MID-PENINSULA WATER DISTRICT

BOARD OF DIRECTORS
THURSDAY, APRIL 25, 2024 - 6:30 PM

AGENDA

Public comments may be submitted via email to
Administrative Services Manager, Monique Madrid, at moniquem@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 correspondence that will be provided to the full Board.

This meeting will be conducted in-person, at the District's 1075 Old County Road, Suite A offices. The public may participate in-person or remotely via Zoom.*

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. OPENING

A. Call to Order

B. Establishment of Quorum

C. Pledge of Allegiance

2. PUBLIC COMMENT

Members of the public are invited to participate and may address the Board on the Consent Agenda or any item of interest within the jurisdiction of the Board but not on its agenda today. In compliance with the Brown Act, the Board cannot discuss or act on items not on the agenda. Please complete a speaker's form and give it to the District Secretary, or submit comments by email per the instructions above. Each speaker is limited to three (3) minutes.

3. AGENDA REVIEW: ADDITIONS/DELETIONS AND PULLED CONSENT ITEMS

4. ACKNOWLEDGEMENTS/PRESENTATIONS

A. Acknowledging Michael Anderson for Receiving APWA's Silicon Valley Chapter's Outstanding Service in a Public Agency Award

5. CONSENT AGENDA

All matters on the Consent Agenda are considered routine by the Board of Directors, or included in the approved fiscal year Operating or Capital Budget, and will be acted upon by a single vote by the Board. If Directors wish to discuss a consent item other than simple clarifying questions, a request for removal may be made. Such items are pulled for separate discussion and action after the Consent Agenda is acted upon.

A. Approve Minutes for the Regular Board Meeting on March 28, 2024

B. Approve Expenditures from March 1, 2024 through March 31, 2024

C. Consider Authorization of Task Order MPWD-24-15 with District Engineer, Pakpour Consulting Group, Inc., for Capital Project Support Services for the Old County Road Phase 1 Improvements and Ralston Avenue Improvements Capital Project (#05-1621-CP) in the Amount of $50,000, Plus a 10% Contingency in the Amount of $5,000, for a Total Budget of $55,000

6. HEARING AND APPEALS - None

7. MPWD FY 2016-2021 CAPITAL IMPROVEMENT PROGRAM AND 2016 COP (CERTIFICATES OF PARTICIPATION) FINANCING - None

8. REGULAR BUSINESS AGENDA

A. Receive and Accept the Financial Audit Report for Fiscal Year Ended June 30, 2023, Presented by District Auditor, C.J. Brown & Company CPAs

B. Consider Resolution 2024-05 Approving and Adopting the New Financial Management Policy for the MPWD, Effective April 26, 2024

C. Receive Report from Wulff-Hansen on the U.S. Treasuries Investment to Date

D. Provide Direction Regarding the LAFCo Special District Member Nominations

E. Receive Report on California and San Francisco Regional Water System Conditions

9. MANAGEMENT AND BOARD REPORTS

A. Management Reports

1. General Manager
2. Operations Manager
3. Administrative Services Manager
4. District Engineer

B. Financial Reports

1. Month End March 31, 2024

C. Director Reports

10. COMMUNICATIONS

11. CLOSED SESSION

A. Threat to Public Services or Facilities – Government Code Section 54957(a)

B. Conference with Legal Counsel - Existing Litigation Pursuant to Government Code § 54956.9 Subdivision (b) Conor Killigrew v. Mid-Peninsula Water District and ACWA JPIA Workers' Compensation Appeals Board - State of California Case No. ADJ14515003

C. Conference with Legal Counsel – Anticipated Litigation Pursuant to Government Code §54956.9 Subdivision (b)

12. RECONVENE TO OPEN SESSION

13. ADJOURNMENT

This agenda was posted at the Mid-Peninsula Water District's offices at 1075 Old County Road, Suite A, 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 Administrative Services Manager at (650) 591-8941 or moniquem@midpeninsulawater.org. Requests should be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

**Teleconference location: 1704 Emerson Ave. N, Minneapolis MN 55411.*

NEXT REGULAR BOARD MEETING: THURSDAY, MAY 23, 2024 AT 6:30PM

MEETING MINUTES

BOARD OF DIRECTORS
OF THE MID-PENINSULA WATER DISTRICT

REGULAR MEETING

Thursday, March 28, 2024
Belmont, California

1. OPENING

A. Call to Order

The regular meeting of the Mid-Peninsula Water District Board of Directors was called to order by President Zucca at 6:30PM.

B. Establishment of Quorum

PRESENT: Directors Zucca, Jordan, Schmidt, Wheeler and Vella.
ABSENT: None

A quorum was present.

Also Present: General Manager (GM) Kat Wuelfing, Operations Manager (OM) Rene Ramirez, Administrative Services Manager (ASM) Monique Madrid, District Counsel Catherine Groves, District Engineer Joubin Pakpour and District Treasurer James Ramsey.

Guests: Consultant Scott Salge with Noll & Tam Architects

C. Pledge of Allegiance

GM Wuelfing led the Pledge of Allegiance.

2. PUBLIC COMMENT

President Zucca asked for any public comment.
There were none.

3. AGENDA REVIEW: ADDITIONS/DELETIONS AND PULLED CONSENT ITEMS

President Zucca asked for any additions, deletions or items to be pulled from consent.
There were none.

4. ACKNOWLEDGEMENTS/PRESENTATIONS

There were none.

6. CONSENT AGENDA

A. Approve Minutes for the Regular Board Meeting on February 22, 2024

B. Approve Minutes for the Special Board Meeting on February 28, 2024

C. Approve Expenditures from February 1, 2024, through February 29, 2024

Director Jordan advised that the regular minutes need correction to read that Misty Malczon led the pledge of allegiance.

Director Schmidt moved to approve the consent agenda with the correction to the regular minutes dated February 22, 2024, that Misty Malczon led the Pledge of Allegiance.

Director Vella seconded the motion.

Motion passed unanimously. 5-0. 5-Ayes, 0-Noes, 0-Absent

7. HEARING AND APPEALS

There were none.

