BOARD FINANCE COMMITTEE MEETING
WEDNESDAY APRIL 18, 2024, at 9:30 AM

AGENDA

Public comments may be submitted via email to
General Manager, Kat Wuelfing, at kwuelfing@midpeninsulawater.org

Please indicate in your email the agenda item to which your comment applies.

Comments submitted before the meeting will be provided to the Board before or during the meeting. Comments submitted after the meeting is called to order will be included in the correspondence that will be provided to the full Board.

Board members, staff, consultants, and the public may participate remotely.

The zoom meeting link is available here: https://www.midpeninsulawater.org/zoom

Should Zoom not be operational, please check online at: www.midpeninsulawater.org for any updates or further instruction.

1. **Call to Order**
   A. Roll Call

2. **Public Comment**
   If you wish to address the Committee, please follow the directions at the top of the agenda. If you have anything that you wish distributed to the Committee and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.

3. **Audit Exit Conference with Chris J Brown, CPA, of C.J. Brown & Company CPAs, regarding MPWD Financial Audit for FYE June 30, 2023**

4. **Adjournment**

This agenda was posted at the Mid-Peninsula Water District's office, 1075 Old County Road, in Belmont, California, and on its website at www.midpeninsulawater.org.

ACCESSIBLE PUBLIC MEETINGS

Upon request, the Mid-Peninsula Water District will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation (including auxiliary aids or services), to enable individuals with disabilities to participate in public meetings and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested. Requests should be sent to the General Manager at (650) 591-8941 or kwuelfing@midpennsulawater.org. Requests must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

MID-PENINSULA
WATER DISTRICT

Mid-Peninsula Water District

Annual Financial Report

For the Fiscal Year Ended June 30, 2023

MID-PENINSULA
WATER DISTRICT

Mission Statement

The mission of MPWD is to deliver a safe, high-quality, reliable supply of water for current and future generations in a cost-effective, environmentally sensitive, and efficient manner.

Mid-Peninsula Water District

Board of Directors as of June 30, 2023

Name	Title	Elected/ Appointed	Current Term
Louis J. Vella	President	Elected	11/20 - 11/24
Matthew P. Zucca	Vice President	Elected	11/20 - 11/24
Catherine M. Jordan	Director	Elected	11/22 - 11/26
Brian Schmidt	Director	Elected	11/22 - 11/26
Kirk R.Wheeler	Director	Elected	11/22 - 11/26

Mid-Peninsula Water District
Rene Ramirez, Interim General Manager
1075 Old County Road, Suite A
Belmont, California 94002
(650) 591-8941 – www.midpeninsulawater.org

Mid-Peninsula Water District

Annual Financial Report

For the Fiscal Year Ended June 30, 2023

Mid-Peninsula Water District
Annual Financial Report
For the Fiscal Year Ended June 30, 2023

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Financial Section

Independent Auditor's Report

Board of Directors
Mid-Peninsula Water District
Belmont, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Mid-Peninsula Water District (District), which comprises the statement of net position as of June 30, 2023, and the related statement of revenues, expenses, and changes in net position for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mid-Peninsula Water District as of June 30, 2023, and the changes in net 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; the standards applicable to financial audit contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls 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.

Independent Auditor’s Report, continued

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 GAAS 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 GAAS 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.

Emphasis of Matter

As described in Note 12 to the financial statements, the District restated its net position for material differences identified for the year ended June 30, 2022 during the audit of the June 30, 2023 financial statements. As a result, the District has restated its net position. Our opinion is not modified with respect to this matter.

Independent Auditor's Report, continued

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the required supplementary information on pages 52 through 55 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2024, 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 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. This report can be found on pages 56 and 57.

C.J. Brown & Company, CPAs
Cypress, California
April 25, 2024

Mid-Peninsula Water District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Mid-Peninsula Water District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In the fiscal year, the District's net position increased 0.20% or $77,738 to $38,443,071 as a result from ongoing operations.
- In the fiscal year, the District's operating revenues decreased 7.54% or $1,065,140 to $13,053,889.
- In the fiscal year, the District's non-operating revenues increased 17.17% or $229,175 to $1,564,255. Please see the Total Revenues table on page 7.
- In the fiscal year, the District's operating expenses increased 56.76% or $5,137,303 to $14,189,008.
- In the fiscal year, the District's non-operating expenses increased 44.12% or $286,718 to $936,534. Please see the Total Expenses table on page 8.
- In the fiscal year, the District's capital contributions increased 1.64% or $26,597 to $1,645,297.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, 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 Statement of Net Position include all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. 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 Statements of Revenues, Expenses, and Changes in Net Position. These statements measure 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 report 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.

Financial Analysis of the District

One of the most important question asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 it. One 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, such as changes in Federal and State water quality standards.

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. The notes to the basic financial statements can be found on pages 16 through 51.

Statements of Net Position

Condensed Statements of Net Position

	2023	As Restated 2022	Change
Assets:			
Current assets	$ 23,001,789	24,683,369	(1,681,580)
Non-current assets	3,120,085	2,613,036	507,049
Capital assets, net	31,860,880	30,415,663	1,445,217
Total assets	57,982,754	57,712,068	270,686
Deferred outflows of resources	2,190,025	2,950,149	(760,124)
Liabilities:			
Current liabilities	2,360,278	2,272,857	87,421
Non-current liabilities	17,107,918	17,287,167	(179,249)
Total liabilities	19,468,196	19,560,024	(91,828)
Deferred inflows of resources	2,261,512	2,736,860	(475,348)
Net position:			
Net investment in capital assets	19,493,369	20,051,512	(558,143)
Restricted	5,459,867	7,634,741	(2,174,874)
Unrestricted	13,489,835	10,679,080	2,810,755
Total net position	$ 38,443,071	38,365,333	77,738

Statements of Net Position, continued

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 exceeded liabilities and deferred inflows by $38,443,071 as of June 30, 2023.

By far, the largest portion of the District's net position (51% as of June 30, 2023) 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 customers within the District's service area; consequently, these assets are not available for future spending or liquidating liabilities.

At the end of fiscal year 2023, the District showed a positive balance in its unrestricted net position of $13,489,835, which may be utilized in future years. See Note 11 for further information.

Statements of Revenues, Expenses, and Changes in Net Position

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

		2023	As Restated 2022	Change
Operations:				
Operating revenues	$	13,053,889	14,119,029	(1,065,140)
Operating expenses		14,189,008	9,051,705	5,137,303
Operating (loss) income before depreciation		(1,135,119)	5,067,324	(6,202,443)
Depreciation		(1,060,161)	(1,045,659)	(14,502)
Operating (loss) income		(2,195,280)	4,021,665	(6,216,945)
Non-operating revenue (expenses):				
Property tax revenue		506,145	438,258	67,887
Rental income – cellular site leases		180,005	172,281	7,724
Investment earnings, net of fair value		775,171	(79,849)	855,020
Interest expense – long-term debt		(638,204)	(649,816)	11,612
Loss on asset disposal		(205,630)	-	(205,630)
Capital contribution to other agency		(92,700)	-	(92,700)
Other non-operating revenues, net		102,934	804,390	(701,456)
Total non-operating revenues, net		627,721	685,264	(57,543)
Net (loss) income before capital contributions		(1,567,559)	4,706,929	(6,274,488)
Capital contributions:				
Developers and others		-	13,332	(13,332)
Capacity charges		1,645,297	1,605,368	39,929
Total capital contributions		1,645,297	1,618,700	26,597
Change in net position		77,738	6,325,629	(6,247,891)
Net position, beginning of period, as restated		38,365,333	32,039,704	6,325,629
Net position, end of period	$	38,443,071	38,365,333	77,738

Statements of Revenues, Expenses, and Changes in Net Position, continued

The Statements of Revenues, Expenses, and Changes of Net Position show how the District's net position changed during the fiscal years. In the case of the District, net position increased 0.20% or $77,738, in fiscal year 2023 to $38,443,071 as a result from ongoing operations.

Total Revenues

		2023	As Restated 2022	Change
Operating revenues:				
Water consumption sales	$	9,591,422	10,717,520	(1,126,098)
Meter service charges		3,175,460	3,176,734	(1,274)
Other charges		287,007	224,775	62,232
Total operating revenues		13,053,889	14,119,029	(1,065,140)
Non-operating revenues:				
Property tax revenue		506,145	438,258	67,887
Rental income – cellular site leases		180,005	172,281	7,724
Investment earnings, net of fair value		775,171	(79,849)	855,020
Other non-operating revenues, net		102,934	804,390	(701,456)
Total non-operating revenues		1,564,255	1,335,080	229,175
Capital contributions:				
Developers and others		-	13,332	(13,332)
Capacity charges		1,645,297	1,605,368	39,929
Total capital contributions		1,645,297	1,618,700	26,597
Total revenues	$	16,263,441	17,072,809	(809,368)

A closer examination of the sources of changes in net position reveals that:

In fiscal year 2023, total revenues decreased 4.74% or $809,368 to $16,263,441. Operating revenues decreased 7.54% or $1,065,140 to $13,053,889, due to a decrease in water consumption sales.

Non-operating revenues increased 17.17% or $229,175 to $1,564,255, primarily due to increases of $855,020 in investment returns and $67,887 in property taxes, offset by a decrease of $701,456 in other non-operating revenues as compared to the prior year.

In fiscal year 2023, the District's capital contributions increased 1.64% or $26,597 to $1,645,297 due to an increase of $39,929 in capacity charges, offset by a decrease of $13,332 in capital contributions sourcing from developers and others as compared to the prior year.

Total Expenses

		2023	As Restated 2022	Change
Operating expenses including depreciation expense:				
Salaries and benefits	$	5,587,769	573,160	5,014,609
Purchased water		5,751,769	5,435,495	316,274
Maintenance and rehabilitation		735,753	735,845	(92)
Utilities		430,917	371,870	59,047
Professional services		742,212	1,061,545	(319,333)
General and administrative		940,588	873,790	66,798
Depreciation and amortization		1,060,161	1,045,659	14,502
Total operating expenses including depreciation and amortization expense		15,249,169	10,097,364	5,151,805
Non-operating expenses:				
Interest expense – long-term debt		638,204	649,816	(11,612)
Loss on asset disposal		205,630	-	205,630
Capital contribution to other agency		92,700	-	92,700
Total non-operating expenses		936,534	649,816	286,718
Total expenses	$	16,185,703	10,747,180	5,438,523

A closer examination of the sources of changes in net position reveals that:

In fiscal year 2023, total expenses increased 50.60% or $5,438,523 to $16,185,703. Operating expenses (including depreciation) increased 51.02% or $5,151,805 to $15,249,169, due to increases of $5,014,609 in salaries and benefits which includes $2,054,495 in pension related prior period and actuarial adjustments as compared to prior year, $316,274 in purchased water, $66,798 in general and administrative, and $59,047 in utilities, which were offset by a decrease of $319,333 in professional fees as compared to the prior year.

