned to the study.

Insurance – Proof of Coverage:

The Consultant shall furnish certificates of insurance to the District evidencing the insurance coverage prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty- (30) day written notice to the District. The Consultant shall maintain such insurance from the time the Consultant commences performance of services hereunder until the completion of such services.

Minimum Insurance requirements as follows:

Professional Liability Insurance	\$1,000,000 per occurrence/\$2,000,000 aggregate
General Liability	
General Aggregate:	\$2,000,000
Products Comp/Op Aggregate	\$2,000,000
Personal & Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Medical Expense	\$5,000
Workers' Compensation	Statutory Limits
EL Each Accident	\$1,000,000
EL Disease	\$1,000,000
Automobile Liability	
Any vehicle, combined single limit	\$1,000,000

Conflict of Interest:

Consultants must disclose any actual, apparent, direct, indirect, or potential conflicts of interest that may exist for the Consultant's firm, personnel, or subcontractors. If a Consultant has no conflicts of interest, a statement to that effect shall be included in the letter.

PROPOSAL FORMAT

Proposals must be submitted electronically in PDF format via email to admin@mhcwd.org with **"Water Rate Study Proposal FY2027-2032"** in the subject line.

Proposals must be received by the date and time indicated in the RFP Schedule. Late proposals

will not be considered.

Questions regarding this RFP may be directed to:

Gerry LaBudde, Interim General Manager, at admin@mhcwd.org

SELECTION CRITERIA

The final selection will be based upon the following criteria:

- Ability of the Consultant to Carry Out and Manage the Proposed Project (60%)
An assessment of the qualifications, including past experience of the organization in general and positive reference checks. Qualities and indicators that will receive consideration include the number and types of projects the organization or its employees have completed; the variety of similar projects completed and a demonstration of the organization's ability to undertake this project; and the demonstrated ability to work with governmental bodies and a full understanding of applicable laws or regulations that relate to the project.
- Proposed cost (10%)
- Ability to meet the project timeline (30%)

SELECTION PROCESS

A selection committee will evaluate each proposal and forward recommendations to the MHCWD Board, who will in turn execute a contract with the selected Consultant to perform the requested services. The selection committee may choose to interview applicants as a part of the selection process. The contract will be awarded to the Consultant whose offer conforms to the RFP and which will be, in the opinion of the MHCWD Board, the most advantageous to MHCWD.

GENERAL TERMS AND CONDITIONS

All materials submitted in response to this RFP shall be considered the property of MHCWD and are subject to the California Public Records Act. Respondents will not be compensated for any expenses incurred in the process for responding to the RFP or, if requested, in submitting further information or appearing for an interview.

MHCWD reserves the right to reject any or all proposals, to waive informalities and minor irregularities in the proposals received, accept or reject any item or combination of items, to discuss proposal details with respondents, and to accept other than the lowest bid proposal.

By requesting proposals, MHCWD is in no way obligated to award a contract or to pay the expenses of the proposing consultants in connection with the preparation or submission of a proposal. Furthermore, MHCWD reserves the right to reject any or all proposals before the

execution of the contract with no penalty to MHCWD.

MHCWD reserves the right to cancel or amend, for any or no reason, in part or in its entirety, this RFP, including but not limited to: selection schedule, submittal date, and submittal requirements. If MHCWD cancels or revises the RFP, all originally contacted or responding Consultants will be notified in writing.

DRAFT

AD HOC COMMITTEE SCOPE STATEMENT - MHCWD

Title	Capital Improvement Plan (CIP) Ad-Hoc Committee	
Purpose	Produce a ten-year Capital Improvement Plan (CIP) for review and approval by the full Board.	
Estimated Completion Date: 7/08/2026 Date of Board Action: 7/16/2026	Director Fees Authorized: <input type="checkbox"/> Y <input type="checkbox"/> N Number of Authorized Meetings: n/a	
Committee Members (No more than two Directors may serve together.)	Director 1: Pauline Nevins, Chair Director 2: Geoff Teigen Non-Directors: 1. General Manager 2. Gerry LaBudde, Interim General Manager	
Committee Scope	<ul style="list-style-type: none"> • Review files from previous CIP efforts. • Review staff’s preliminary recommendations for improvements and prioritization of projects • Review draft CIP and provide direction for staff. • Review final CIP prior to presentation to full Board. 	
What is Out of Scope	Matters unrelated to the development of a Capital Improvement Plan.	
Deliverables	Draft CIP presented for review at the June 18, 2026 Board meeting. Final CIP presented for approval at the July 16, 2026 Board meeting.	
Approval	_____ Pauline Nevins, President	_____ Date

MIDWAY HEIGHTS COUNTY WATER DISTRICT

Monthly Field Report – March 2026

Treated Water Purchased and Usage

3.08 million gallons for an estimated average service connection use of 213 gallons per day, based on 452 active service connections.

Irrigation Water Purchased

13.9 million gallons with an approximate demand of 10.98 million gallons. The reservoir was still low from draining, we requested PCWA turn the canal up to 80 Miners inches to compensate for higher demand and re-fill of the reservoir. The current level of the reservoir is approximately 5 feet below full.