8. MPWD FY 2016-2021 CAPITAL IMPROVEMENT PROGRAM AND 2016 COP (CERTIFICATES OF PARTICIPATION) FINANCING

None

9. REGULAR BUSINESS AGENDA

A. Receive Mid-Year Review of FY 2023/2024 Operating and Capital Budgets and Consider Resolution 2024-03 Approving the Amended Budgets

District Treasurer James Ramsey and GM Kat Wuelfing provided a detailed review of the Mid-Year Operating and Capital Budget for FY 2023/2024 Operating. GM Wuelfing asked the board to adopt Resolution 2024-03 Approving the Amended Budgets.

An error was identified in the table on the Resolution.

Director Schmidt moved to adopt Resolution 2024-03 approving the mid-year operating and capital budgets for fiscal year 2023/2024 with the table amended to be consistent with the dollar figures on page 20 of the staff report.

Director Jordan seconded the motion.

Roll Call Vote. Motion passed unanimously. 5-0. 5-Ayes, 0-Noes, 0- Absent.

B. Consider Resolution 2024-04 Authorizing the General Manager to Execute a Contract Amendment for Professional Services With Noll & Tam Architects, for Architectural and Engineering Services for the MPWD Folger Drive Facility Project for a Budget not to Exceed $446,000

GM Kat Wuelfing provided a detailed review of the report and asked the board to adopt Resolution 2024-04.

Board discussion followed.

Director Wheeler moved to adopt Resolution 2024-04 authorizing the General Manager to execute a contract amendment for Professional Services with Noll & Tam Architects, for Architectural and Engineering services for the MPWD Folger Drive facility project for a budget not to exceed $446,000.00.

Director Schmidt seconded the motion.

Roll Call Vote. Motion passed unanimously. 5-0. 5-Ayes, 0-Noes, 0-Absent.

C. Receive Presentation on Dairy Lane Operations Center Alternatives and Proposed Design Schemes

GM Kat Wuelfing provided a detailed review of the Dairy Lane Operations Center Alternatives and Proposed Design Schemes.

There was a lot of discussion regarding the expense and the various options.

The Board gave the General Manager direction on some of the next steps including working further on schemes one and two, and to identify the costs of various components within the two options.

D. Receive BAWSCA Update

Director Vella provided an update on recent and important matters related to BAWSCA.

E. Receive Report on California and San Francisco Regional Water System Conditions

OM Rene Ramirez Presented a Report on California and San Francisco Regional Water System Conditions.

10. MANAGEMENT AND BOARD REPORTS

A. Management Reports

1. General Manager

GM Kat Wuelfing provided a review of her report.

2. Operations Manager

OM Rene Ramirez presented his report.

3. Administrative Services Manager

ASM Monique Madrid presented her report.

4. District Engineer

District Engineer Joubin Pakpour provided his report including an update of the highlighting the Capital Projects.

B. Financial Reports

1. Month End February 29, 2024

District Treasurer James Ramsey provided a review of the February 2024 financial report.

C. Director Reports

Director Jordan reported she attended the recent Women in Power Breakfast, the HIA meeting and the City of Belmont presentation.

Director Wheeler attended the HIA and Finance Committee meetings.

11. COMMUNICATIONS

There were none.

12. CLOSED SESSION

The Board adjourned to closed session at 9:06pm.

A. Real Property Negotiations (Government Code Section 54956.8)

Property: 1075 Old County Road, Suite A
Agency Negotiator: General Manager
Under Negotiation: Price / Terms of Payment

13. RECONVENE TO OPEN SESSION

President Zucca reconvened the open session meeting at 9:19 PM and stated there was no reportable action from the closed session.

14. ADJOURNMENT

President Zucca adjourned the meeting at 9:19 PM.

_____
DISTRICT SECRETARY

APPROVED:

_____
BOARD PRESIDENT

NEXT REGULAR BOARD MEETING: THURSDAY, APRIL 25, 2024 AT 6:30PM

MID-PENINSULA WATER DISTRICT
1075 Old County Road, Suite A, Belmont, CA 94002
Phone: 650.591.8941 Fax: 650.591.4998
MidPeninsulaWater.org