Non-operating expenses increased 44.12% or $286,718 to $936,534, due to increases of $205,630 in loss on asset disposal and $92,700 in capital contribution to other agency, offset by a decrease of $11,612 in interest related to long-term debt as compared to the prior year.

Capital Asset Administration

Changes in capital asset amounts for 2023 were as follows:

		As Restated 2022	Additions	Transfers / Deletions	Balance 2023
Capital assets:					
Non-depreciable assets	$	8,308,513	2,432,386	(1,434,330)	9,306,569
Depreciable and amortizable assets		52,974,277	1,507,322	(183,868)	54,297,731
Accumulated depreciation and amortization		(30,867,127)	(1,060,161)	183,868	(31,743,420)
Total capital assets, net	$	30,415,663	2,879,547	(1,434,330)	31,860,880

At the end of fiscal year 2023, the District's investment in capital assets amounted to $31,860,880 (net of accumulated depreciation and amortization). This investment in capital assets includes land, utility plant in service, vehicles, machinery and equipment, computer system, leased office building, leased software, and construction-in-process. See Note 4 to the basic financial statements for further detailed information on the District's capital assets.

Debt Administration

Changes in long-term debt amounts for 2023 were as follows:

		Balance 2022	Additions/ Deletions	Principal Payments	Balance 2023
Long-term debt:					
Lease and SBITA payable	$	-	296,102	(62,013)	234,089
Bonds payable, net		17,553,792	-	(436,282)	17,117,510
Total long-term debt		17,553,792	296,102	(498,295)	17,351,599
Less: current portion		(467,013)			(564,419)
Non-current portion	$	17,086,779			16,787,180

In fiscal year 2023, long-term debt decreased by $202,193 due to current year scheduled principal payments of $498,295, offset by an increase of $296,102 due to new lease and subscription-based information technology arrangement additions implemented under GASB Statements No. 87 and 96. The long-term debt position of the District is more fully analyzed in Note 6 to the basic financial statements.

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the District's current financial position, net position or operating results in terms of past, present, and future periods.

Requests for Information

This financial report is designed to provide the District's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability with respect to 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's General Manager at 1075 Old County Road, Suite A, Belmont, California 94002 – (650) 591-8941.

Basic Financial Statements

Mid-Peninsula Water District
Statement of Net Position
June 30, 2023

		2023
Current assets:		
Cash and cash equivalents (note 2)	$	7,649,672
Cash and cash equivalents – restricted (note 2, 10)		5,459,867
Investments (note 2)		7,164,612
Accrued interest receivable		52,567
Accounts receivable – water sales and services		2,320,679
Accounts receivable – other		69,706
Lease receivables(note 3)		140,810
Prepaid expenses and other deposits		143,876
Total current assets		23,001,789
Non-current assets:		
Investments (note 2)		2,038,612
Lease receivables (note 3)		946,227
Net other post-employment benefits asset (note 7)		135,246
Capital assets – not being depreciated (note 4)		9,306,569
Depreciable capital assets, net (note 4)		22,554,311
Total non-current assets		34,980,965
Total assets		57,982,754
Deferred outflows of resources:		
Deferred other post-employment benefits outflows (note 7)		291,399
Deferred pension outflows (note 8)		1,898,626
Total deferred outflows of resources	$	2,190,025

Continued on next page

See accompanying notes to the basic financial statements

Mid-Peninsula Water District
Statement of Net Position, continued
June 30, 2023

		2023
Current liabilities:		
Accounts payable	$	1,350,146
Accrued expenses		144,401
Accrued interest on long-term debt		55,303
Unearned revenue		97,315
Long-term liabilities – due within one year:		
Compensated absences (note 5)		148,694
Lease and SBITA payable (note 6)		144,419
Bond payable (note 6)		420,000
Total current liabilities		2,360,278
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 5)		49,565
Lease and SBITA payable (note 6)		89,670
Bond payable, net (note 6)		16,697,510
Net pension liability (note 8)		271,173
Total non-current liabilities		17,107,918
Total liabilities		19,468,196
Deferred inflows of resources:		
Deferred lease inflows (note 3)		950,069
Deferred other post-employment benefits inflows (note 7)		467,328
Deferred pension inflows (note 8)		844,115
Total deferred inflows of resources		2,261,512
Net position:		
Net investment in capital assets (note 9)		19,493,369
Restricted (note 10)		5,459,867
Unrestricted (note 11)		13,489,835
Total net position	$	38,443,071

See accompanying notes to the basic financial statements

Mid-Peninsula Water District
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

		2023
Operating revenues:		
Water consumption sales	$	9,591,422
Meter service charges		3,175,460
Other charges		287,007
Total operating revenues		13,053,889
Operating expenses:		
Salaries and benefits		5,587,769
Purchased water		5,751,769
Maintenance and rehabilitation		735,753
Utilities		430,917
Professional services		742,212
General and administrative		940,588
Total operating expenses		14,189,008
Operating loss before depreciation and amortization		(1,135,119)
Depreciation and amortization		(1,060,161)
Operating loss		(2,195,280)
Non-operating revenue (expenses):		
Property tax revenue		506,145
Rental income – cellular site leases		180,005
Investment earnings, net of fair value		775,171
Interest expense – long-term debt		(638,204)
Loss on asset disposal		(205,630)
Capital contribution to other agency		(92,700)
Other non-operating revenues, net		102,934
Total non-operating revenues, net		627,721
Net loss before capital contributions		(1,567,559)
Capital contributions:		
Capacity charges		1,645,297
Total capital contributions		1,645,297
Change in net position		77,738
Net position, beginning of period, as restated (note 12)		38,365,333
Net position, end of period	$	38,443,071

See accompanying notes to the basic financial statements

Mid-Peninsula Water District
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

	2023
Cash flows from operating activities:	
Cash receipts from customers for water sales and services	$ 12,388,356
Cash paid to employees for salaries and wages	(2,581,443)
Cash paid to vendors and suppliers for materials and services	(9,249,918)
Net cash provided by operating activities	556,995
Cash flows from non-capital financing activities:	
Proceeds from property taxes	506,145
Proceeds from rental income	180,005
Net cash provided by non-capital financing activities	686,150
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(2,209,276)
Proceeds from capital contributions and connection fees	1,645,297
Principal paid on long-term debt	(467,013)
Interest paid on long-term debt	(638,868)
Net cash used in capital and related financing activities	(1,669,860)
Cash flows from investing activities:	
Investment earnings, net of fair value	775,976
Purchases and sales of investments, net	(9,559,645)
Net cash used in by investing activities	(8,783,669)
Net decrease in cash and cash equivalents	(9,210,384)
Cash and cash equivalents – beginning of year	22,319,923
Cash and cash equivalents – end of year	$ 13,109,539
Reconciliation of cash and cash equivalents to statement of financial position:	
Cash and cash equivalents	$ 7,649,672
Cash and cash equivalents – restricted	5,459,867
Cash and cash equivalents – end of year	$ 13,109,539

Continued on next page

See accompanying notes to the basic financial statements

Mid-Peninsula Water District
Statement of Cash Flows, continued
For the Fiscal Year Ended June 30, 2023

		2023
Reconciliation of operating loss to net cash provided by operating activities:		
Operating income	$	(2,195,280)
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation and amortization		1,060,161
Other non-operating revenues, net		102,934
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable – water sales and services, net		(287,163)
Accounts receivable – other		2,934
Prepaid expenses and other deposits		(49,013)
Net other post-employment benefits asset		34,119
Net pension asset		1,356,634
(Increase)Decrease in deferred outflows of resources:		
Other post-employment benefits related		122,263
Pension related		637,861
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable		237,597
Accrued expenses		72,288
Unearned revenue		89,962
Customer construction deposits		(481,500)
Compensated absences		(78,491)
Net pension liability		271,173
Increase(Decrease) in deferred inflows of resources:		
Other post-employment benefits related		(111,914)
Pension related		(227,570)
Total adjustments		2,752,275
Net cash provided by operating activities	$	556,995
Non-cash investing, capital, and financing transactions:		
Changes in fair value of investments	$	225,166
Amortization of bond premium		(31,282)
Issuance of lease and subscription-based information technology arrangement		(296,102)
Total non-cash investing, capital, and financing transactions	$	(102,218)

See accompanying notes to the basic financial statements

(1) Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

The Mid-Peninsula Water District (District) was formed on July 2, 1929, for the purposes of furnishing potable water within the District's service area. The District operates under the authority of the provisions found in Division 12 of the State of California Water Code. The District is located in San Mateo County and serves the City of Belmont and portions of the City of San Carlos, Redwood City, and parts of the unincorporated County of San Mateo. The District provides water to approximately 28,000 customers over approximately five square miles. The District is governed by a five-member Board of Directors who serve overlapping four-year terms.

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*. 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.

Basis of Accounting and Measurement Focus

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 of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

Financial Reporting

The District has adopted the following GASB pronouncements in the current year:

Governmental Accounting Standards Board Statement No. 91

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. The District has determined that this Statement does not have a material impact on the financial statements.

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 94, continued

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The District has determined that this Statement does not have a material impact on the financial statements.

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The required disclosures as a result of implementing this Statement are included in Notes 4 and 6, and the restatement is included in Note 12.

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 97, continued

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The District has determined that this Statement does not have a material impact on the financial statements.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Use of Estimates

The preparation of the basic 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 the disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

3. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as capital projects, debt service, or on behalf of employee benefits (Section 115 Trust). These assets are for the benefit of a specified purpose and, as such, are legally or contractually restricted by an external third-party agreement.

4. Investments

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

5. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- *Level 1* – This valuation level is based on quoted prices in active markets for identical assets.
- *Level 2* – This valuation level is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- *Level 3* – This valuation level is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

6. Accounts Receivable

The District extends credit to customers in the normal course of operations. Management has evaluated the accounts and believes all accounts are collectible at June 30. When management deems customer accounts uncollectible, the District uses the direct write off method for the write-off those accounts to bad debt expense.

7. Lease Receivables

Lease receivables are recorded by the District as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the District charges the lessee.

8. Prepaids

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

9. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Utility plant infrastructure – 10 to 50 years
- Vehicles – 5 to 10 years
- Machinery and equipment – 7 years
- Computer system – 5 years

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

9. Capital Assets, continued

Right-to-use leased and subscription-based information technology assets are recognized at the lease or subscription arrangement commencement date and represent the District's right to use an underlying asset for the agreement term. Right to use assets are measured at the initial value of the liability plus any payments made to the vendor before commencement of the agreement term, less any incentives received from the vendor at or before the commencement of the lease term, plus any initial direct costs, such as shipping, installation, or capitalizable initial implementation costs, necessary to place the asset into service. Right to use assets are amortized over the shorter of the agreement term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

10. Deferred Outflows of Resources

The statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets applicable to future periods and therefore will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following pension related items that qualify for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred outflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all active employees that are provided with OPEB through the Plan.
- Deferred outflow for the net difference in projected and actual earnings on investments of the other post-employment benefit plans fiduciary net position. This amount is amortized over a 5-year period.