Water Line Repairs and Call Outs

1. Irrigation PRV- 8” PRV on Naturewood rebuilt by Cla-Val.
 - a. Now functioning properly.
 - b. Cla-Val technician noted that the 3” bypass PRV was not seating properly (will need to be rebuilt/replaced in the future.)
2. Irrigation PRV- 3” PRV on Cedar Pines was cleared and functioning properly.
 - a. Strainer was clogged.
3. Treated Valve- 6” Treated valve (across from Pine Vista) was delayed due to problems shutting down, resulting in a reschedule.
 - a. Valve that was believed to shut off the certain leg needed to complete repair was improperly marked on all maps and shuts off everything below the Cedar Pines Treated PRV.
 - b. Notifications will be sent out for shut down of system so that the repair can be completed.

Miscellaneous

1. Fire Mitigation “WAR” Project
 - a. Brush clearing at Washington Ridge has one more day before completion (date to be determined).
2. Reservoir status
 - a. Reservoir has come up approximately 4 feet after being drained for camera inspection on the inside of the outlet.
 - b. We will remain at 80 Miners Inches until the reservoir is filled, then we can gauge our purchased water based off the demand.

Capital Improvements – None to report

Upcoming Work

1. Treated valve and blow-off replacement/install
2. Pump station raw water pump replacement/install
3. Clark mainline abandonment

MEMORANDUM

TO: MHCWD BOARD OF DIRECTORS
FROM: Gerry LaBudde, Interim General Manager
RE: Emergency Repair of Irrigation Water Pressure Reducing Station

SUMMARY

The Naturewood irrigation (raw) water pressure reducing station (PRS) failed in February and caused four other leaks and equipment failures. Emergency repair work occurred March 31. The final cost of the repair was \$8,731.22 including parts and labor, which falls under the Contract Field Work – Irrigation Repairs budget. The invoice is included as Attachment A.

FUTURE RECOMMENDATION

There are three raw water PRVs in the system, including Naturewood, Cedar, and Haywire PRVs. Proper operation of the PRVs is critical to the system to ensure adequate delivery of irrigation water and to prevent over-pressurizing the system and damaging pipelines. The Naturewood PRV failed earlier in the year and caused problems. An assessment of all the PRVs should be made and deficiencies noted and addressed as part of field maintenance or as part of a capital improvement plan.



MEMORANDUM

Attachment A **Cla-Val Invoice**



Griswold Industries
 1701 Placentia Avenue
 Costa Mesa, CA 92627-4416
 Phone: 949-722-4800
 Email: ardept@cla-val.com

INVOICE

Invoice Number: 941375
Page: 1 of 3
Date: 4/7/2026
Salesperson: S79N

Regular Invoice

B 10321 **Currency:** USD US Dollar
I Gerry LaBudde
L MIDWAY HEIGHTS COUNTY WATER DISTRICT
L 16733 Placer Hills Rd
T Meadow Vista CA 95722-9532
O US

S 1
H Midway Heights County Water District 1445
I Naturewood
P 1445 Naturewood Dr
T Meadow Vista CA 95722-9661
O US

Phone: 530-906-5181

Order	Purchase Order	Freight Terms	Carrier	Class of Service	Terms		
524492		Prepaid	SERVICE TRUCK	STD	NET 30		
Line/Rel	Qty Ordered	Qty Shipped	Back Order	Ship Date	PRO Number	Unit Price	Extended Price

1	16.000	16.000	0.000	4/7/2026		0.00000	0.00
Item: 6781108D : 6" & 8" Cover NUT,HX 3/4 -10 ASH							
2	1.000	1.000	0.000	4/7/2026		0.00000	0.00
Item: 7093933F : 8" Diaphragm Washer 100 Epoxy Coated DEC							
3	1.000	1.000	0.000	4/7/2026		0.00000	0.00
Item: C1472E : 8" Disc Guide 100 Stainless Steel 316							
4	1.000	1.000	0.000	4/7/2026		0.00000	0.00
Item: 7093701G : 8" Disc Retainer 100 Epoxy Coated IEC							
5	1.000	1.000	0.000	4/7/2026		0.00000	0.00
Item: 9817901D : 8" Kit, Rubber Rebuild 100 NBR 150/300							
6	1.000	1.000	0.000	4/7/2026		1,626.00000	1,626.00
Item: C1474A : 8" SEAT 100 Stainless Steel 316							
7	1.000	1.000	0.000	4/7/2026		5.00000	5.00
Item: 00982K : 8" SEAT O-RING -173 NB							
8	1.000	1.000	0.000	4/7/2026		0.00000	0.00
Item: V1353B : 8" STEM 100 303							
9	1.000	1.000	0.000	4/7/2026		0.00000	0.00
Item: 8938001J : 8" Stem Nut 100 303							



Griswold Industries
 1701 Placentia Avenue
 Costa Mesa, CA 92627-4416
 Phone: 949-722-4800
 Email: ardept@cla-val.com

INVOICE

Invoice Number: 941375
Page: 2 of 3
Date: 4/7/2026
Salesperson: S79N

Regular Invoice

B 10321 **Currency:** USD US Dollar
I Gerry LaBudde
L MIDWAY HEIGHTS COUNTY WATER DISTRICT
L 16733 Placer Hills Rd
T Meadow Vista CA 95722-9532
O US