Account Name	Vendor Name	Description	Check Date	Check Number	Amount
Construction in Progress	NOLL & TAM ARCHITECTS	ARCHITECT FOR DAIRY LANE	03/07/2024	39079	3,955.00
Construction in Progress	PAKPOUR CONSULTING GROUP, INC	PCG JOB 10012.28/MPWD JOB 20-07 JAN 2024	03/08/2024	103275	24,323.90
Construction in Progress	PAKPOUR CONSULTING GROUP, INC	PCG JOB - 10012.29/MPWD JOB 21-01	03/08/2024	103275	538.31
Construction in Progress	PAKPOUR CONSULTING GROUP, INC	PCG JOB 10012.22/MPWD JOB 05-1621-CP JAN 2024	03/08/2024	103275	5,453.44
Acwa Health Care	ACWA JPIA	EAP - APRIL 2024	03/08/2024	103264	49.60
Acwa Health Care	ACWA JPIA	MEDICAL - APRIL 2024	03/08/2024	103264	27,743.47
Awca Dental	ACWA JPIA	DENTAL - APRIL 2024	03/08/2024	103264	2,173.44
Acwa Vision	ACWA JPIA	VISION - APRIL 2024	03/08/2024	103264	426.40
Acwa Life/Ad&D	ACWA JPIA	LIFE - APRIL 2024	03/08/2024	103264	601.68
Standard Ldl/Sdl Disability	STANDARD INSURANCE COMPANY	FEB 2024 PREMIUM	03/08/2024	39069	1,514.41
Retirees' Acwa Health Care	ACWA JPIA	RETIREES - APRIL 2024	03/08/2024	103264	11,851.34
Directors' Acwa Health Care	ACWA JPIA	DIRECTORS - APRIL 2024	03/08/2024	103264	7,735.57
Medical Reimbursement	UMPQUA BANK	GAME PRIZES - MIKE'S ANNIVERSARY LUNCH	03/26/2024	103297	90.00
Medical Reimbursement	UMPQUA BANK	FRAMES (3) FOR RECOGNITION CERTIFICATES	03/26/2024	103297	90.41
Employee Service Recognition	MISTY MALCZON	DESSERT & GIFT CARDS FOR MISTY'S 20 YR LUNCH	03/26/2024	39089	130.46
Employee Service Recognition	UMPQUA BANK	MICHAEL'S 25TH ANNIVERSARY LUNCH	03/26/2024	103297	21.35
Employee Service Recognition	UMPQUA BANK	MICHAEL'S 25TH ANNIVERSARY LUNCH	03/26/2024	103297	35.95
Employee Service Recognition	UMPQUA BANK	MICHAEL'S 25TH ANNIVERSARY LUNCH	03/26/2024	103297	106.00
Employee Service Recognition	UMPQUA BANK	MICHAEL'S 25TH ANNIVERSARY LUNCH	03/26/2024	103297	1,692.30
Uniforms	RED WING SHOE STORE, INC.	BOOTS - A. MALDONADO	03/08/2024	103254	400.00
Uniforms	UNIFIRST	UNIFORMS THROUGH WEEK OF 2-13-24	03/08/2024	39072	194.38
Uniforms	UNIFIRST	UNIFORMS THROUGH WEEK OF 2-20-24	03/08/2024	39072	163.99
Uniforms	UNIFIRST	UNIFORMS THRU 02-27 DISCOUNT FOR CM 6410000064 10-02-23	03/07/2024	39083	30.48
Uniforms	UNIFIRST	UNIFORMS THRU 03-05-2024	03/07/2024	39083	148.60
Sfpuc Treated Water	SAN FRANCISCO WATER DEPT	WATER CONSUMPTION - FEB 2024	03/08/2024	103255	358,374.28
Bawsca (Debt Service Surcharge)	SAN FRANCISCO WATER DEPT	BAWSCA BOND SURCHARGE - FEB 2024	03/08/2024	103255	31,893.00
Sfpuc Water Service Charge	SAN FRANCISCO WATER DEPT	WATER SERVICE CHARGE - FEB 2024	03/08/2024	103255	6,522.00
Water Conservation Program	BAY AREA WATER SUPPLY & CONSERVATION AGEN	JULY - SEPT 2023 DROPLET TECH LICENSE FEE	03/07/2024	39076	225.00
Water Conservation Program	BAY AREA WATER SUPPLY & CONSERVATION AGEN	WATER LOSS CENTRAL PROGRAM - NOV 2023	03/07/2024	39076	2,694.00
Water Conservation Program	BAY AREA WATER SUPPLY & CONSERVATION AGEN	OCT - DEC 2023 REBATE SOFTWARE PLATFORM	03/07/2024	39076	225.00
Water Conservation Program	FASTSIGNS SAN MATEO	BANNER FOR PHOTO BACKGROUND	03/08/2024	39066	461.19
Water Conservation Program	GLOBAL SUN LANDSCAPE	3 WELO INSPECTIONS	03/07/2024	39077	261.00
Water Conservation Program	UMPQUA BANK	CALENDAR CONTEST GIFT CARDS	03/26/2024	103297	100.00
Water Conservation Program	UMPQUA BANK	CALENDAR CONTEST GIFT CARDS	03/26/2024	103297	100.00
School Conservation Program	BAY AREA WATER SUPPLY & CONSERVATION AGEN	SCHOOL ASSEMBLY PROGRAM - CIPRIANI ELEMENTARY	03/07/2024	39076	1,195.00
School Conservation Program	BAY AREA WATER SUPPLY & CONSERVATION AGEN	CONSERVATION KITS - CIPRIANI ELEMENTARY	03/26/2024	39087	2,849.39
School Conservation Program	UMPQUA BANK	SNACKS FOR CALENDAR CONTEST PARTICIPANTS	03/26/2024	103297	37.45
Smart Irrigation Rebates	BAY AREA WATER SUPPLY & CONSERVATION AGEN	SMART CONTROLLER REBATE - SEPT 2023	03/26/2024	39087	246.62
Smart Irrigation Rebates	BAY AREA WATER SUPPLY & CONSERVATION AGEN	SMART CONTROLLER REBATE - JULY 2023	03/26/2024	39087	82.21
Lawn-Be-Gone Rebates	M REID	LAWN BE GONE REBATE - MICHELLE REID - 1612 NOTRE DAME AVE	03/07/2024	39081	1,624.00
Storage Tanks	CSI SERVICES, AN RMA COMPANY	TANK INSPCTN & RPT - BUCKLAND, HALLMARK, W. BELMONT, EXBOURNE	03/08/2024	39061	7,400.00
Mains/Distribution	GRAINGER	MARKER FOR MAINS	03/08/2024	103268	850.85
Meters & Service	HOME DEPOT	TOOLS FOR LEAD METER ASSESSMENT	03/08/2024	103251	133.54
Meters & Service	UNDERGROUND REPUBLIC WATER WORKS	METER BOXES	03/08/2024	103257	1,325.15
Employee Safety	GOTSAFETY	SAFETY TRAINING ACCESS	03/08/2024	39067	105.00
Employee Safety	GOTSAFETY	QUARTERLY REPORT INSPECTION - APR - JUNE 2024	03/07/2024	39078	690.00
Scada Maintenance	HOME DEPOT	FIX ANTENNA AT DEKOVEN	03/26/2024	103292	98.56
Scada Maintenance	TELSTAR INSTRUMENTS	TUNNELS PUMP - XIO - TROUBLESHOOT	03/08/2024	103280	1,745.00
Scada Maintenance	TELSTAR INSTRUMENTS	SCADA MAINTENANCE	03/08/2024	103280	6,050.46
Scada Maintenance	XIO, INC.	SCADA MAINTENANCE	03/08/2024	103281	666.00
Buildings & Grounds	AIRGAS, LLC	CYLINDER RENTALS	03/08/2024	103247	233.39