Pensions

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all active employees that are provided with pensions through the Plan.
- Deferred outflow for the net change in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all active employees that are provided with pensions through the Plan.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5-year period.
- Deferred outflow for the net difference in actual and proportionate share of employer contributions which will be amortized over a closed period equal to the average of the expected remaining service lives of all active employees that are provided with pensions through the Plan.
- Deferred outflow for the net adjustment due to differences in the changes in proportions of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all active employees that are provided with pensions through the Plan.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

11. Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation and portions of sick leave are recorded when benefits are earned. Cash payment of unused vacation is available to those qualified employees when retired or terminated.

12. Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan (Plan) and additions to/deductions from the Plans' 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.

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: June 30, 2021
- Measurement Date: June 30, 2023
- Measurement Period: July 1, 2022 to June 30, 2023

13. 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 (Plans) and addition to/deduction 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.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: June 30, 2021
- Measurement Date: June 30, 2022
- Measurement Period: July 1, 2021 to June 30, 2022

14. Deferred Inflows of Resources

The statements of net position will sometimes report a separate section for deferred inflows of net assets. This financial statement element, *deferred inflows of resources,* represents an acquisition of resources applicable to future periods and therefore will *not* be recognized as an inflow of resources (revenue) until that time. The District has the following pension related item that qualifies for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred inflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all active employees that are provided with OPEB through the Plan.
- Deferred inflow for the Plans' experience (gains)/losses which will be amortized over a closed period equal to the average of the expected remaining service lives of all active employees that are provided with OPEB through the Plan.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

14. Deferred Inflows of Resources, continued

Pensions

- Deferred inflow for the net difference in actual and proportionate share of employer contribution which will be amortized over a closed period equal to the average of the expected remaining service lives of all active employees that are provided with pensions through the Plan.
- Deferred inflow for the net adjustment due to differences in the changes in proportions of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all active employees that are provided with pensions through the Plan.

Leases

- Deferred inflows related to leases where the District is the lessor and is reported in the Statement of Net Position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on a straight-line basis over the term of the lease.

15. Net Position

The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

- *Net Investment in Capital Assets* – Consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position.
- *Restricted* – Consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- *Unrestricted* – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

16. Property Taxes

Property taxes receivable at year-end are related to property taxes collected by the County of San Mateo, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

• Lien date	January 1
• Levy date	July 1
• Due dates	November 1 and February 1
• Collection dates	December 10 and April 10

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

17. Unearned Revenue

Contractors developing projects, which include construction of facilities to bring water from District mains into the project, deposit a construction advance with the District for an amount estimated to cover the District's costs related to the project. The District accounts for expenditures as construction in progress until the completion of the project. Upon the final inspection and approval of the District, the District will then capitalize the project as part of its capital assets. Revenues are recognized as the project progresses. At the completion of the project, any excess funds are refunded to the contractor.

18. Water Sales

Water sales are billed on a bi-monthly cyclical basis and recognize the respective revenues when they are earned.

19. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment.

20. Budgetary Policies

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

(2) Cash and Investments

Cash and investments as of June 30 are classified in the accompanying financial statements as follows:

	2023
Cash and cash equivalents	$ 7,649,672
Restricted – cash and cash equivalents	5,459,867
Total cash and cash equivalents	13,109,539
Investments	7,164,612
Investments – non-current	2,038,612
Total investments	9,203,224
Total cash and investments	$ 22,312,763

(2) Cash and Investments, continued

Cash and cash equivalents as of June 30 consist of the following:

		2023
Cash on hand	$	600
Deposits with financial institutions		1,159,154
Deposits in Bank of New York (Project Funds)		4,984,088
Deposits in Public Agency Retirement System (PARS)		475,779
Deposits in Local Agency Investment Fund (LAIF)		6,489,918
Investments		9,203,224
Total	$	22,312,763

As of June 30, the District's authorized deposits had the following maturities:

			Remaining Maturity (in Months)	
Investment type		Amount	12 months or less	13 to 24 months
United States Treasury notes	$	9,191,370	7,152,758	2,038,612
Money market mutual fund		11,854	11,854	-
Total	$	9,203,224	7,164,612	2,038,612

(2) Cash and Investments, continued

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

The table below identifies the investment types that are authorized by the District in accordance with 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
State and Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years**	None	None
U.S. Agency Securities	5 years**	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Non-negotiable Certificates of Deposit	1 year	30%	None
Negotiable Certificates of Deposit	5 years	30%	None
Medium-Term Notes	5 years	30%	None
Repurchase Agreements	1 year	20%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
Supranational Obligations	N/A	30%	None
County Pooled Investment Funds	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	$75 Million

* Excluding amounts held by bond trustee that are not subject to California Government Code.
** Except when authorized by the District's legislative body in accordance with Government Code Section 53601
N/A – Not Applicable

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

(2) Cash and Investments, continued

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government 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 California Government Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, 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. Of the bank balances, up to $250,000 held at each institution were federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

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, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and the Pool).

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 change with 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 matures or comes close to maturity evenly over time as necessary to provide for cash flow requirements and liquidity needed for operations.

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. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

(2) Cash and Investments, continued

Credit Risk, continued

Credit ratings at June 30, 2023 consisted of the following:

Investment type		June 30, 2023	Minimum Legal Rating	Exempt from Disclosure	Ratings AA+ to AA-
United States Treasury notes	$	9,191,370	N/A	9,191,370	-
Money market mutual fund		11,854	Aaa	-	11,854
Total	$	9,203,224		9,191,370	11,854

Concentration of Credit Risk

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for external investment pools) that represent 5% or more of total District's investments at June 30, 2023.

Fair Value Measurements

Investments measured at fair value on a recurring and non-recurring basis at June 30, 2023 are as follows:

			Fair Value Measurements Using		
Investment type		June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 1)	Significant Unobservable Inputs (Level 1)
United States Treasury notes	$	9,191,370	9,191,370	-	-
Total investments measured at fair value		9,191,370	9,191,370	-	-
Investments not subject to fair value hierarchy					
Money market mutual fund		11,854			
Total	$	9,203,224			

The District has the following recurring fair value measurements as of June 30, 2023:

- U.S. Treasury securities of $9,191,370 are valued using quoted market prices (Level 1 inputs).
- Money Market Mutual funds of $11,854 are not subject to fair value hierarchy.

(3) Leases Receivable

Changes in leases receivable for the year ended June 30, were as follows:

Leases receivable:	Balance 2022	Additions	Principal Payments	Balance 2023	Current Portion	Long-term Portion	Deferred Inflows
Buckland Tank - cell tower	$ 74,054	-	(14,225)	59,829	14,512	45,317	(48,998)
Devoken Tank - cell tower #1	136,576	-	(32,625)	103,951	33,617	70,334	(71,702)
Exbourne Tank - cell tower	160,294	-	(38,291)	122,003	39,455	82,548	(84,154)
Hallmark Tank - cell tower	113,292	-	(28,978)	84,314	29,859	54,455	(56,188)
Devoken Tank - cell tower #2	739,617	-	(22,677)	716,940	23,367	693,573	(689,027)
Total leases receivable	$ 1,223,833	-	(136,796)	1,087,037	140,810	946,227	(950,069)

Buckland Tank – Cell Tower

On February 7, 2003, the District entered into a lease agreement with City of Belmont (City). The City has agreed to pay the District for the purpose of leasing communication tower space at the Buckland Tank site. The terms of the agreement require City to pay the District in annual installments through 2027 and is adjusted annually by the Consumer Price Index.

Following the provisions set forth by *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 2.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2023, deferred inflows were reported at $48,998. Interest revenue recognized on the lease was $1,351 for the year ended June 30, 2023. Principal receipts of $14,225 were recognized during the year.

Future payments to be received and deferred inflows as of June 30, 2023, are as follows:

Year	Principal	Interest	Total	Deferred Inflows
2024	$ 14,512	1,064	15,576	$ (12,249)
2025	14,805	771	15,576	(12,250)
2026	15,104	472	15,576	(12,249)
2027	15,408	167	15,575	(12,250)
Total	59,829	2,474	62,303	$ (48,998)
Current	(14,512)			
Non-current	$ 45,317			

Devoken Tank – Cell Tower #1

On August 15, 1996, the District entered into a lease agreement with Metro PCS Wireless (Metro). Metro has agreed to pay the District for the purpose of leasing communication tower space at the Devoken Tank site. The terms of the agreement require Metro to pay the District in annual installments through 2026 and is adjusted annually by the Consumer Price Index.

Following the provisions set forth by *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2023, deferred inflows were reported at $71,702. Interest revenue recognized on the lease was $$3,651 for the year ended June 30, 2023. Principal receipts of $32,625 were recognized during the year.

(3) Leases Receivable, continued

Devoken Tank – Cell Tower #1, continued

Future payments to be received and deferred inflows as of June 30, 2023, are as follows:

Year		Principal	Interest	Total		Deferred Inflows
2024	$	33,617	2,659	36,276	$	(23,901)
2025		34,640	1,636	36,276		(23,900)
2026		35,694	582	36,276		(23,901)
Total		103,951	4,877	108,828	$	(71,702)
Current		(33,617)				
Non-current	$	70,334				

Exbourne Tank – Cell Tower

On November 26, 2006, the District entered into a lease agreement with Sprint Wireless (Sprint). Sprint has agreed to pay the District for the purpose of leasing communication tower space at the Exbourne Tank site. The terms of the agreement require Sprint to pay the District in annual installments through 2026 and is adjusted annually by the Consumer Price Index.

Following the provisions set forth by GASB Statement No. 87, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2023, deferred inflows were reported at $84,154. Interest revenue recognized on the lease was $4,285 for the year ended June 30, 2023. Principal receipts of $38,291 were recognized during the year.

Future payments to be received and deferred inflows as of June 30, 2023, are as follows:

Year		Principal	Interest	Total		Deferred Inflows
2024	$	39,455	3,121	42,576	$	(28,051)
2025		40,656	1,920	42,576		(28,052)
2026		41,892	684	42,576		(28,051)
Total		122,003	5,725	127,728	$	(84,154)
Current		(39,455)				
Non-current	$	82,548				

Hallmark Tank – Cell Tower

On April 1, 2006, the District entered into a lease agreement with Sprint Wireless (Sprint). Sprint has agreed to pay the District for the purpose of leasing communication tower space at the Hallmark Tank site. The terms of the agreement require Sprint to pay the District in annual installments through March 25, 2026 and is adjusted annually by the Consumer Price Index.

Following the provisions set forth by *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2023, deferred inflows were reported at $56,188. Interest revenue recognized on the lease was $3,002 for the year ended June 30, 2023. Principal receipts of $28,978 were recognized during the year.