S 1
H Midway Heights County Water District 1445
I Naturewood
P 1445 Naturewood Dr
T Meadow Vista CA 95722-9661
O US

Phone: 530-906-5181

Order	Purchase Order	Freight Terms	Carrier	Class of Service	Terms		
524492		Prepaid	SERVICE TRUCK	STD	NET 30		
Line/Rel	Qty Ordered	Qty Shipped	Back Order	Ship Date	PRO Number	Unit Price	Extended Price

10	16.000	16.000	0.000	4/7/2026		0.00000	0.00
Item: 3704802C : 8" STUD,THD 3/4-10 18-8							
11	1.000	1.000	0.000	4/7/2026		0.00000	0.00
Item: 6778326G : CK2 1/4" BALL VALVE STAINLESS STEEL 316							
12	4.000	4.000	0.000	4/7/2026		0.00000	0.00
Item: 6778327E : CK2 3/8" BALL VALVE STAINLESS STEEL 316							
13	1.000	1.000	0.000	4/7/2026		0.00000	0.00
Item: 9701502J : CV Speed Control 3/8" Stainless Steel							
14	1.000	1.000	0.000	4/7/2026		1,000.00000	1,000.00
Item: 2722358G : EXTRA PARTS (Purchased/Not in Inventory)							
15	1.000	1.000	0.000	4/7/2026		3,965.00000	3,965.00
Item: 2722358G : EXTRA PARTS (Purchased/Not in Inventory)							
16	1.000	1.000	0.000	4/7/2026		106.40000	106.40
Item: 90284154F : GAGE,LF 0-200 1/4 2H							
17	4.000	4.000	0.000	4/7/2026		215.00000	860.00
Item: 9605111H : Labor, Prevailing Wage 1 Person							
18	8.000	8.000	0.000	4/7/2026		5.00000	40.00
Item: 6797225H : SCR,FLH 5/16-18 1 SST							



Griswold Industries
 1701 Placentia Avenue
 Costa Mesa, CA 92627-4416
 Phone: 949-722-4800
 Email: ardept@cla-val.com

INVOICE

Invoice Number: 941375
Page: 3 of 3
Date: 4/7/2026
Salesperson: S79N

Regular Invoice

B 10321 **Currency:** USD US Dollar
I Gerry LaBudde
L MIDWAY HEIGHTS COUNTY WATER DISTRICT
L 16733 Placer Hills Rd
T Meadow Vista CA 95722-9532
O US

S 1
H Midway Heights County Water District 1445
I Naturewood
P 1445 Naturewood Dr
T Meadow Vista CA 95722-9661
O US

Phone: 530-906-5181

Order	Purchase Order	Freight Terms	Carrier	Class of Service	Terms		
524492		Prepaid	SERVICE TRUCK	STD	NET 30		
Line/Rel	Qty Ordered	Qty Shipped	Back Order	Ship Date	PRO Number	Unit Price	Extended Price

19	4.000	4.000	0.000	4/7/2026		160.00000	640.00
Item: 9605112Y : Travel - 1 Person							
20	1.000	1.000	0.000	4/7/2026		0.00000	0.00
Item: 8850604D : X43 STRAINER 3/8 STAINLESS STEEL TT							
21	1.000	1.000	0.000	4/7/2026		0.00000	0.00
Item: 9787016G : X58C .125 3/8X3/8 RESTRICTION FITTING (

Midway Heights County Water District 1445 Naturewood

Service Tech: 7 Alberto Ochoa
 Service Date: 03/31/2026

Reported By: Gerry LaBudde

8" Pressure Reducing 8" 90 SERIES

2% PER MONTH SERVICE CHARGE IF NOT PAID IN ACCORDANCE WITH TERMS

Please refer to invoice number or return invoice copy when remitting.
 Terms and conditions are located here:
https://www.cla-val.com/wp-content/uploads/2021/11/Customer_terms.pdf

In accepting customer's order, seller disclaims any liability for penalty clauses or other punitive claims that may appear on or as a part of the customer order. This condition is in addition to seller's published terms. Seller represents that with respect to the production of articles and/or the performance of the services covered by this invoice. It was fully complied with section 12(A) of the fair labor standards act of 1938, as amended. Goods held at factory for customer's benefit will be invoiced on completion and terms of payment will apply from invoice date. 2% per month service charge if not paid in accordance with terms.

Sales Amount	8,242.40
Freight	0.00
Sales Tax	488.82
Prepaid Amount	0.00
Total	8,731.22

MIDWAY HEIGHTS COUNTY WATER DISTRICT
FUNDS SUMMARY

March 2026

REGULAR BOARD MEETING
April 16, 2026

OPERATING FUNDS:

Placer County-MHCWD Investment Trust Fund (32005):

Balance as of: (02/28/26) **\$ 434,408.75**

*(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 (03/31/2026-Reconciled to Checking Account #1670 General) ** **\$ 34,038.25**

CALIFORNIA BANK & Trust:

Adjusted Bank Statement Balance (03/31/26- Reconciled Money Market Account #6809 Tank Loan) ** **\$40,237.25**

**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 MARCH 2026



Treasurer of the Board

Balances shown for the MHCWD funds on deposit with the Placer County Treasurer were obtained from the most current reports provided to MHCWD by the Placer County Auditor's Office.