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Account Name	Vendor Name	Description	Check Date	Check Number	Amount
Buildings & Grounds	AIRGAS, LLC	CYLINDER RENTALS - FEB 2024	03/26/2024	103287	212.33
Buildings & Grounds	BAY POINTE LANDSCAPE	GROUNDS MAINTENANCE - OCT 2023	03/26/2024	103288	1,425.00
Buildings & Grounds	BAY POINTE LANDSCAPE	GROUNDS MAINTENANCE - NOV 2023	03/26/2024	103288	1,425.00
Buildings & Grounds	BAY POINTE LANDSCAPE	GROUNDS MAINTENANCE - DEC 2023	03/26/2024	103288	1,425.00
Buildings & Grounds	BAY POINTE LANDSCAPE	GROUNDS MAINTENANCE - JAN 2024	03/26/2024	103288	1,425.00
Buildings & Grounds	BAY POINTE LANDSCAPE	GROUNDS MAINTENANCE - FEB 2024	03/26/2024	103288	1,425.00
Buildings & Grounds	DAVEY TREE EXPERT COMPANY INC	BOARD APPROVED TREE REMOVAL - HERSOM	03/08/2024	39063	12,000.00
Buildings & Grounds	HASSETT HARDWARE	RETURNED BATTERIES - RECEIPT 654555	03/08/2024	103250	16.68
Buildings & Grounds	HASSETT HARDWARE	BATTERIES	03/08/2024	103250	29.18
Buildings & Grounds	HASSETT HARDWARE	BATTERIES	03/08/2024	103271	12.50
Buildings & Grounds	HOME DEPOT	BATTERIES FOR VARIOUS SHOP TOOLS	03/26/2024	103292	136.82
Buildings & Grounds	HOME DEPOT	CARPET GLUE, TROWEL, TAPE	03/26/2024	103292	80.54
Buildings & Grounds	HOME DEPOT	CARPET GLUE	03/26/2024	103292	63.44
Buildings & Grounds	HOME DEPOT	CARPET, CARPET TAPE, GLUE, TROWEL, CARPET KNIFE	03/26/2024	103292	470.14
Buildings & Grounds	RECOLOGY SAN MATEO COUNTY	TRASH COLLECTION - DAIRY LANE - FEB 2024	03/26/2024	39090	887.62
Buildings & Grounds	UMPQUA BANK	TRASH FROM FOLDER SITE (DAIRY LANE)	03/26/2024	103297	437.40
Equipment & Tools	HOME DEPOT	SHOVELS & CLEANING SUPPLIES	03/08/2024	103251	231.15
Vehicle & Large Equip	ADVANCE AUTO PARTS	TRUCK CLEANING SUPPLIES	03/08/2024	103246	103.75
Vehicle & Large Equip	ADVANCE AUTO PARTS	LUG NUTS	03/08/2024	103246	137.57
Vehicle & Large Equip	ADVANCE AUTO PARTS	FILTER	03/08/2024	103246	32.80
Vehicle & Large Equip	ADVANCE AUTO PARTS	COOLANT, DEGREASER, FUEL ADDITIVE STARTING	03/08/2024	103246	72.32
Vehicle & Large Equip	EAST BAY TIRE CO.	TIRES (800)	03/08/2024	39064	743.07
Fuel	VALLEY OIL COMPANY	FUEL	03/08/2024	39073	1,906.47
Fuel	VALLEY OIL COMPANY	FUEL - $3156.31 & LATE FINANCE CHGS - $71.21	03/26/2024	39092	3,227.52
Office Supplies	OFFICE DEPOT, INC.	PENS & BINDER CLIPS	03/08/2024	103252	43.80
Office Supplies	OFFICE DEPOT, INC.	RECEIPT BOOKS	03/08/2024	103252	142.83
Office Supplies	OFFICE DEPOT, INC.	BATTERIES	03/08/2024	103274	8.23
Office Supplies	OFFICE DEPOT, INC.	PAPER	03/08/2024	103274	65.19
Office Supplies	OFFICE DEPOT, INC.	OFFICE SUPPLIES & LANYARDS	03/26/2024	103293	79.90
Office Supplies	OFFICE DEPOT, INC.	PENCILS & BADGE CARDREEL	03/26/2024	103293	38.82
Office Supplies	UMPQUA BANK	OFFICE SUPPLIES	03/26/2024	103297	27.34
Office Supplies	UMPQUA BANK	OFFICE SUPPLIES	03/26/2024	103297	14.27
Office Supplies	UMPQUA BANK	PAPER TOWELS FOR OCR OFFICE	03/26/2024	103297	21.27
Printing/Printing Supplies	RAY MORGAN COMPANY	TONER FOR CANON	03/08/2024	103277	769.28
Equipment Services/Maintenance	KBA DOCUMENT SOLUTIONS, LLC	KYOCERA MAINTENANCE AGREEMENT	03/08/2024	103272	16.00
Computer Supplies & Upgrades	STEPFORD BUSINESS, INC.	RECEPTION COMPUTER	03/08/2024	39070	1,706.30
Website Hosting Services	LIFTOFF DIGITAL	WEB HOSTING MARCH 2024	03/08/2024	103273	127.50
Security & Safety	SONITROL / PACIFIC WEST SECURITY, INC.	ACCESS DEVICES FOR NEW HIRES	03/08/2024	103278	43.75
Customer Credit Card Svs Fees	SPRINGBROOK HOLDING COMPANY LLC	FEB 2024 CIVIC PAY & MUNICIPAL PAYMENTS	03/08/2024	103279	4,470.20
PROPERTY LEASE	SWEDCOM CORPORATION	1075 OCR - MARCH 2024 RENT	03/08/2024	103256	12,238.00
PROPERTY LEASE	SWEDCOM CORPORATION	OCR RENT - APRIL 2024	03/26/2024	103296	12,238.00
Dues & Publications	UMPQUA BANK	ZOOM SUBSCRIPTION	03/26/2024	103297	110.00
Dues & Publications	UMPQUA BANK	ICLOUD STORAGE	03/26/2024	103297	0.99
Bawsca Membership Assessments	BAY AREA WATER SUPPLY & CONSERVATION AGEN	FY 2023-2024 3RD QTR ASSESSMENT	03/07/2024	39076	24,782.50
Software Licenses	STEPFORD BUSINESS, INC.	FIREWALL RENEWAL	03/07/2024	39082	483.00
Utilities - Internet/Cable	ACC BUSINESS	INTERNET - 1075 OCR	03/26/2024	39085	187.83
Utilities - Internet/Cable	AT&T	DAIRY LANE ANALOG LINE	03/26/2024	39086	29.35
Utilities - Internet/Cable	AT&T	DAIRY LANE ANALOG LINE	03/26/2024	39086	76.00
Utilities - Internet/Cable	AT&T	DAIRY LANE ANALOG LINE	03/26/2024	39086	58.24
Utilities - Internet/Cable	COMCAST	AMI INTERNET ACCESS	03/08/2024	103265	986.69
Utilities - Cell Telephone	VERIZON WIRELESS	CELL PHONES & DEVICES	03/08/2024	39074	1,104.89