(3) Leases Receivable, continued

Hallmark Tank – Cell Tower, continued

Future payments to be received and deferred inflows as of June 30, 2023, are as follows:

Year		Principal	Interest	Total		Deferred Inflows
2024	$	29,859	2,121	31,980	$	(21,070)
2025		30,767	1,213	31,980		(21,070)
2026		23,688	296	23,984		(14,048)
Total		84,314	3,630	87,944	$	(56,188)
Current		(29,859)				
Non-current	$	54,455				

Devoken Tank – Cell Tower #2

On July 1, 2020, the District entered into a lease agreement with T-Mobile (T-Mobile). T-Mobile has agreed to pay the District for the purpose of leasing communication tower space at the Devoken Tank site. The terms of the agreement require T-Mobile to pay the District in annual installments through June 25, 2045 and is adjusted annually by the Consumer Price Index.

Following the provisions set forth by *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2023, deferred inflows were reported at $689,026. Interest revenue recognized on the lease was $21,878 for the year ended June 30, 2023. Principal receipts of $22,677 were recognized during the year.

Future payments to be received and deferred inflows as of June 30, 2023, are as follows:

Year		Principal	Interest	Total		Deferred Inflows
2024	$	23,367	21,189	44,556	$	(31,319)
2025		24,078	20,478	44,556		(31,319)
2026		24,810	19,746	44,556		(31,319)
2027		25,565	18,991	44,556		(31,319)
2028		26,343	18,213	44,556		(31,319)
2029-2033		144,231	78,549	222,780		(156,597)
2034-2038		167,541	55,239	222,780		(156,597)
2039-2043		194,619	28,161	222,780		(156,598)
2044-2045		86,386	2,727	89,113		(62,640)
Total		716,940	263,293	980,233	$	(689,027)
Current		(23,367)				
Non-current	$	693,573				

(4) Capital Assets

Changes in capital assets for the year ended June 30, 2023 were as follows:

	As Restated 2022	Category Reclass	Additions	Deletions/ Transfers	Balance 2023
Non-depreciable assets:					
Land	$ 1,045,264	-	-	-	1,045,264
Construction-in-process	7,263,249	-	2,432,386	(1,434,330)	8,261,305
Total non-depreciable assets	8,308,513	-	2,432,386	(1,434,330)	9,306,569
Depreciable assets:					
Utility Plant In Service	50,675,999	(333,254)	923,116	(183,868)	51,415,247
Vehicles	1,791,206	-	41,152	-	1,832,358
Machinery and Equipment	-	343,941	246,952	-	246,952
Computer System	507,072	(10,687)	-	-	507,072
Office Building - Right-to-use Asset	-	-	281,535	-	281,535
Subscription IT - Right-to-use Asset	-	-	14,567	-	14,567
Total depreciable assets	52,974,277	-	1,507,322	(183,868)	54,297,731
Accumulated depreciation and amortization:					
Utility Plant In Service	(28,653,658)	219,540	(896,992)	183,868	(29,366,782)
Vehicles	(1,685,086)	-	(60,560)	-	(1,745,646)
Machinery and Equipment	-	(301,277)	(9,357)	-	(9,357)
Computer System	(528,383)	81,737	(32,171)	-	(560,554)
Office Building - Right-to-use Asset	-	-	(58,653)	-	(58,653)
Subscription IT - Right-to-use Asset	-	-	(2,428)	-	(2,428)
Total accumulated depreciation and amortization	(30,867,127)	-	(1,060,161)	183,868	(31,743,420)
Total depreciable assets, net	22,107,150	-	447,161	-	22,554,311
Total capital assets, net	$ 30,415,663				31,860,880

Major changes to capital assets in 2023 consisted primarily of additions of $2,432,386 in additions to construction-in-progress, $923,116 in upgrades to utility plant in service assets, $246,952 in upgrades to machinery and equipment, $41,152 in upgrades to vehicle assets, $281,535 in leased office building, and $14,567 in leased software was added during the implementation of GASB 96. Major deletions include $1,434,330 in transfers from construction in progress to depreciable assets and $183,868 in disposal of utility plant in service assets.

(5) Compensated Absences

Changes to compensated absences for the year ended June 30, 2023 were as follows:

As Restated 2022	Earned	Taken	Balance 2023	Due Within One Year	Due in More Than One Year
$ 276,750	53,619	(132,110)	198,259	148,694	49,565

(6) Long-term Debt

Changes in long-term debt amounts for the year ended June 30, 2023 were as follows:

		Balance 2022	Additions	Principal Payments	Balance 2023	Current Portion	Long-term Portion
Long-term debt:							
Lease and SBITA payable:							
Old County Road – office building lease	$	-	281,535	(57,013)	224,522	139,706	84,816
ESRI subscription arrangement		-	14,567	(5,000)	9,567	4,713	4,854
Subtotal lease and SBITA payable		-	296,102	(62,013)	234,089	144,419	89,670
Bond payable:							
2016 Certificates of Participation		16,790,000	-	(405,000)	16,385,000	420,000	15,965,000
Add: Unamortized premium		763,792	-	(31,282)	732,510	-	732,510
Subtotal bond payable		17,553,792	-	(436,282)	17,117,510	420,000	16,697,510
Total long-term debt	$	17,553,792	296,102	(498,295)	17,351,599	564,419	16,787,180

Old County Road – Office Building Lease

On January 24, 2023, the District entered into an agreement with Swedcom Corporation, to lease office space for the purpose of the District's administrative office operations. Terms of the agreement commenced on February 1, 2023, maturing on January 31, 2025, with base rent due monthly at $11,908 per month for the entire lease term.

Following the provisions set forth by *GASB Statement No. 87*, the District has recorded a right-to-use asset and a lease payable at present value with an implicit rate of 3.00%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease payments are as follows:

Year		Principal	Interest	Total
2024	$	139,706	4,840	144,546
2025		84,816	850	85,666
Total		224,522	5,690	230,212
Current		(139,706)		
Non-current	$	84,816		

ESRI Software – Subscription Lease

On October 26, 2022, the District entered into an agreement with ESRI to lease geographic information system software for the purpose of mapping of the District's infrastructure. Terms of the agreement commenced on December 9, 2022, for a period of three years, with payments due annually at $5,000 per year for the entire lease term.

Following the provisions set forth by *GASB Statement No. 96*, the District has recorded a right-to-use asset and a lease payable at present value with an implicit rate of 3.00%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

(6) Long-term Debt, continued

ESRI Software – Subscription Lease, continued

Annual lease payments are as follows:

Year		Principal	Interest	Total
2024	$	4,713	287	5,000
2025		4,854	146	5,000
Total		9,567	433	10,000
Current		(4,713)		
Non-current	$	4,854		

2016 Series Certificates of Participation

On December 1, 2016, the District issued $18,570,000 of 2016 Series Certificates of Participation. The Bonds purpose is to finance the acquisition and construction of certain improvements and facilities which constitute part of the District's water system infrastructure. Under terms of the Installment Sale Agreement Contract associated with the Bonds, the District makes principal and interest payments that are paid on a semiannual basis by the District to the holders of the Bonds. Interest is payable on December 1st and June 1st of each year, and principal is payable June 1st of each year commencing December 1, 2017, with an interest rate of 4.00%. The Bonds are scheduled to mature on December 1, 2046. The rate covenants of the Installment Purchase Contract require that net revenues of the District for each fiscal year be equal to at least 130% of the annual debt service payments required for that fiscal year.

Future principal and interest obligations on the note as of June 30, are as follows:

Year		Principal	Interest	Total
2024	$	420,000	647,000	1,067,000
2025		435,000	629,900	1,064,900
2026		455,000	612,100	1,067,100
2027		470,000	593,600	1,063,600
2028		490,000	574,400	1,064,400
2029-2033		2,760,000	2,555,600	5,315,600
2034-2038		3,360,000	1,945,600	5,305,600
2039-2043		4,090,000	1,203,000	5,293,000
2044-2047		3,905,000	320,100	4,225,100
Total		16,385,000	9,081,300	25,466,300
Premium		732,510		
Current		(420,000)		
Non-current	$	16,697,510		

(7) Other Post-employment Benefits (OPEB) Plan

General Information about the OPEB Plan

Plan Description

The District provides other post-employment benefits (OPEB) to qualified employees who retire from the District and meet the District's vesting requirements. The Plan is a single employer defined benefit OPEB plan administered by the District. The District participates in the Public Agency Retirement Services Trust Program (PARS), a Prefunding Plan trust fund intended to perform an essential government function within the meaning of Section 115 of the Internal Revenue Code. The reporting requirements for these benefit programs as they pertain to the District are set forth below.

Benefits Provided

Medical, dental, and vision coverage is provided through the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA). Eligibility requirements vary by employee classification and date of hire.

To be eligible for retiree health benefits, an employee must retire from the District on or after age 50 with at least 15 years of continuous service. Tier 1 (hired prior to June 27, 2008): 100% of the medical, dental, and vision premiums paid by the District for the lifetime of the retiree and the retiree's partner, and surviving partner. Tier 2 (hired between June 27, 2008 and September 26, 2014: 100% of the medical, dental, and vision premiums paid by the District for the lifetime of the retiree only. Tier 3 (hired on or after September 26, 2014): 50% of the medical, dental, and vision premiums paid by the District for the lifetime of the retiree only. Spousal support is not provided for Tiers 2 and 3. The District makes an HSA contribution of $1,500 per year for single retirees under Tiers 1 and 2 and an additional $1,500 per year for married retirees under Tier 1 until age 65. Tier 3 employees and retirees are not eligible for this benefit. Effective for retirements on or after January 1, 2017, the District's contribution is limited to the premium for the Consumer Driven Health Plan, with the retiree paying the cost of a more expensive plan if selected. Retirees under Tier 1 and Tier 2 with fewer than 20 years of service at retirement have benefits permanently reduced by 25%, that is, the District will contribute 75% of the amounts described above. The District's General Managers become eligible for 100% District-paid benefits, for the lifetime of the retiree only, after completion of 7.5 years of service with the District.

Employees Covered by Benefit Terms

At June 30, the following employees were covered by the benefit terms:

	2023
Active plan members	17
Active plan members	7
Total Plan membership	24

Contributions

The Plan and its contribution requirements for eligible retired employees of the District are established and may be amended by the Board of Directors. The District pays its share of the cost of health and vision insurance for retirees and dental insurance under any group plan offered by ACWA-JPIA, subject to certain restrictions as determined by the District.

(7) Other Post-employment Benefits (OPEB) Plan, continued

Contributions, continued

No contributions were made for the fiscal year ending June 30, 2023.