2:42 PM
04/01/26

Midway Heights CWD
Reconciliation Summary

10005 - Cash in Checking-1670, Period Ending 03/31/2026

	<u>Mar 31, 26</u>
Beginning Balance	90,063.59
Cleared Transactions	
Checks and Payments - 34 items	-141,758.23
Deposits and Credits - 24 items	85,732.89
	<u> </u>
Total Cleared Transactions	-56,025.34
	<u> </u>
Cleared Balance	34,038.25
	<u> </u>
Register Balance as of 03/31/2026	34,038.25
	<u> </u>
New Transactions	
Deposits and Credits - 1 item	4,271.98
	<u> </u>
Total New Transactions	4,271.98
	<u> </u>
Ending Balance	38,310.23
	<u> </u>

Midway Heights CWD
Reconciliation Detail

10005 - Cash in Checking-1670, Period Ending 03/31/2026

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						90,063.59
Cleared Transactions						
Checks and Payments - 34 items						
Bill Pmt -Check	02/25/2026	10018	Hydros Engineering, Inc.	X	-2,975.00	-2,975.00
Bill Pmt -Check	02/25/2026	10020	Sauers Engineering Inc.	X	-2,430.00	-5,405.00
Bill Pmt -Check	02/25/2026	10016	ESRI	X	-2,225.00	-7,630.00
Bill Pmt -Check	02/25/2026	10012	ACWA Joint Powers Insura...	X	-1,764.54	-9,394.54
Bill Pmt -Check	02/25/2026	10019	Nevins, Pauline	X	-180.00	-9,574.54
Bill Pmt -Check	02/25/2026	10013	Cooks Portable Toilets	X	-161.08	-9,735.62
Bill Pmt -Check	02/25/2026	10015	Deppner, Theodora	X	-160.86	-9,896.48
Bill Pmt -Check	02/25/2026	10017	Hills Flat Lumber Co.	X	-64.33	-9,960.81
Bill Pmt -Check	03/02/2026	eft	PCWA	X	-10,215.46	-20,176.27
Bill Pmt -Check	03/02/2026	eft	PCWA	X	-1,921.10	-22,097.37
Bill Pmt -Check	03/04/2026	eft	Paychex, Inc.	X	-15,127.51	-37,224.88
Bill Pmt -Check	03/04/2026	eft	Paychex, Inc.	X	-2,973.56	-40,198.44
Bill Pmt -Check	03/05/2026	10021	Best Best & Krieger LLP	X	-8,090.50	-48,288.94
Bill Pmt -Check	03/05/2026	10025	TiffanyJ	X	-2,171.16	-50,460.10
Bill Pmt -Check	03/05/2026	10024	US Bank	X	-1,445.49	-51,905.59
Bill Pmt -Check	03/05/2026	10023	Tel-Com	X	-68.00	-51,973.59
Bill Pmt -Check	03/05/2026	10022	Cranmer Analytical Laborat...	X	-55.00	-52,028.59
Check	03/10/2026	1663	Wells Fargo	X	-3,989.92	-56,018.51
Bill Pmt -Check	03/10/2026	eft	CalPERS Health Benefits ...	X	-2,269.56	-58,288.07
Bill Pmt -Check	03/10/2026	eft	Paychex, Inc.	X	-240.70	-58,528.77
Bill Pmt -Check	03/10/2026	eft	PG&E	X	-124.24	-58,653.01
Bill Pmt -Check	03/10/2026	eft	AT&T U-verse	X	-107.00	-58,760.01
Bill Pmt -Check	03/10/2026	eft	PG&E	X	-59.54	-58,819.55
Bill Pmt -Check	03/10/2026	eft	PG&E	X	-14.86	-58,834.41
Check	03/11/2026		Wells Fargo	X	-370.18	-59,204.59
Bill Pmt -Check	03/17/2026	eft	Verizon Wireless	X	-153.48	-59,358.07
Bill Pmt -Check	03/19/2026	10027	C.E. Cox Engineering Inc.	X	-76,693.67	-136,051.74
Bill Pmt -Check	03/19/2026	10028	California Bank & Trust	X	-4,519.20	-140,570.94
Bill Pmt -Check	03/19/2026	10030	Dawson Oil Company	X	-278.11	-140,849.05
Bill Pmt -Check	03/19/2026	10029	Cooks Portable Toilets	X	-161.08	-141,010.13
Bill Pmt -Check	03/19/2026	10031	Tel-Com	X	-130.00	-141,140.13
Bill Pmt -Check	03/20/2026	eft	PG&E	X	-471.38	-141,611.51
Bill Pmt -Check	03/23/2026	eft	Frontier Communications	X	-73.36	-141,684.87
Bill Pmt -Check	03/23/2026	eft	Frontier Communications	X	-73.36	-141,758.23
Total Checks and Payments					-141,758.23	-141,758.23
Deposits and Credits - 24 items						
Deposit	03/04/2026			X	244.49	244.49
Deposit	03/04/2026			X	571.94	816.43
Deposit	03/04/2026			X	1,650.00	2,466.43
Deposit	03/05/2026			X	1,367.95	3,834.38
Deposit	03/06/2026			X	41,664.05	45,498.43
Deposit	03/09/2026			X	570.61	46,069.04
Deposit	03/09/2026			X	735.17	46,804.21
Deposit	03/10/2026			X	186.55	46,990.76
Deposit	03/12/2026			X	159.33	47,150.09
Deposit	03/12/2026			X	305.35	47,455.44
Deposit	03/12/2026			X	412.14	47,867.58
Deposit	03/12/2026			X	5,629.92	53,497.50
Deposit	03/18/2026			X	12,184.65	65,682.15
Deposit	03/19/2026			X	1,800.36	67,482.51
Deposit	03/23/2026			X	388.50	67,871.01