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Account Name	Vendor Name	Description	Check Date	Check Number	Amount
Utilities - Electric - Pumping	PG&E	TUNNELS PUMP STATION	03/08/2024	103253	23,584.89
Utilities - Electric - Pumping	PG&E	HALLMARK PUMP STATION	03/26/2024	103294	488.76
Utilities - Electric - Pumping	PG&E	BUCKLAND PUMP STATION	03/26/2024	103294	550.23
Utilities - Electric - Pumping	PG&E	DEKOVEN PUMP STATION	03/26/2024	103294	522.36
Utilities - Electric - Pumping	PG&E	WEST BELMONT PUMP STATION	03/26/2024	103294	550.05
Utilities - Electric - Pumping	PG&E	HANNIBAL PUMP STATION	03/26/2024	103294	547.04
Utilities - Electric-Bldgs&Grnd	PG&E	DAIRY LANE & VARIOUS TANK/PUMP/REGULATOR SITES	03/08/2024	103276	4,753.57
Utilities - Electric-Bldgs&Grnd	PG&E	DAIRY LANE GAS	03/08/2024	103276	8.65
Utilities - Electric-Bldgs&Grnd	PG&E	FOLGER	03/26/2024	103294	62.88
Utilities - Electric-Bldgs&Grnd	PG&E	1075 OCR	03/26/2024	103294	1,076.32
Utilities - Telephones	AT&T	DAIRY LANE ANALOG LINE	03/08/2024	39062	29.50
Utilities - Telephones	AT&T	SCADA ANALOG LINE	03/08/2024	39062	804.91
Utilities - Telephones	AT&T	DAIRY LANE ANALOG LINE	03/08/2024	39062	29.35
Utilities - Telephones	AT&T	DAIRY LANE ANALOG	03/07/2024	39075	29.35
Utilities - Telephones	AT&T	DAIRY LANE ANALOG	03/07/2024	39075	58.72
Utilities - Telephones	COMCAST BUSINESS	DAIRY LANE - FIBER & ETHERNET	03/08/2024	103249	1,094.02
Utilities - Telephones	COMCAST BUSINESS	VOICE EDGE SERVICES	03/08/2024	103249	852.70
Utilities - Telephones	T-MOBILE	AMI REPEATER CELLULAR	03/08/2024	39071	31.40
Prof Serv - District Counsel	HANSON, BRIDGETT	DISTRICT COUNSEL SVCS JAN 2024- LABOR - GENERAL 016955.000124	03/08/2024	103270	1,093.50
Prof Serv - District Counsel	HANSON, BRIDGETT	DISTRICT COUNSEL SVCS JAN 2024 - CONTRACTS 016955.000121	03/08/2024	103270	1,362.00
Prof Serv - District Counsel	HANSON, BRIDGETT	DISTRICT COUNSEL SVCS JAN 2024 - ADMINISTRATION 016955.000126	03/08/2024	103270	7,099.50
Prof Serv - District Counsel	HANSON, BRIDGETT	DISTRICT COUNSEL SVCS JAN 2024 - EMPLOYEE BENEFITS 013955.001241	03/08/2024	103270	2,331.00
Prof Serv - District Counsel	HANSON, BRIDGETT	DISTRICT COUNSEL SVCS JAN 2024 - MONTHLY RETAINER 016955.000129	03/08/2024	103270	1,300.00
Prof Serv - It	STEPFORD BUSINESS, INC.	IT SERVICES - APRIL 2024	03/07/2024	39082	2,768.00
Prof Serv - It	STEPFORD BUSINESS, INC.	IT SUPPORT SERVICES - FEB 2024	03/26/2024	39091	3,675.00
Prof Serv - Annual Financeaudit	C.J. BROWN & COMPANY	AUDITOR - STATE CONTROLLER'S REPORT - YEAR ENDED 06-30-2023	03/08/2024	103248	780.00
Prof Serv - Mngmt Consult	PAKPOUR CONSULTING GROUP, INC	TO 24-09 MISC - OPS RECRUITMENT FEB 2024	03/08/2024	103275	3,281.25
Prof Serv - Mngmt Consult	PAKPOUR CONSULTING GROUP, INC	TO 24-07 FINANCIAL MGMT POLICY FEB 2024	03/08/2024	103275	1,312.50
Prof Serv - Mngmt Consult	PAKPOUR CONSULTING GROUP, INC	TO 24-09 MISC - WEBSITE/PR/PUBLIC OUTREACH FEB 2024	03/08/2024	103275	984.38
Prof Serv - Mngmt Consult	PAKPOUR CONSULTING GROUP, INC	TO 24-09 MISC - PERSONNEL FEB 2024	03/08/2024	103275	328.12
Prof Serv - Mngmt Consult	PAKPOUR CONSULTING GROUP, INC	TO 24-08 RECORDS RETENTION POLICY FEB 2024	03/08/2024	103275	787.50
Prof Serv - Accting & Payroll	UMPQUA BANK	1099 SUBMISSION	03/26/2024	103297	41.59
Prof Serv - Customer Billing	DOCUMENT FULFILLMENT SERVICES	POSTAGE - FEB 2024 WATER BILLS	03/08/2024	103267	2,861.48
Prof Serv - Customer Billing	DOCUMENT FULFILLMENT SERVICES	POSTAGE - MARCH 2024	03/26/2024	103289	176.68
Prof Serv - Customer Billing	RAY MORGAN COMPANY	FEB 2024 WATER BILLS	03/08/2024	103277	1,990.65
Prof Serv - Customer Billing	RAY MORGAN COMPANY	REMINDER NOTICES - MARCH 2024	03/26/2024	103295	279.78
Prof Serv - Recruiting	OCCUPATIONAL HEALTH CENTERS OF CALIFORNIA	RECRUITMENT	03/08/2024	39068	206.00
Prof Serv - Recruiting	OCCUPATIONAL HEALTH CENTERS OF CALIFORNIA	RECRUITING PREPLACE PHYSICAL	03/07/2024	39080	206.00
Prof Serv - Recruiting	UMPQUA BANK	CANDIDATE BACKGROUND CHECK	03/26/2024	103297	225.50
Prof Serv - Recruiting	UMPQUA BANK	RECRUIMENT LUNCH/INTERVIEW WSO CANDIDATE	03/26/2024	103297	64.95
Prof Serv - Miscellaneous	JOHN T. DAVIDSON OR DBA JRocket77 DESIGN & MKTG	DESIGN/MARKETING/WEB SERVICES - JAN 2024	03/08/2024	103266	6,245.02
Prof Serv - Miscellaneous	ENVIRONMENTAL DATA RESOURCES, LLC	HISTORICAL INFO ON FOLGER DRIVE PROPERTY	03/26/2024	103291	350.00
Prof Serv - Miscellaneous	RONNIE GUINTO	PHOTOGRAPHY - HEADSHOTS	03/08/2024	103269	400.00
Prof Serv - District Treasurer	EIDE BAILLY LLP	TREASURER SERVICES - JAN & FEB 2024	03/26/2024	103290	29,142.50
Employee Travel/Training	FASTRAK	TOLL - SAN MATEO-HAYWARD BRIDGE	03/08/2024	39065	12.00
Employee Travel/Training	KAT WUELFING	CSMFO CONFERENCE - ANAHEIM - FEB 2024	03/07/2024	39084	350.35
Employee Travel/Training	LEADERSHIP DEVELOPMENT NETWORK LLC	NEW HIRE ASSESSMENTS	03/26/2024	39088	182.25
Employee Travel/Training	UMPQUA BANK	TRAVEL TO CSMFO CONFERENCE - WUELFING	03/26/2024	103297	237.24
Employee Travel/Training	UMPQUA BANK	HOTEL AT CSMFO CONFERENCE - WUELFING	03/26/2024	103297	981.24
Employee Travel/Training	UMPQUA BANK	CSDA G.M. SUMMIT REGISTRATION	03/26/2024	103297	775.00
Employee Travel/Training	UMPQUA BANK	ACWA CONFERENCE - WUELFING	03/26/2024	103297	840.00