Net OPEB Liability

As of the fiscal year ended June 30, the District reported its net OPEB asset as follows:

		2023
Net OPEB asset	$	(135,246)

The District's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability were determined by the actuarial valuation date as of June 30, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Changes in the Net OPEB Liability

Changes in the net OPEB liability as of June 30, 2023 (measured at June 30, 2023) were as follows:

		June 30, 2023		
		Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)
Balance at beginning of year	$	3,304,226	3,473,591	(169,365)
Changes for the year:				
Service cost		98,315	-	98,315
Interest		184,652	-	184,652
Benefit payments		(91,690)	(91,690)	-
Employer contributions		-	12,033	(12,033)
Net investment income		-	257,075	(257,075)
Administrative expenses		-	(20,260)	20,260
Net change		191,277	157,158	34,119
Balance at end of year	$	3,495,503	3,630,749	(135,246)

Change of Benefit Terms

There were no changes in benefit terms.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of $56,501.

(7) Other Post-employment Benefits (OPEB) Plan, continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		June 30, 2023	
Description		**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Changes in assumptions	$	45,779	(128,950)
Differences between expected and actual experience		-	(338,378)
Net differences between expected and actual return on investments		245,620	-
Total	$	291,399	(467,328)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30:		Net Deferred Outflows/ (Inflows) of Resources
2024	$	(28,125)
2025		(36,666)
2026		60,371
2027		(90,550)
2028		(80,959)
Thereafter		-
Total	$	(175,929)

(7) Other Post-employment Benefits (OPEB) Plan, continued

Actuarial Assumptions

The total OPEB liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2023 – 2.50 percent
Salary increases	2023 – 3.00 percent, average, including inflation
Discount rate	2023 – 5.50 percent
Healthcare cost trend rates	5.20 percent for 2022 trhough 2034; 0 percent for 2035 through 2049; 4.50 percent for 2050 through 2064; and 4.00 perecent for 2065 and beyond.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the most recent applicable experience study and a review of plan experience during the period July 1, 2019 to June 30, 2021.

Discount Rate

GASB 75 requires the use of a discount rate that considers the availability of the OPEB plan's fiduciary net position associated with the OPEB of current active and inactive employees and the investment horizon of those resources.

OPEB plans with irrevocable trust accounts can utilize a discount rate equal to the long-term expected rate of return to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the OPEB plan assets are expected to be invested using a strategy to achieve that return.

To determine if the OPEB plan assets are sufficient, a calculation of the projected fiduciary net position and the amount of projected benefit payments is compared in each period. When OPEB plan assets are determined to not be sufficient, a blended rate is calculated.

For OPEB plans that do not have irrevocable trust accounts, GASB 75 requires a discount rate equal to the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The District has an irrevocable trust account for prefunding OPEB liabilities. Plan assets are expected to be sufficient. The discount rate used to measure the total OPEB liability is equal to the long-term expected rate of return.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

(7) Other Post-employment Benefits (OPEB) Plan, continued

Discount Rate, continued

The table below provides the long-term expected real rates of return by asset class.

Asset Class	Assumed Asset Allocation	Real Rate of Return
Broad U.S. Equity	50.0%	5.30%
U.S. Fixed	50.0%	0.09%
Total	100%	

As of June 30, 2023, the discount rate used to measure the net OPEB liability was 5.50%. 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 retirees' benefits. Based on those assumptions, the 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 the plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following tables present the District's net OPEB liability calculated using the discount rate, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

At June 30, 2023, the discount rate comparison are the following:

	Discount Rate - 1%	Current Discount Rate 5.50%	Discount Rate + 1%
Net OPEB (asset) liability	$ 383,368	(135,246)	(559,914)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

At June 30, 2023, the healthcare cost trend rate comparison was the following:

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB (asset) liability	$ (663,647)	(135,246)	529,725

(7) Other Post-employment Benefits (OPEB) Plan, continued

Schedules of Changes in the District's Net OPEB Liability and Related Ratios

Schedules of OPEB Plan Contributions

See pages 52 and 53 for the Required Supplementary Information.

(8) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan 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 non-duty disability benefits after 10 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.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 55 (New Classic) Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. Employees hired after January 1, 2013, and have not previously participated in a CalPERS plan are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA. New employees that have previously participated in the Classic Plan are eligible for the District's CalPERS 2.0% at 55 Retirement Plan.

The Plan's provisions and benefits in effect at June 30 are summarized as follows:

	Miscellaneous Plan	
	Tier 1	**Tier 2**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
2023:		
Required employee contribution rates	6.92%	6.75%
Required employer contribution rates	10.32%	7.47%

(8) Defined Benefit Pension Plan, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers to 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 the Plan 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.

As of the fiscal year ended June 30, the contributions for the Plan were as follows:

		2023
Contributions – employer	$	196,490

Net Pension Liability

As of the fiscal year ended June 30, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan was as follows:

		2023
Miscellaneous Plan	$	271,173

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's change in the proportionate share of the pension liability for the District's Plan as of the fiscal year ended June 30, were as follows:

	2023
Proportion – beginning of year	-0.02508%
Proportion – end of year	0.00235%
Change – Increase (Decrease)	0.02743%

Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2023, the District recognized pension expense of $2,063,801.

(8) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

As of June 30, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2023	
Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Pension contributions subsequent to the measurement date	$ 196,490	-
Differences between actual and expected experience	1,798	-
Change in assumptions	27,787	-
Net difference between projected and actual earnings on plan investments	49,672	-
Differences between actual contribution and proportionate share of contribution	729,123	(265,137)
Net adjustment due to differences in proportions of net pension liability	893,756	(578,978)
Total	$ 1,898,626	(844,115)

As of June 30 2023, employer pension contributions of $196,490, 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 fiscal year ended June 30, 2024.

As of June 30, 2023, the District recognized other amounts reported by the Plan actuarial as deferred outflows of resources and deferred inflows of resources related to the pension liability. Pension related amounts will be recognized as pension expense as follows.

Fiscal Year Ending June 30:	**Deferred Outflows/ (Inflows) of Resources**
2024	$ 346,371
2025	309,739
2026	171,532
2027	30,379
Total	$ 858,021

(8) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation report was determined using the following actuarial assumptions:

Valuation dates	June 30, 2021
Measurement dates	June 30, 2022
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	2023 - 6.90%
Inflation	2023 - 2.30%
Salary increases	Varies by entry age and service
Investment rate of return	6.90% Net of pension plan investment and administrative expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' membership data for all funds
Period upon which actuarial Experience Survey assumption were based	2022 – 1997-2015
Post retirement benefit	2022 – Contract COLA up to 2.50% until Purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

* The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report. Further details of the Experience Study can be found on the CalPERS website.

Changes in assumptions – CalPERS reduced the discount rate from 7.15% to 6.90% and the inflation rate from 2.50% to 2.30% during the measurement year.

Discount Rate

The discount rate used to measure the total pension liability for PERF C 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.

(8) Defined Benefit Pension Plan, continued

Long-term Rate of Return

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

As of June 30, 2022, the target allocation and the long-term expected real rate of return by asset class were as follows:

Asset Class	New Strategic Allocation	Real Return Years 1–10*
Global Equity - Cap-weighted	30.0%	4.45%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	27.00%
Mortgage-backed securities	5.0%	50.00%
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%
Total	100%	

* An expected inflation of 2.30% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The table above presents the District's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

At June 30, 2023 the discount rate comparison was the following:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
District's net pension liability (asset)	$ 1,711,831	271,173	(914,132)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See pages 54 and 55 for the Required Supplementary Information.

(9) Net Investment in Capital Assets

Calculation of net investment in capital assets as of June 30 were as follows:

		2023
Capital assets:		
Capital assets – not being depreciated	$	9,306,569
Capital assets, net – being depreciated or amortized		22,554,311
Unspent capital project proceeds		4,984,088
Current:		
Leases and SBITAs payable		(144,419)
Bonds payable		(420,000)
Non-current:		
Leases and SBITAs payable		(89,670)
Bonds payable		(16,697,510)
Total net investment in capital assets	$	19,493,369

(10) Restricted Net Position

Calculation of restricted net position as of June 30 was as follows:

		2023
Project funds – Bank of New York	$	4,984,088
Retirement funds – PARS		475,779
Total restricted net position	$	5,459,867

(11) Unrestricted Net Position

Unrestricted net position as of June 30 were categorized as follows:

		2023
Non-spendable net position:		
Prepaid expenses and other deposits	$	143,876
Total non-spendable net position		143,876
Spendable net position are as follows:		
Unrestricted		13,345,959
Total spendable net position		13,345,959
Total unrestricted net position	$	13,489,835
Total net position	$	38,443,071

(12) Adjustments to Net Position

In fiscal year 2023, the District identified several prior year misstatements relating to the prior year reported balances in the June 30, 2022 financial statements. Below is a summary of the identified misstatements:

During the fiscal year, it was identified that the prior year reported investment balance for the District's Local Agency Investment Fund (LAIF) balance did not include the fair market value adjustment which is required under Generally Accepted Accounting Principles. As a result, cash and cash equivalents were overstated in the amount $175,533.

During the fiscal year, it was identified that the prior year reported receivable balance was not adjusted for unbilled receivables related to the fiscal year end. As a result, accounts receivable was understated in the amount $934,660.

During the fiscal year, it was identified that the prior year reported lease receivables balance as incorrect due to errors identified in the calculation. As a result, lease receivables were understated in the amount $21,651.

During the fiscal year, it was identified that the reported construction-in-progress balance did not include amounts which should have been recorded in construction-in-progress and accrued for in accounts payable at fiscal year-end. As a result, construction in progress and accounts payable were understated in the amount $434,740, respectively.

During the fiscal year, it was identified that the prior year reported compensated absences included amounts which should not have been included as part of the liability balance based on the District's Vacation and Sick Leave policy. As a result, compensated absences were overstated by $44,504.

During the fiscal year, it was identified that the prior year reported pension related deferred outflows of resources and deferred inflows of resources contained material errors in the calculation of pension amounts. As a result, pension deferred outflows of resources and deferred inflows of resources were understated by $1,311,069 and $126,329, respectively.

(12) Adjustments to Net Position, continued

As a result of the identified misstatements, the District recorded has recorded prior period adjustments to restate net position as of June 30, 2022.

In fiscal year 2023, the adjustments to net position were as follows:

Net position at June 30, 2021	$ 32,039,704
Effect of adjustment for 2022 to record fair market value for Local Agency Investment Fund	(175,533)
Effect of adjustment for 2022 calculation of unbilled accounts receivable related to water sales	934,660
Effect of adjustment for 2022 calculation of lease receivables related to GASB 87	21,651
Effect of adjustment to record construction-in-progress project activity in 2022	434,740
Effect of adjustment for 2022 to pension related related deferred outflows of resources	1,311,069
Effect of adjustment to record June 30, 2022 payable related to construction-in-progress project activity	(434,740)
Effect of adjustment for 2022 calculation of eligible sick leave accrual related to compensated absences	44,504
Effect of adjustment for 2022 calculation of pension related deferred inflows of resources	(126,329)
Total adjustments to net position	2,010,022
Change in net position at June 30, 2022, as previously stated	4,315,607
Net position at June 30, 2022, as restated	$ 38,365,333

(13) Other District Sponsored Retirement Plan

Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust. The assets are held with the Variable Annuity Life Insurance Company (VALIC) and Empower for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. The total market value of all plan assets held in trust at June 30, 2023, were $884,599.