2:45 PM
04/01/26

Midway Heights CWD
Reconciliation Detail

10005 · Cash in Checking-1670, Period Ending 03/31/2026

Type	Date	Num	Name	Clr	Amount	Balance
Deposit	03/23/2026			X	762.25	68,633.26
Deposit	03/25/2026			X	566.98	69,200.24
Deposit	03/25/2026			X	9,279.36	78,479.60
Deposit	03/26/2026			X	299.22	78,778.82
Deposit	03/26/2026			X	309.75	79,088.57
Deposit	03/26/2026			X	1,024.82	80,113.39
Deposit	03/30/2026			X	462.84	80,576.23
Deposit	03/30/2026			X	4,827.23	85,403.46
Deposit	03/31/2026			X	329.43	85,732.89
Total Deposits and Credits					85,732.89	85,732.89
Total Cleared Transactions					-56,025.34	-56,025.34
Cleared Balance					-56,025.34	34,038.25
Register Balance as of 03/31/2026					-56,025.34	34,038.25
New Transactions						
Deposits and Credits - 1 item						
Deposit	04/01/2026				4,271.98	4,271.98
Total Deposits and Credits					4,271.98	4,271.98
Total New Transactions					4,271.98	4,271.98
Ending Balance					-51,753.36	38,310.23

2:51 PM
04/08/26

Midway Heights CWD
Reconciliation Summary

10009 - Cal Bank and Trust-6809, Period Ending 03/31/2026

	<u>Mar 31, 26</u>
Beginning Balance	35,712.28
Cleared Transactions	
Deposits and Credits - 2 items	<u>4,524.97</u>
Total Cleared Transactions	<u>4,524.97</u>
Cleared Balance	<u><u>40,237.25</u></u>
Uncleared Transactions	
Deposits and Credits - 1 item	<u>45.00</u>
Total Uncleared Transactions	<u>45.00</u>
Register Balance as of 03/31/2026	<u><u>40,282.25</u></u>
Ending Balance	40,282.25

2:51 PM
04/08/26

Midway Heights CWD
Reconciliation Detail

10009 · Cal Bank and Trust-6809, Period Ending 03/31/2026

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						35,712.28
Cleared Transactions						
Deposits and Credits - 2 items						
Bill	03/01/2026	Mar ...	California Bank & ...	X	4,519.20	4,519.20
Deposit	03/27/2026			X	5.77	4,524.97
Total Deposits and Credits					4,524.97	4,524.97
Total Cleared Transactions					4,524.97	4,524.97
Cleared Balance					4,524.97	40,237.25
Uncleared Transactions						
Deposits and Credits - 1 item						
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 03/31/2026					4,569.97	40,282.25
Ending Balance					4,569.97	40,282.25

MHCWD BUDGET FISCAL YEAR 2027 DRAFT

July 1, 2026 to June 30, 2027

	FY 2026 APPROVED	FY 2026 IRRIGATION	FY 2026 TREATED		FY 2027 DRAFT TOTAL	FY 2027 IRRIGATION	FY 2027 TREATED
<u>SALES, FEES AND REIMBURSEMENTS</u>							
1) Irrigation Water Resale	<u>\$258,641</u>	<u>\$258,641</u>	<u>\$0</u>		<u>\$258,127</u>	<u>\$258,127</u>	<u>\$0</u>
a) Miners Inch Service	\$159,927	\$159,927	\$0		\$159,640	\$159,640	\$0
b) Metered Service Charge	\$77,271	\$77,271	\$0		\$77,271	\$77,271	\$0
c) Metered Water Usage	\$21,443	\$21,443	\$0		\$21,216	\$21,216	\$0
2) Treated Water Resale	<u>\$496,879</u>	<u>\$0</u>	<u>\$496,879</u>		<u>\$496,013</u>	<u>\$0</u>	<u>\$496,013</u>
a) Service Charges	\$344,429		\$344,429		\$343,046	\$0	\$343,046
b) Metered Water Usage	\$152,450		\$152,450		\$152,967	\$0	\$152,967
3) Late Charges/Returned Check Fees	<u>\$2,376</u>	<u>\$1,039</u>	<u>\$1,337</u>		<u>\$2,957</u>	<u>\$1,302</u>	<u>\$1,655</u>
a) Late charges	\$2,220	\$970	\$1,250		\$2,801	\$1,230	\$1,570
b) Returned check fees	\$156	\$68	\$88		\$156	\$71	\$85
4) Irrigation Reconnection Fees	<u>\$600</u>	<u>\$600</u>	<u>\$0</u>		<u>\$600</u>	<u>\$600</u>	<u>\$0</u>
5) Treated Reconnection Fees	<u>\$125</u>	<u>\$0</u>	<u>\$125</u>		<u>\$125</u>	<u>\$0</u>	<u>\$125</u>
6) Installations-Irrigation (Reimbursed Expenditures)	<u>\$4,000</u>	<u>\$4,000</u>	<u>\$0</u>		<u>\$4,000</u>	<u>\$4,000</u>	<u>\$0</u>
7) Installations-Treated (Reimbursed Expenditures)	<u>\$4,000</u>	<u>\$0</u>	<u>\$4,000</u>		<u>\$4,000</u>	<u>\$0</u>	<u>\$4,000</u>
TOTAL-SALES, FEES AND REIMBURSEMENTS:	<u>\$766,621</u>	<u>\$264,280</u>	<u>\$502,341</u>		<u>\$765,822</u>	<u>\$264,029</u>	<u>\$501,793</u>