Account Name	Vendor Name	Description	Check Date	Check Number	Amount
Employee Travel/Training	UMPQUA BANK	SPRINGBROOK TRAINING REGISTRATION - KELLI PLATH	03/26/2024	103297	895.00
Meeting Expenses	UMPQUA BANK	DINNER FOR BOD MEETING 2-22-2024	03/26/2024	103297	231.28
Meeting Expenses	UMPQUA BANK	LUNCH FOR INTERVIEW MEETING	03/26/2024	103297	36.26
Meeting Expenses	UMPQUA BANK	DINNER FOR SPECIAL BOARD MEETING	03/26/2024	103297	297.95
BNY Mellon Sweep Acct	BNY Mellon Sweep [redacted]	WIRE TRANSFER	03/05/2024	103263	100,000.00
Payroll Clearing A/C	adp	ER DD	03/07/2024	103261	53,999.66
Payroll Clearing A/C	adp	ER TAXES	03/07/2024	103261	23,651.60
Payroll Clearing A/C	adp	ER DD	03/25/2024	103285	59,587.94
Payroll Clearing A/C	adp	ER TAXES	03/25/2024	103285	27,565.79
Payroll Clearing A/C	Health Equity	HSA	03/07/2024	103258	1,681.99
Payroll Clearing A/C	Health Equity	HSA FEES	03/07/2024	103258	67.85
Payroll Clearing A/C	Health Equity	HSA	03/25/2024	103282	1,581.99
Payroll Clearing A/C	Health Equity	HSA MONTHLY FEES	03/25/2024	103282	61.95
Payroll Clearing A/C	ICMA contributions	457B	03/07/2024	103259	4,649.00
Payroll Clearing A/C	ICMA contributions	457B	03/25/2024	103283	4,699.00
Calpers Retirement - Er 2%@55	CALPERS	CALPERS T2	03/07/2024	103260	7,209.59
Calpers Retirement - Er 2%@55	CALPERS	CALPERS T1	03/07/2024	103260	6,621.62
Calpers Retirement - Er 2%@55	CALPERS	CALPERS T1	03/25/2024	103284	2,885.60
Calpers Retirement - Er 2%@55	CALPERS	CALPERS T2	03/25/2024	103284	3,685.76
Prof Serv - Accting & Payroll	ADP Payroll Fees	JAN 2024 ADP TIME & ATTENDANCE	03/25/2024	103286	156.60
Prof Serv - Accting & Payroll	ADP Payroll Fees	JAN 2024 ADP COMPREHENSIVE SVCS	03/25/2024	103286	1,915.95
Prof Serv - Accting & Payroll	ADP Payroll Fees	W-2 PROCESSING CHARGES	03/25/2024	103286	215.45

MID-PENINSULA
WATER DISTRICT

AGENDA ITEM NO. 5.C.

DATE: April 25, 2024

TO: Board of Directors

FROM: Kat Wuelfing, General Manager
Rene A. Ramirez, Operations Manager

SUBJECT: CONSIDER AUTHORIZATION OF TASK ORDER MPWD 24-15 WITH DISTRICT ENGINEER, PAKPOUR CONSULTING GROUP, INC., FOR CAPITAL PROJECT SUPPORT SERVICES FOR THE OLD COUNTY ROAD PHASE 1 IMPROVEMENTS AND RALSTON AVENUE IMPROVEMENTS CAPITAL PROJECT (#05-1621-CP) IN THE AMOUNT OF $50,000, PLUS A 10% CONTINGENCY IN THE AMOUNT OF $5,000, FOR A TOTAL BUDGET OF $55,000.

RECOMMENDATION

Recommend authorizing the General Manager's signature on MPWD Task Order 24-15, which increases the budget for support services from the District Engineer's office on phase 1 of the Old County Road capital project by a total of $55,000 ($50,000 plus a 10% contingency of $5,000).

FISCAL IMPACT AND DISCUSSION

If approved, the $55,000 budget augmentation will adjust the District Engineer's budget to $325,600. The District Engineer has been a part of the Old County Road capital project since day one in 2017. Over the time the District Engineer's office has been involved with the solicitation and selection of the design engineer and construction management consultant. In addition, they have been a key member of the team during the conceptual and preliminary design phases, coordination during plans and specifications development, project advertisement and award, and now during construction in a supporting role.

Funding for the budget augmentation will come from District capital reserves.