The District has implemented GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statements of net position.

(14) Section 115 Trust

In fiscal year 2022, the District's Board approved the creation of a Section 115 Trust Agreement with the Public Agency Retirement Services (PARS), Trustee and Trust Administrator. The Section 115 Trust was established as a means to set aside monies to fund the District's pension plan obligation. Contributions to the Section 115 Trust are irrevocable, the assets are dedicated to providing benefits to plan members, and the assets are protected from creditors of the District. The purpose of the creation of the Section 115 Trust was to address the District's pension obligations by accumulating assets to reduce the net pension liability. However, in accordance with generally accepted accounting principles, the assets in the Section 115 Trust are not considered to have present service capacity as plan assets and are therefore considered restricted assets of the District rather than pension plan assets. Accordingly, the Section 115 Trust's assets are recorded as restricted for pension benefits in the District's fund net position rather than assets of the pension plan during the measurement date of the net pension liability. The assets held in trust will be considered pension plan assets at the time they are transferred out of the Trust into the pension plan.

During the fiscal year ended June 30, 2023, the District deposited $0 into the Trust. During the fiscal year ended June 30, 2023, the Trust earned $14,397 in interest income and incurred $226 in bank fees. The Trust account balance on June 30, 2023, amounted to $475,779.

(15) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2023, the District participates in the ACWA/JPIA pooled programs for liability, property, and workers' compensation programs as follows:

- General and auto liability, public officials and employees' errors and omissions: The ACWA/JPIAs total risk financing self-insurance limits of $5,000,000 per occurrence. The ACWA/JPIA purchased additional excess coverage layers: $50 million for general, auto and public officials' liability, which increases the limits on the insurance coverage noted above.

In addition, the District also has the following insurance coverage:

- Crime coverage up to $100,000 per loss includes public employee dishonesty, depositor's forgery or alteration, theft, computer and funds transfer fraud coverage's, subject to $1,000 deductible per loss.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of $500 million per loss, subject to a $5,000 deductible per loss. Mobile equipment and vehicles, on file, are paid on actual cost value basis at time of loss and subject to $1,000 deductible per loss.
- Boiler and machinery coverage for the replacement cost up to $100 million per occurrence, subject to various deductibles depending on the type of equipment, on file.
- Cyber liability: including cyber-security up to $5,000,000 program aggregate limit, subject to a $2,000,000 limit maximum per member. Cyber liability deductible is $100,000 per incident.
- Workers' compensation coverage up to California statutory limits for all work-related injuries/illnesses covered by California law; a pooled self-insured limit of $2,000,000. The ACWA/JPIA purchased additional excess coverage layer: $2,000,000 employer's liability.

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, 2023, 2022 and 2021. 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, 2023, 2022, and 2021, respectively.

(16) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2023 that have effective dates that may impact future financial presentations.

The following pronouncement implementation dates have been delayed due to the COVID-19 pandemic.

Governmental Accounting Standards Board Statement No. 99

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

(16) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 99, continued

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The District has not determined the effect on the financial statements.

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The District has not determined the effect on the financial statements.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

(16) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The District has not determined the effect on the financial statements.

(17) Commitments and Contingencies

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such an audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water and wastewater facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves and capital contributions.

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.

(18) Subsequent Events

Events occurring after June 30, 2023, have been evaluated for possible adjustment to the financial statements or disclosure as of April 25, 2024, which is the date the financial statements were available to be issued.

Required Supplementary Information

Mid-Peninsula Water District
Schedules of Changes in the District's Net OPEB Liability and Related Ratios
As of June 30, 2023
Last Ten Years*

Fiscal year ending		June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability							
Service cost	$	98,315	95,451	89,496	86,889	103,576	100,557
Interest		184,652	174,549	194,087	185,027	170,863	162,026
Differences in expected and actual experience		-	(386,217)	(3,676)	(182,016)	-	-
Changes in assumptions		-	(180,532)	-	137,343	-	-
Benefit payments		(91,690)	(86,733)	(66,803)	(63,015)	(139,440)	(63,392)
Actuary valuation adjustment		-	-	-	-	-	-
Net change in total OPEB liability		191,277	(383,482)	213,104	164,228	134,999	199,191
Total OPEB liability – beginning		3,306,226	3,689,708	3,476,604	3,312,376	3,177,377	2,978,186
Total OPEB liability – ending	$	3,497,503	3,306,226	3,689,708	3,476,604	3,312,376	3,177,377
Plan fiduciary net position							
Contributions employer	$	12,033	86,733	749,216	63,015	1,264,440	599,502
Net investment income		257,075	(513,767)	616,363	102,367	171,926	39,388
Benefit payments		(91,690)	(86,733)	(66,803)	(63,015)	(139,440)	(65,392)
Administrative expense		(20,260)	(23,319)	(17,760)	(14,193)	(5,038)	(2,698)
Actuary valuation adjustment		-	-	-	-	253	2,000
Net change in plan fiduciary net position		157,158	(537,086)	1,281,016	88,174	1,292,004	572,684
Plan fiduciary net position – beginning		3,475,591	4,012,677	2,731,661	2,643,487	1,351,483	778,799
Plan fiduciary net position – ending	$	3,632,749	3,475,591	4,012,677	2,731,661	2,643,487	1,351,483
Net OPEB (asset) liability – ending	$	(135,246)	(169,365)	(322,969)	744,943	668,889	1,825,894
Covered payroll	$	2,493,837	2,173,535	2,131,467	2,069,385	1,677,384	1,695,877
Net OPEB (asset) liability as a percentage of covered payroll		-5.42%	-7.79%	-15.15%	36.00%	39.88%	107.67%

Notes to Schedule

Valuation dates	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Methods and assumptions used to determine contribution rates:						
Single and agent employers	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market value	Market value	Market value	Market value	Market value	Market value
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Salary increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment rate of return	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Mortality, retirement, disability Termination	(4)	(4)	(3)	(3)	(2)	(2)
Other information	(6)	(6)	(5)	(5)	N/A	N/A

(1) Level percentage of payroll, closed
(2) Pre-retirement mortality based on RP-2014 Employee Mortality Tables, Post-retirement mortality rates based on RP-2014 Health Annuitant Mortality Table
(3) CalPERS 1997-2015 Experience Study
(4) CalPERS 2000-2019 Experience Study
(5) Mortality projected fully generational with Scale MP-2019
(6) Mortality projected fully generational with Scale MP-2021

*The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Mid-Peninsula Water District
Schedules of OPEB Plan Contributions
As of June 30, 2023
Last Ten Years*

Fiscal year ending		June 30, 2023	June 30, 2022
Actuarially determined contribution	$	-	-
Contributions in relation to the actuarially determined contribution		(12,033)	(86,733)
Contribution deficiency (excess)	$	(12,033)	(86,733)
Covered payroll	$	2,493,837	2,173,535
Contribution's as a percentage of covered payroll		0.48%	3.99%

*The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Mid-Peninsula Water District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2023
Last Ten Years*

Measurement dates		June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability		0.00235%	-0.02508%	0.01601%	-0.00185%	0.03991%	0.04031%	0.03995%	0.04059%	0.04525%
District's proportionate share of the net pension liability (asset)	$	271,173	(1,356,634)	(11,893)	(74,271)	1,503,970	1,588,940	1,387,977	1,113,540	1,118,234
District's covered payroll	$	1,787,222	1,672,922	1,649,407	1,582,623	1,519,722	1,489,649	1,299,254	1,178,386	1,143,034
District's proportionate share of the net pension liability as a percentage of its covered payroll		15.17%	-81.09%	-0.72%	-4.69%	98.96%	106.67%	106.83%	94.50%	97.83%
District's fiduciary net position as a percentage of the District's total pension liability		97.43%	114.72%	83.28%	83.84%	84.37%	82.04%	80.93%	79.23%	81.15%

Notes to schedule:

Benefits changes:
There were no changes in benefits.

Changes in assumptions:
From fiscal year June 30, 2015 to June 30, 2016:
GASB 68, paragraph 68 states that long-term expected rate of return should be determined net of pension plan investment expense but without reduction of 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, 2019:
The inflation rate was reduced from 2.75% to 2.50%.
From fiscal year June 30, 2019 to June 30, 2020:
There were no changes in assumptions.
From fiscal year June 30, 2020 to June 30, 2021:
There were no changes in assumptions.
From fiscal year June 30, 2021 to June 30, 2022:
There were no changes in assumptions.
From fiscal year June 30, 2022 to June 30, 2023:
The discount rate was reduced from 7.15% to 6.90%.
The inflation rate was reduced from 2.50% to 2.30%.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

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Mid-Peninsula Water District
Schedules of Pension Plan Contributions
As of June 30, 2023
Last Ten Years*

Fiscal year ending	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution	$ 202,864	170,713	298,100	313,615	266,231	244,660	213,992	189,429	186,823	186,823
Contributions in relation to the actuarially determined contribution	(202,864)	(170,713)	(298,100)	(313,615)	(266,231)	(244,660)	(213,992)	(189,429)	(186,823)	(186,823)
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
Covered payroll	$ 1,857,561	1,720,615	1,787,222	1,672,922	1,649,407	1,582,623	1,519,722	1,489,649	1,299,254	1,178,386
Contribution's as a percentage of covered payroll	10.92%	9.92%	16.68%	18.75%	16.14%	15.46%	14.08%	12.72%	14.38%	10.52%
Notes to schedule:										
Valuation dates	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market value	Market value	Market value	Market value	Market value	Market value	Market value	Market value	15 year Smoothed Market Method	Market value
Inflation	2.300%	2.500%	2.500%	2.625%	2.750%	2.750%	2.750%	2.750%	2.750%	2.750%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	7.150% (3)	7.000% (3)	7.250% (3)	7.375% (3)	7.500% (3)	7.500% (3)	7.500% (3)	7.500% (3)	7.500% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment expense, including inflation'
(4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* The District has presented information for those year for which information is available until a full 10-year trend is compiled.

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Report on Internal Controls and Compliance

Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on Audits of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Mid-Peninsula Water District
Belmont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mid-Peninsula Water District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated April 25, 2024.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on Audits of Financial Statements Performed in Accordance with *Government Auditing Standards, (continued)*

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.

C.J. Brown & Company, CPAs
Cypress, California
April 25, 2024

Mid-Peninsula Water District

Management Report

June 30, 2023

Mid-Peninsula Water District

Management Report

Table of Contents

Board of Directors
Mid-Peninsula Water District
Belmont, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of the Mid-Peninsula Water District (District) as of and for the year ended June 30, 2023, 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, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Current Year Comment and Recommendation

<u>Disclosure of Audit Adjustments and Reclassifications</u>

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process, we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance at June 30, 2023.