Operational Expenditures

	FY 2026 APPROVED	FY 2026 IRRIGATION	FY 2026 TREATED	FY 2027 DRAFT TOTAL	FY 2027 IRRIGATION	FY 2027 TREATED	
1) Irrigation Water Purchase	<u>\$56,003</u>	<u>\$56,003</u>	<u>\$0</u>	<u>\$59,363</u>	<u>\$59,363</u>	<u>\$0</u>	A
2) Treated Water Purchase	<u>\$137,476</u>	<u>\$0</u>	<u>\$137,476</u>	<u>\$145,725</u>	<u>\$0</u>	<u>\$145,725</u>	B
3) Payroll	<u>\$352,645</u>	<u>\$157,826</u>	<u>\$194,819</u>	<u>\$320,226</u>	<u>\$144,315</u>	<u>\$175,911</u>	C
a) Administration/Office	\$130,683	\$57,123	\$73,560	\$110,320	\$49,644	\$60,676	
b) Administration/Office salaries reimbursed	\$500	\$250	\$250	\$500	\$250	\$250	
c) Field salaries	\$153,379	\$70,457	\$82,922	\$153,410	\$69,035	\$84,376	
d) Field salaries reimbursed	\$3,760	\$1,880	\$1,880	\$3,760	\$1,880	\$1,880	
e) Health Benefits	\$64,323	\$28,116	\$36,207	\$52,236	\$23,506	\$28,730	
4) Employer Payroll Liabilities	<u>\$47,199</u>	<u>\$21,032</u>	<u>\$26,167</u>	<u>\$38,707</u>	<u>\$17,418</u>	<u>\$21,289</u>	D
a) CalPERS Pension	\$24,697	\$11,114	\$13,583	\$14,945	\$6,725	\$8,220	
b) CalPERS Pension-Unfunded Liabilities	\$16,108	\$7,041	\$9,067	\$18,229	\$8,203	\$10,026	
c) Social Security	\$2,062	\$928	\$1,134	\$1,557	\$701	\$856	
d) Medicare	\$4,332	\$1,949	\$2,383	\$3,975	\$1,789	\$2,187	
e) Other Post Employment Benefits-Unfunded Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	
5) Professional Services	<u>\$64,089</u>	<u>\$25,981</u>	<u>\$38,108</u>	<u>\$59,915</u>	<u>\$26,962</u>	<u>\$32,953</u>	
a) Legal	\$19,000	\$8,305	\$10,695	\$15,000	\$6,750	\$8,250	
b) Engineering	\$6,000	\$2,623	\$3,377	\$6,000	\$2,700	\$3,300	
c) Accounting/Audit/Payroll	\$20,960	\$9,162	\$11,798	\$21,056	\$9,475	\$11,581	F
d) Laboratory Analysis	\$4,650	\$0	\$4,650	\$4,917	\$0	\$4,917	
e) Software and Software Support	\$13,479	\$5,892	\$7,587	\$12,942	\$5,824	\$7,118	

A & B - 6% increase 2027

C- 2.8% COLA included, includes PT GM

D- employee cost sheet

F- paycom 5556 nigro 15500 consider need to add CPA

Operational Expenditures

	FY 2026 APPROVED	FY 2026 IRRIGATION	FY 2026 TREATED	FY 2027 DRAFT TOTAL	FY 2027 IRRIGATION	FY 2027 TREATED
6) Contract Field Work	<u>\$11,240</u>	<u>\$6,120</u>	<u>\$5,120</u>	<u>\$11,240</u>	<u>\$5,559</u>	<u>\$5,681</u>