BOARD ACTION: APPROVED:_____ DENIED:_____ POSTPONED:_____ STAFF DIRECTION:_____

UNANIMOUS_____ ZUCCA_____ JORDAN_____ SCHMIDT_____ WHEELER_____ VELLA_____

Mid-Peninsula Water District
Task Order Form

Title: Old County Road Water Main Replacement (05-1621-CP)		Page 1 of 1

1. Consultant: Pakpour Consulting Group, Inc.	**2. Reference Contract No. & Date:** Amended & Restated Contract for Professional Services dated July 1, 2021
3. Task Order No.: 24-15	**4. Task Order Type:** District Engineer Capital Project Support

5. Period Of Performance:
Services through duration of project

6. T. O. Cost history	COST	FEE	TOTAL
This Action Amount		$ 50,000.00	$ 50,000.00
Previously Approved Amount		$ 275,600.00	$ 275,600.00
New Total	$ -	$ 325,600.00	$ 325,600.00

Except as otherwise expressly provided herein, the Contractor/Consultant shall perform the work described below in accordance with all terms and conditions of the Contract referenced above.

7. Summary of Work to be Performed Under Task Order:

Available on an as needed basis during the construction phase for meetings and correspondence with the construction management and design team. Task order total encompasses all work related to this project from its inception in 2017. Including conceptual design, preliminary design, solicitation of designer, coordination with designer during design phase, advertisement of project and, currently, construction support.

8. T. O. Documentation Requirements: Update to District expense tracking sheet for capital projects	**9. Schedule/Deliverables:** Vary per construction schedule

10. Payment Provisions:
District will remit payment upon receipt of monthly invoice from District Engineer for capital project support and approval for payment.

11. Contractor/Consultant Project Manager: Joubin Pakpour, PE	**Phone Number:** (925) 224-7717

AUTHORIZED SIGNATURES

12. Mid-Peninsula Water District	**13. Contractor/Consultant**
Signature:	Signature:
Print Name: Kat Wuelfing	Print Name: Joubin Pakpour
Title: General Manager	Title: President
Date:	Date:

MID-PENINSULA WATER DISTRICT

AGENDA ITEM NO. 8.A.

DATE: April 25, 2024

TO: Board of Directors

FROM: Kat Wuelfing, General Manager
James Ramsey, District Treasurer

SUBJECT: RECEIVE AND ACCEPT THE FINANCIAL AUDIT REPORT FOR FISCAL YEAR ENDED JUNE 30, 2023, PRESENTED BY DISTRICT AUDITOR, C.J. BROWN & COMPANY CPAS

RECOMMENDATION

Receive and accept the financial audit report for the fiscal year ended June 30, 2023, presented by Jonathan Abadesco from the office of District Auditor, C.J. Brown & Company CPAs (C.J. Brown).

FISCAL IMPACT

The cost of this year's audit is $23,705, plus the cost of time to support the audit by the District Treasurer.

DISCUSSION

Attached are the financial audit reports for Fiscal Year Ended June 30, 2023 and related documents, which will be presented by Jonathan Abadesco from the firm. These are marked draft and will be finalized by C.J. Brown following acceptance by the Board. This is the first year that C.J. Brown has performed an audit of the District.

An audit exit conference was facilitated by Chris Brown on April 18, 2024, with the Board's Finance Committee, District Treasurer, and District Management.

Attachments: MPWD Annual Financial Report for the Fiscal Year Ended June 30, 2023, Draft
MPWD Management Report, June 30, 2023, Draft

BOARD ACTION: APPROVED:_____ DENIED:_____ POSTPONED:_____ STAFF DIRECTION:_____
UNANIMOUS____ ZUCCA_____ JORDAN_____ SCHMIDT_____ WHEELER_____ VELLA____

Mid-Peninsula Water District

Annual Financial Report

For the Fiscal Year Ended June 30, 2023

Working Draft Subject to Review

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.

Working Draft Subject to Review

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

Working Draft Subject to Review

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

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Financial Section

Working Draft Subject to Review

Working Draft Subject to Review

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.

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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.

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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.

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

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.

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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

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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

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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.

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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.

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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.

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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.

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Basic Financial Statements

Working Draft Subject to Review

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

Working Draft Subject to Review

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

Working Draft Subject to Review

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

Working Draft Subject to Review

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

Working Draft Subject to Review

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

Working Draft Subject to Review

(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.

Working Draft Subject to Review

(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.

Working Draft Subject to Review

(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.

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(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.

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(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

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(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.

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(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.

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(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

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(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

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(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

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(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.

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(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.

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(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			

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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.

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(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.

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(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			

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(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.

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(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.

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(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		

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(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.

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(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.

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(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)

Working Draft Subject to Review

(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.

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(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

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(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%

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(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.

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(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

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(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.

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(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.

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(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

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(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.

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(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

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(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.

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(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.

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(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.

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(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.

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Required Supplementary Information

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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.

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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.

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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

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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*.

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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

Working Draft Subject to Review

Mid-Peninsula Water District

Management Report

June 30, 2023

Working Draft Subject to Review

Mid-Peninsula Water District

Management Report

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Working Draft Subject to Review

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.

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Current Year Comment and Recommendation

Disclosure of Audit Adjustments and Reclassifications

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

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APPENDIX

Mid-Peninsula Water District

Audit/Finance Committee Letter

June 30, 2023

Working Draft Subject to Review

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.

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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.

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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.

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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.

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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

Working Draft Subject to Review

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

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
PPA - To record LAIF FMV adjustment for fiscal year 2022.			
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.			
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.			
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.			
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.			
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.			
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.			
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**

Working Draft Subject to Review

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**

Working Draft Subject to Review

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**

Working Draft Subject to Review

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

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

Working Draft Subject to Review

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**

Working Draft Subject to Review

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

Working Draft Subject to Review

MID-PENINSULA
WATER DISTRICT

Board of Directors Meeting
Presentation of 2023 Audit Results
April 25, 2024

C.J. Brown and Company, CPAs – An Accountancy Corporation

Professional Guidance

- The Audit Process is Governed by:
  - The AICPA's Statements of Auditing Standards
  - Federal and State Requirements
- GAAP (Generally Accepted Accounting Principles) is Established By The Governmental Accounting Standards Board (GASB)

The Audit Process

- Interim Fieldwork – Assess the District's Internal Controls and Effectiveness
  - Gain and Understanding of the District's Control Framework
  - Test of Controls Testing – Accounting Cycles
- Final Fieldwork
  - Agree Balance to Supporting Documentation
  - Perform Analysis of Key Account Relationships
- Consideration of Fraud per AU-C Section 240, "Consideration of Fraud in a Financial Statement Audit"
  - Professional Skepticism
  - Interview of Board and Management

Auditor's Report – Page 1

Independent Auditor's Report

- **Unmodified "CLEAN" Opinion**
  - 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….