* * * * * * * * * *

This report is intended solely for the information and use of management and the Board of Directors of the District. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

C.J. Brown & Company, CPAs
Cypress, California
April 25, 2024

APPENDIX

Mid-Peninsula Water District

Audit/Finance Committee Letter

June 30, 2023

Board of Directors
Mid-Peninsula Water District
Belmont, California

We have audited the financial statements of the business-type activities of the Mid-Peninsula Water District (District) for the year ended June 30, 2023, and have issued our report thereon dated April 25, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated September 29, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated April 25, 2024.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

Required Risk Assessment Procedures per Auditing Standards:

As auditors of the District, we are required per AU-C Section 240, "Consideration of Fraud in a Financial Statement Audit", to "ordinarily" presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for delinquent/doubtful accounts is based on historical write-offs of past due delinquent/doubtful customer accounts, customer creditworthiness, and calculated assumptions of expected future write-offs. We evaluated the key factors and assumptions used to develop the allowance for delinquent/doubtful accounts in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefits (OPEB) plan: deferred outflows of resources, net OPEB liability, and deferred inflows of resources is based on the alternative measurement method to determine the liability balance. This alternative measurement method was determined and prepared by the District's third-party actuary. We evaluated the basis, methods, and assumptions used by the actuary in determining that they are reasonable in relation to the financial statements taken as a whole.

Qualitative Aspects of the Entity's Significant Accounting Practices, continued

Significant Accounting Estimates, continued

Management's estimate of the defined benefit pension plan's: deferred outflows of resources, net pension liability, and deferred inflows of resources is based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods, and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

The disclosure of fair value of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of the District's allowance for delinquent/doubtful accounts in Note 3 to the basic financial statements represents amounts susceptible to external factors the District has no control over, such as, the state of the economy in the District's service area.

The disclosure of capital assets, net in Note 4 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's other post-employment benefits plan, in Note 7 to the basic financial statements is based on information which could differ from those in future periods.

The disclosure of the District's defined benefit pension plan in Note 8 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management:

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected and Corrected Misstatements, continued

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule on pages 6 through 11 discloses all material misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated April 25, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Matters

We applied certain limited procedures to the management discussion and analysis, schedules of changes in the District's net OPEB liability and related ratios, schedules of the District's proportionate share of net pension liability, and the schedule of pension plan contributions, 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.

We were engaged to report on combining schedules and budgetary comparison schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Matters, continued

We were not engaged to report on the introductory section, 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.

Restriction on Use

This information is intended solely for the information and use of the 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. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Conclusion

We appreciate the cooperation extended to us by Rene Ramirez, Interim General Manager. Kat Wuelfing, Assistant General Manager, James Ramsey of Eide Bailly, and the District's administrative staff in the performance of our audit testwork. We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

C.J. Brown & Company, CPAs
Cypress, California
April 25, 2024

Mid-Peninsula Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Adjusting Journal Entries

Adjusting Journal Entries JE # 1
PPA - To record LAIF FMV adjustment for fiscal year 2022.

Account	Description	Debit	Credit
1-380-3950-00-00	Prior Period Adjustment	175,533.03	
1-104-1040-02-00	Laif FMV Adjust		175,533.03
Total		**175,533.03**	**175,533.03**

Adjusting Journal Entries JE # 2
AJE - To reverse LAIF FMV accrual for 2022.

Account	Description	Debit	Credit
1-104-1040-02-00	Laif FMV Adjust	175,533.03	
1-410-4102-00-00	Interest Revenue- Laif		175,533.03
Total		**175,533.03**	**175,533.03**

Adjusting Journal Entries JE # 3
AJE - To remove Master Plan asset per industry best practice and intangible asset is fully depreciated at June 30, 2023.

Account	Description	Debit	Credit
1-160-1633-00-00	Accum Depr - Master Plan	161,466.05	
1-150-1533-00-00	Master Plan		161,466.05
Total		**161,466.05**	**161,466.05**

Adjusting Journal Entries JE # 4
AJE - To remove July insurance / Excess crime coverage FY23/24 from June 30, 2023 as noted in the Search for Unrecorded Liabilities testing.

Account	Description	Debit	Credit
1-200-2100-20-00	Accounts Payable	42,559.24	
1-603-6030-59-00	Acwa Health Care		22,877.24
1-603-6030-59-00	Acwa Health Care		47.12
1-603-6030-60-00	Awca Dental		2,049.40
1-603-6030-61-00	Acwa Vision		405.08
1-603-6030-62-00	Acwa Life/Ad&D		701.80
1-603-6030-67-00	Retirees' Acwa Health Care		10,619.02
1-603-6030-68-00	Directors' Acwa Health Care		5,077.58
1-670-6702-00-00	Insurance-Liability/Vehicle		782.00
Total		**42,559.24**	**42,559.24**

Adjusting Journal Entries JE # 5
AJE - To reclassify customer overpayments noted during review of accounts receivable aging report at June 30, 2023.

Account	Description	Debit	Credit
1-120-1210-00-00	Accounts Receivable Water	89,451.74	
1-200-2010-20-00	Deferred Revenue		89,451.74
Total		**89,451.74**	**89,451.74**

Adjusting Journal Entries JE # 6
CPE - WF Bank Gen Checking entry 245-02-2023 - ADP reclassification for adjustments - amounts paid via check # 38100.

Account	Description	Debit	Credit
1-140-1440-00-00	Payroll Clearing A/C	3,640.29	
1-100-1030-00-00	Cash- Checking		3,640.29
Total		**3,640.29**	**3,640.29**

Adjusting Journal Entries JE # 7
CPE - WF Bank Gen Checking entry 240-10-2023 - To correct CC journal entry #237-10-2023.

Account	Description	Debit	Credit
1-100-1030-00-00	Cash- Checking	33,683.66	
1-200-2045-00-00	UMPQUA Credit Cards	16,841.83	
1-100-1030-00-00	Cash- Checking		16,841.83
1-200-2045-00-00	UMPQUA Credit Cards		33,683.66
Total		**50,525.49**	**50,525.49**

Mid-Peninsula Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 8			
CPE - WF Bank Gen Checking entry 260-12-2023 - To cancel JE 252-12-2023 for incorrect posting of #102912.			
1-200-2100-20-00	Accounts Payable	16,841.83	
1-100-1030-00-00	Cash- Checking		16,841.83
Total		**16,841.83**	**16,841.83**
Adjusting Journal Entries JE # 9			
CPE - WF Bank Gen Checking entry to correct JE #095-04-2023 for payroll transactions.			
1-100-1030-00-00	Cash- Checking	375.77	
1-603-6030-59-00	Acwa Health Care		375.77
Total		**375.77**	**375.77**
Adjusting Journal Entries JE # 10			
CPE - To dispose of fixed asset telephone system upgrade asset and accumulated depreciation at June 30, 2023.			
1-160-1611-00-00	Accum Depr - Vehicle & Equip	22,401.54	
1-150-1513-00-00	Telephone System Upgrade		22,401.54
Total		**22,401.54**	**22,401.54**
Adjusting Journal Entries JE # 11			
AJE - To accrue June PG&E electricity noted at Search for Unrecorded Liabilities (check 38758 dtd 8/2/23) for period 6/12/23 - 6/30/23 (18/30 days).			
1-700-7003-00-00	Utilities - Electric - Pumping	16,655.81	
1-200-2100-20-00	Accounts Payable		16,655.81
Total		**16,655.81**	**16,655.81**
Adjusting Journal Entries JE # 12			
AJE - To accrue June SFWD water purchases noted at Search for Unrecorded Liabilities (check 102959 dtd 8/2/23) for 1) Water purchases 100% $272,113.25 2) (16/33 days) for water service charge $6,522 and 3) (16/33 days) for Bond surcharge of $11,893.			
1-610-6100-76-00	Sfpuc Treated Water	272,113.25	
1-610-6100-77-00	Bawsca (Debt Service Surcharge)	5,766.30	
1-610-6100-79-00	Sfpuc Water Service Charge	3,162.18	
1-200-2100-20-00	Accounts Payable		272,113.25
1-200-2100-20-00	Accounts Payable		3,162.18
1-200-2100-20-00	Accounts Payable		5,766.30
Total		**281,041.73**	**281,041.73**
Adjusting Journal Entries JE # 13			
AJE - To accrue June 30 Project expenses paid in BNY requisition 101.			
1-170-1700-00-00	Construction in Progress	11,998.88	
1-170-1700-00-00	Construction in Progress	1,241.63	
1-170-1700-00-00	Construction in Progress	5,022.94	
1-170-1700-00-00	Construction in Progress	3,472.88	
1-170-1700-00-00	Construction in Progress	9,502.50	
1-170-1700-00-00	Construction in Progress	123,648.20	
1-170-1700-00-00	Construction in Progress	224,745.30	
1-170-1700-00-00	Construction in Progress	27,121.50	
1-200-2100-20-00	Accounts Payable		31,238.83
1-200-2100-20-00	Accounts Payable		348,393.50
1-200-2100-20-00	Accounts Payable		27,121.50
Total		**406,753.83**	**406,753.83**
Adjusting Journal Entries JE # 14			
AJE - To correct net position accounts for OPEB reimbursement accrued in FY2022 and recieved in August 2022.			
1-603-6030-74-00	OPEB Expense	72,639.62	
1-380-3950-00-00	Prior Period Adjustment		72,639.62
Total		**72,639.62**	**72,639.62**