a) Contract Irrigation Repairs/Maintenance	\$5,000	\$5,000	\$0	\$5,000	\$5,000	\$0	G
b) Irrigation Installations (reimbursed)	\$0	\$0	\$0	\$0	\$0	\$0	
c) Contract Treated Repairs/Maintenance	\$5,000	\$0	\$5,000	\$5,000	\$0	\$5,000	
d) Treated Installations (reimbursed)	\$0	\$0	\$0	\$0	\$0	\$0	
e) Backfill Material	\$1,000	\$1,000	\$0	\$1,000	\$439	\$561	
f) Backfill Material (reimbursed)	\$240	\$120	\$120	\$240	\$120	\$120	
7) Office	<u>\$4,700</u>	<u>\$2,054</u>	<u>\$2,646</u>	<u>\$4,367</u>	<u>\$1,915</u>	<u>\$2,452</u>	
a) Supplies	\$3,700	\$1,617	\$2,083	\$3,367	\$1,476	\$1,890	
b) Maintenance/Repairs/Replacement	\$1,000	\$437	\$563	\$1,000	\$439	\$561	
8) Postage	<u>\$3,731</u>	<u>\$1,631</u>	<u>\$2,100</u>	<u>\$3,485</u>	<u>\$1,528</u>	<u>\$1,956</u>	
9) Telephone & Alarms	<u>\$8,610</u>	<u>\$3,764</u>	<u>\$4,846</u>	<u>\$8,324</u>	<u>\$3,649</u>	<u>\$4,674</u>	
10) Utilities (Electric & Telemetry)	<u>\$7,488</u>	<u>\$3,273</u>	<u>\$4,215</u>	<u>\$8,046</u>	<u>\$3,530</u>	<u>\$4,516</u>	
11) Publications/Dues/Fees	<u>\$9,000</u>	<u>\$3,803</u>	<u>\$5,197</u>	<u>\$9,458</u>	<u>\$3,980</u>	<u>\$5,478</u>	
a) Publications & Publishing	\$1,800	\$787	\$1,013	\$1,600	\$702	\$898	
b) Licenses Fees	\$300	\$0	\$300	\$390	\$0	\$390	
c) Dues and Subscriptions	\$6,900	\$3,016	\$3,884	\$7,468	\$3,278	\$4,189	
12) Election Expense	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,115</u>	<u>\$924</u>	<u>\$1,190</u>	H
13) Director's Fees	<u>\$10,440</u>	<u>\$4,563</u>	<u>\$5,877</u>	<u>\$10,440</u>	<u>\$4,698</u>	<u>\$5,742</u>	

G- consider increase for reservoir repair

H- estimation from 2024 election

Operational Expenditures

	FY 2026 APPROVED	FY 2026 IRRIGATION	FY 2026 TREATED	FY 2027 DRAFT TOTAL	FY 2027 IRRIGATION	FY 2027 TREATED	
14) Insurance	<u>\$32,919</u>	<u>\$14,389</u>	<u>\$18,530</u>	<u>\$30,455</u>	<u>\$13,705</u>	<u>\$16,750</u>	H
a) Liability & Property	\$25,282	\$11,051	\$14,231	\$25,282	\$11,377	\$13,905	
b) Workers Comp. Insurance	\$7,637	\$3,338	\$4,299	\$5,173	\$2,328	\$2,845	
15) Operation & Maintenance Materials	<u>\$13,800</u>	<u>\$6,550</u>	<u>\$7,250</u>	<u>\$15,508</u>	<u>\$5,414</u>	<u>\$10,094</u>	
a) Irrigation - maintenance expense	\$4,800	\$4,800	\$0	\$3,664	\$3,664	\$0	

b) Irrigation - installation expense (reimbursed to District)	\$1,750	\$1,750	\$0	\$1,750	\$1,750	\$0
c) Treated - maintenance expense	\$5,500	\$0	\$5,500	\$8,344	\$0	\$8,344
d) Treated - installation expense (reimbursed to District)	\$1,750	\$0	\$1,750	\$1,750	\$0	\$1,750
16) Mileage Reimbursement	<u>\$500</u>	<u>\$219</u>	<u>\$281</u>	<u>\$250</u>	<u>\$113</u>	<u>\$138</u>
17) Travel, Meetings & Training	<u>\$3,000</u>	<u>\$1,311</u>	<u>\$1,689</u>	<u>\$3,000</u>	<u>\$1,316</u>	<u>\$1,684</u>
18) Safety Equipment	<u>\$3,400</u>	<u>\$1,486</u>	<u>\$1,914</u>	<u>\$3,000</u>	<u>\$1,374</u>	<u>\$1,759</u>
19) Water Board System Fee	<u>\$5,695</u>	<u>\$0</u>	<u>\$5,695</u>	<u>\$5,695</u>	<u>\$0</u>	<u>\$5,695</u>
20) Vehicle/Mobile Equip. Maint. & Op.	<u>\$16,333</u>	<u>\$7,139</u>	<u>\$9,194</u>	<u>\$17,163</u>	<u>\$7,529</u>	<u>\$9,634</u>
a) maintenance	\$3,500	\$1,530	\$1,970	\$4,567	\$2,004	\$2,563
b) fuel	\$11,533	\$5,041	\$6,492	\$12,363	\$5,423	\$6,940

H- liability from 2026 budget, WC from Employee cost (less field employees)

I- reduced mileage rarely used

Operational Expenditures

	FY 2026 APPROVED	FY 2026 IRRIGATION	FY 2026 TREATED	FY 2027 DRAFT TOTAL	FY 2027 IRRIGATION	FY 2027 TREATED
21) Rentals	<u>\$13,026</u>	<u>\$5,694</u>	<u>\$7,332</u>	<u>\$13,652</u>	<u>\$6,143</u>	<u>\$7,509</u>
a) Office Rental	\$9,034	\$3,949	\$5,085	\$9,708	\$4,369	\$5,339
b) Field Equipment Rental	\$2,000	\$874	\$1,126	\$2,000	\$900	\$1,100
c) Portable Toilet	\$1,992	\$871	\$1,121	\$1,944	\$875	\$1,069
22) Bank Charges	<u>\$1,100</u>	<u>\$481</u>	<u>\$619</u>	<u>\$1,100</u>	<u>\$481</u>	<u>\$619</u>
23) Admin. Fees (includes LAFCO fees)	<u>\$2,100</u>	<u>\$918</u>	<u>\$1,182</u>	<u>\$2,100</u>	<u>\$918</u>	<u>\$1,182</u>
TOTAL-OPERATING EXPENDITURES	<u>\$804,495</u>	<u>\$323,675</u>	<u>\$480,820</u>	<u>\$773,332</u>	<u>\$310,833</u>	<u>\$462,632</u>
NET REVENUE-OPERATIONAL	<u>(\$37,873)</u>	<u>(\$59,395)</u>	<u>\$21,522</u>	<u>(\$7,511)</u>	<u>(\$46,805)</u>	<u>\$39,161</u>

K&L - kept same as 2026

OTHER REVENUE

	FY 2026 APPROVED	FY 2026 IRRIGATION	FY 2026 TREATED		FY 2027 DRAFT TOTAL	FY 2027 IRRIGATION	FY 2027 TREATED
1) Treated Water Connections	<u>\$5,000</u>	<u>\$0</u>	<u>\$5,000</u>		<u>\$5,000</u>	<u>\$0</u>	<u>\$5,000</u>
2) Taxes	<u>\$62,500</u>	<u>\$27,319</u>	<u>\$35,181</u>		<u>\$62,500</u>	<u>\$27,319</u>	<u>\$35,181</u>
3) Non-Dedicated Interest from Investments	<u>\$15,132</u>	<u>\$6,614</u>	<u>\$8,518</u>		<u>\$11,819</u>	<u>\$5,176</u>	<u>\$6,643</u>
4) Grants-PCWA	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
5) Miscellaneous income	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL-OTHER REVENUE:	<u>\$82,632</u>	<u>\$33,934</u>	<u>\$48,698</u>		<u>\$79,319</u>	<u>\$32,495</u>	<u>\$46,824</u>

Funding Of Contingencies & Reserves

	FY 2026 APPROVED	FY 2026 IRRIGATION	FY 2026 TREATED		FY 2027 DRAFT TOTAL	FY 2027 IRRIGATION	FY 2027 TREATED
1) Treated Water Capital Facilities above item funded by treated connection charges	<u>\$5,000</u>	<u>\$0</u>	<u>\$5,000</u>		<u>\$5,000</u>	<u>\$0</u>	<u>\$5,000</u>
2) Rehabilitation & Replacement Reserve Fund above item funded by water charges	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
3) Vehicle/Mobile Equipment Reserve	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL	<u>\$5,000</u>	<u>\$0</u>	<u>\$5,000</u>		<u>\$5,000</u>	<u>\$0</u>	<u>\$5,000</u>
NET REVENUE-OTHER	<u>\$77,632</u>	<u>\$33,934</u>	<u>\$43,698</u>		<u>\$74,319</u>	<u>\$32,495</u>	<u>\$41,824</u>

TOTAL-NET REVENUE	<u>\$39,759</u>	<u>(\$25,461)</u>	<u>\$65,220</u>		<u>\$66,808</u>	<u>(\$14,310)</u>	<u>\$80,985</u>
--------------------------	------------------------	--------------------------	------------------------	--	------------------------	--------------------------	------------------------

CAPITAL IMPROVEMENT, DEBT SERVICES AND RESERVE FUNDS BUDGET

FUNDING SOURCE

	FY 2026 APPROVED	FY 2026 IRRIGATION	FY 2026 TREATED		FY 2027 DRAFT TOTAL	FY 2027 IRRIGATION	FY 2027 TREATED
1) Rehabilitation & Replacement Reserve Fund	<u>\$7,499</u>	<u>\$7,499</u>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
2) Vehicle/Mobile Equipment Reserve	<u>\$17,962</u>	<u>\$17,962</u>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL-FUNDING SOURCE:	\$25,461	\$25,461	\$0		\$0	\$0	\$0

CAPITAL EXPENDITURES

1) Capital Expenses	<u>\$54,786</u>	<u>\$0</u>	<u>\$54,786</u>		<u>\$56,500</u>	<u>\$0</u>	<u>\$56,500</u>
a) Treated tank loan debt services	<u>\$54,786</u>	<u>\$0</u>	<u>\$54,786</u>		<u>\$56,500</u>	<u>\$0</u>	<u>\$56,500</u>
TOTAL-Expenditures	\$54,786	\$0	\$54,786		\$56,500	\$0	\$56,500
NET:CAP IMPR, DEBT SER AND RES FUNDS BUDGET	(\$29,325)	\$30,461	(\$54,786)		(\$56,500)	\$0	(\$56,500)
NET TOTAL-FISCAL YEAR BUDGET	\$10,434	\$10,434	\$5,434		\$10,309	(\$14,310)	\$24,485