Mid-Peninsula Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 15			
AJE - To adjust prepaids for San Mateo Health Cross Connection fee for FY22/23 pd 7/5/22 to expense at June 30, 2023.			
1-680-6804-00-00	Env Health-Cross Con Inspection	5,750.00	
1-140-1410-00-00	Prepaid Expenses		5,750.00
Total		**5,750.00**	**5,750.00**
Adjusting Journal Entries JE # 16			
AJE - To remove the April and May credit card accruals which were paid via credit card overpayment on 4/27/23 noted on the April 2023 bank statement.			
1-200-2045-00-00	UMPQUA Credit Cards	8,710.27	
1-200-2045-00-00	UMPQUA Credit Cards	6,808.33	
1-603-6030-71-00	Employee Service Recognition		8.73
1-603-6030-71-00	Employee Service Recognition		72.99
1-603-6030-71-00	Employee Service Recognition		81.12
1-603-6030-71-00	Employee Service Recognition		1,929.45
1-630-6302-00-00	School Conservation Program		6.99
1-630-6302-00-00	School Conservation Program		20.38
1-630-6302-00-00	School Conservation Program		21.51
1-630-6302-00-00	School Conservation Program		17.07
1-630-6303-00-00	Public Outreach & Education		152.38
1-650-6503-00-00	Vehicle & Large Equip		350.00
1-670-6701-00-00	Office Supplies		990.85
1-670-6701-00-00	Office Supplies		64.00
1-670-6701-00-00	Office Supplies		57.50
1-670-6701-00-00	Office Supplies		44.25
1-670-6701-00-00	Office Supplies		18.53
1-670-6701-00-00	Office Supplies		156.95
1-670-6701-00-00	Office Supplies		73.87
1-670-6706-00-00	Computer Supplies & Upgrades		0.99
1-670-6707-00-00	Security & Safety		109.80
1-670-6707-00-00	Security & Safety		22.61
1-680-6801-00-00	Dues & Publications		50.00
1-680-6801-00-00	Dues & Publications		110.00
1-680-6801-00-00	Dues & Publications		0.99
1-720-7201-00-00	Director Travel		579.46
1-720-7201-00-00	Director Travel		725.00
1-720-7201-00-00	Director Travel		1,872.17
1-720-7201-00-00	Director Travel		8.00
1-720-7204-00-00	Employee Travel/Training		257.50
1-720-7204-00-00	Employee Travel/Training		224.81
1-720-7204-00-00	Employee Travel/Training		925.00
1-720-7204-00-00	Employee Travel/Training		269.43
1-720-7204-00-00	Employee Travel/Training		200.00
1-720-7204-00-00	Employee Travel/Training		900.00
1-720-7204-00-00	Employee Travel/Training		200.00
1-720-7204-00-00	Employee Travel/Training		120.00
1-720-7204-00-00	Employee Travel/Training		287.80
1-720-7204-00-00	Employee Travel/Training		287.80
1-720-7204-00-00	Employee Travel/Training		287.80
1-720-7204-00-00	Employee Travel/Training		2,349.97
1-720-7204-00-00	Employee Travel/Training		795.00
1-720-7204-00-00	Employee Travel/Training		395.70
1-720-7204-00-00	Employee Travel/Training		8.05
1-720-7205-00-00	Meeting Expenses		3.00
1-720-7205-00-00	Meeting Expenses		148.52
1-720-7205-00-00	Meeting Expenses		312.63
Total		**15,518.60**	**15,518.60**

Mid-Peninsula Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Adjusting Journal Entries JE # 17
PPA - To adjust pension related outflows and inflows to pension recalculation for 2022.

Account	Description	Debit	Credit
1-180-1890-20-00	Deferred Outflows	1,311,069.00	
1-270-2071-00-00	Deferred Inflows		126,329.00
1-380-3950-00-00	Prior Period Adjustment		1,184,740.00
Total		**1,311,069.00**	**1,311,069.00**

Adjusting Journal Entries JE # 18
AJE - To reverse pension related outflows and inflows for 2022 overlapping 2023 deferrals already recorded.

Account	Description	Debit	Credit
1-270-2071-00-00	Deferred Inflows	126,329.00	
1-603-6030-75-00	Net Pension Expense	1,184,740.00	
1-180-1890-20-00	Deferred Outflows		1,311,069.00
Total		**1,311,069.00**	**1,311,069.00**

Adjusting Journal Entries JE # 19
AJE - To adjust pension related deferred outflows and inflows based on auditor calculation via ER tool & My CalPERS pension contribution reports 2015 - 2023.

Account	Description	Debit	Credit
1-180-1890-20-00	Deferred Outflows	727,125.00	
1-270-2071-00-00	Deferred Inflows	16,301.00	
1-603-6030-75-00	Net Pension Expense		743,426.00
Total		**743,426.00**	**743,426.00**

Adjusting Journal Entries JE # 20
CPE - To record admin office lease right to use asset/liability following the GASB 87 pronouncement adopted in fiscal year 2022.

Account	Description	Debit	Credit
1-150-1550-00-00	RTU Admin Office Lease Asset	281,534.73	
1-240-2030-00-00	Admin Office Lease Liability	139,706.50	
1-240-2030-00-00	Admin Office Lease Liability	57,012.52	
1-740-7405-00-00	Financing Cost Interest	542.60	
1-740-7405-00-00	Financing Cost Interest	2,527.48	
1-900-9011-00-00	Office Lease Amortization	58,653.07	
1-160-1641-00-00	Lease Accumulated Amortization		58,653.07
1-200-2061-00-00	Office Lease Interest Accrual		542.60
1-240-2030-00-00	Admin Office Lease Liability		281,534.73
1-240-2030-05-00	Office Lease liability current		139,706.50
1-670-6710-00-00	PROPERTY LEASE		59,540.00
Total		**539,976.90**	**539,976.90**

Adjusting Journal Entries JE # 21
CPE - To record SBITA RTU lease asset / liability following GASB pronouncement no. 96

Account	Description	Debit	Credit
1-150-1550-10-00	SBITA RTU Lease Asset	14,567.35	
1-240-2030-10-00	SBITA Lease Liability	5,000.00	
1-240-2030-10-00	SBITA Lease Liability	4,712.98	
1-740-7405-00-00	Financing Cost Interest	143.51	
1-900-9011-10-00	SBITA Amortization Expense	2,427.89	
1-160-1641-10-00	SBITA Accumulated Amortization		2,427.89
1-200-2061-10-00	SBITA Interest Accrual		143.51
1-240-2030-10-00	SBITA Lease Liability		14,567.35
1-240-2030-15-00	SBITA Liability - current		4,712.98
1-680-6805-00-00	Software Licenses		5,000.00
Total		**26,851.73**	**26,851.73**

Mid-Peninsula Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 22			
PPA - To correct prior year lease receivables based on EB current year schedule reported beginning balance.			
1-190-1910-00-00	Lease Receivable-L/T	21,651.00	
1-380-3950-00-00	Prior Period Adjustment		21,651.00
Total		**21,651.00**	**21,651.00**
Adjusting Journal Entries JE # 23			
PPA - To remove sick leave liability for all EEs not eligible for retirement at June 30, 2022.			
1-200-2030-20-00	Sick Leave Accrual	44,503.96	
1-380-3950-00-00	Prior Period Adjustment		44,503.96
Total		**44,503.96**	**44,503.96**
Adjusting Journal Entries JE # 24			
AJE - To remove sick leave liability for all EEs not eligible for retirement at June 30, 2023.			
1-200-2030-20-00	Sick Leave Accrual	31,040.07	
1-601-6010-52-00	Sick Leave		31,040.07
Total		**31,040.07**	**31,040.07**
Adjusting Journal Entries JE # 25			
PPA - To correct accounts payable and construction in progress for June 30, 2022 transactions recorded in fiscal year			
1-170-1700-00-00	Construction in Progress	434,740.23	
1-200-2100-20-00	Accounts Payable	434,740.23	
1-170-1700-00-00	Construction in Progress		434,740.23
1-200-2100-20-00	Accounts Payable		434,740.23
Total		**869,480.46**	**869,480.46**
Adjusting Journal Entries JE # 26			
PPA - To record unbilled water for June to accounts receivable / revenue at June 30, 2022.			
1-120-1211-00-00	Unbilled Water Receivable	934,658.47	
1-380-3950-00-00	Prior Period Adjustment		934,658.47
Total		**934,658.47**	**934,658.47**
Adjusting Journal Entries JE # 27			
AJE - To reverse prior year unbilled water for June to accounts receivable / revenue at June 30, 2022.			
1-400-4010-40-00	Water Charges	714,421.91	
1-400-4010-40-00	Water Charges	219,082.12	
1-400-4030-00-00	Fire Service Fees	1,154.44	
1-120-1211-00-00	Unbilled Water Receivable		934,658.47
Total		**934,658.47**	**934,658.47**
Adjusting Journal Entries JE # 28			
AJE - To record current year unbilled water for June to accounts receivable / revenue at June 30, 2023.			
1-120-1211-00-00	Unbilled Water Receivable	1,163,048.31	
1-400-4010-40-00	Water Charges		231,315.10
1-400-4010-40-00	Water Charges		930,495.40
1-400-4030-00-00	Fire Service Fees		1,237.81
Total		**1,163,048.31**	**1,163,048.31**

Mid-Peninsula Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 29			
CPE - To reclassify account groupoing balances based on analysis performed by Eide Bailly.			
1-160-1614-00-00	Accum Depr - Computer Systems	81,737.20	
1-160-1637-00-00	Accum Depr - Meter Program	237,157.02	
1-160-1639-00-00	Accum Depr - Utilityplant Insvs	22,401.54	
1-160-1611-00-00	Accum Depr - Vehicle & Equip		22,401.54
1-160-1631-00-00	Accum Depr - Machinery & Equip		81,736.96
1-160-1639-00-00	Accum Depr - Utilityplant Insvs		237,157.26
Total		**341,295.76**	**341,295.76**
Adjusting Journal Entries JE # 30			
CPE - To adjust cash and trial balance differences sourcing from analysis performed by Eide Bailly for June 30, 2023.			
1-603-6030-66-00	Calpers Retirement - Er 2%@55	139,356.87	
1-670-6701-00-00	Office Supplies	111.75	
1-680-6802-00-00	Gov'T Fees & Licenses	41,640.89	
1-710-7110-00-00	Prof Serv - Miscellaneous	3,000.00	
1-720-7202-00-00	Director Expenses	1,704.86	
1-100-1030-00-00	Cash- Checking		40,430.51
1-200-2050-20-00	Accrued Expenses		41,640.89
1-400-4010-42-00	Returned Water Charges		17,978.88
1-400-4090-00-00	Misc - Non Operating Revenue		70,853.23
1-603-6030-71-00	Employee Service Recognition		2,038.85
1-640-6404-00-00	Mains/Distribution		263.10
1-650-6501-00-00	Buildings & Grounds		913.68
1-650-6502-00-00	Equipment & Tools		624.29
1-670-6707-00-00	Security & Safety		648.20
1-700-7005-00-00	Utilities - Telephones		305.00
1-710-7106-00-00	Prof Serv - Accting & Payroll		5,457.49
1-720-7204-00-00	Employee Travel/Training		4,376.15
1-720-7205-00-00	Meeting Expenses		284.10
Total		**185,814.37**	**185,814.37**
	Total Adjusting Journal Entries	**9,995,231.10**	**9,995,231.10**
Proposed Journal Entries			
Proposed Journal Entries JE # 100			
PAJE - To accrue check102940 dtd 7/19/23 to vendor Springbrook Civic Pay fee for June 2023 excluded from accounts payable noted during the Search for Unrecorded Liabilities.			
1-670-6709-00-00	Customer Credit Card Svs Fees	4,298.85	
1-200-2100-20-00	Accounts Payable		4,298.85
Total		**4,298.85**	**4,298.85**
	Total Proposed Journal Entries	**4,298.85**	**4,298.85**
	Total All Journal Entries	**9,999,529.95**	**9,999,529.95**

Legend:

AJE	Audit Adjusting Journal Entry
CPE	Client Prepared Adjusting Journal Entry
PPA	Prior Period Adjusting Journal Entry
PAJE	Proposed Audit Adjusting Journal Entry, Not Recorded to Books