Management Report

- Our communication with those charged with governance
  - Qualitative Aspects of Accounting Practices
    - Significant estimates
    - Note disclosures
  - No Difficulties Encountered in Performing the Audit
  - No Disagreements with Management
  - Did Not Consult with Other Independent Accountants

Management Report

- Our communication of control deficiencies:
  - No material weaknesses or significant deficiencies.

Statements of Net Position – Page 5

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

Total Revenues – Page 7

	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)

Total Expenses – Page 8

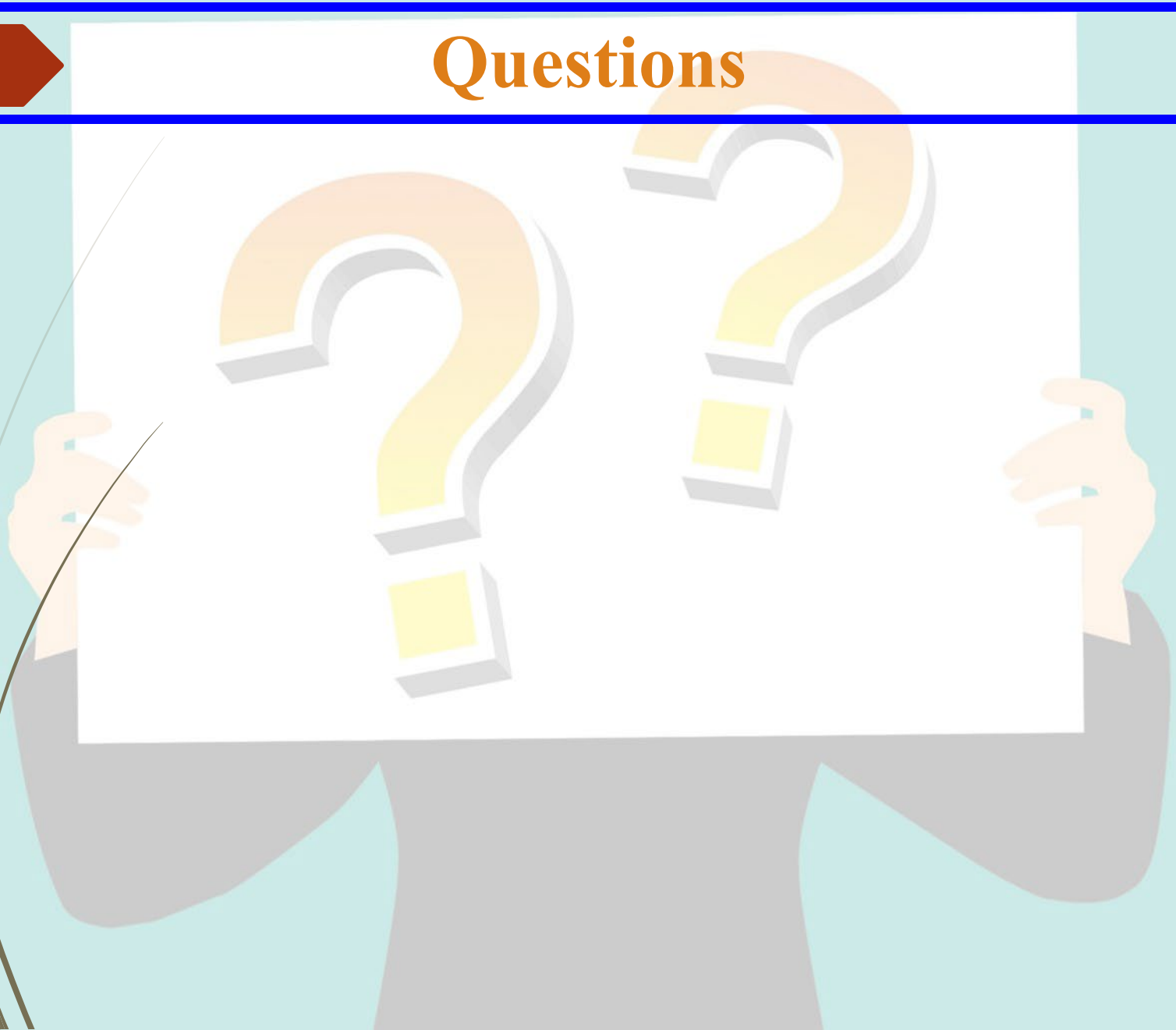
		2023	As Restated 2022	Change
Operating expenses including depreciation expense:				
Salaries and benefits	$	5,587,769	573,160	5,014,609
Purchased water		5,751,769	5,435,495	316,274
Maintenance and rehabilitation		735,753	735,845	(92)
Utilities		430,917	371,870	59,047
Professional services		742,212	1,061,545	(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

SUMMARY

In 2023:

1. **The District received an unmodified "CLEAN" opinion**
2. **Total revenues decreased by $809K primarily due to a decrease in:**
    a) **Water consumption sales as compared to the prior year.**
3. **Total expenses increased by $5.4M primarily due to increases in:**
    a) **Salaries and benefits, which includes an increase in non-cash CalPERS actuarial pension adjustment of $4.3M compared to the prior year;**
    b) **Purchased water of $316K as compared to the prior year; and**
    c) **Capital asset disposal of $206K.**
4. **Total net position increased by $78K.**

Questions



MID-PENINSULA WATER DISTRICT

AGENDA ITEM NO. 8B

DATE: April 25, 2024

TO: Board of Directors

FROM: Monique Madrid, Administrative Services Manager
Tammy Rudock, Principal / Pakpour Consulting Group, Inc.

SUBJECT: CONSIDER RESOLUTION 2024-05 APPROVING AND ADOPTING THE NEW FINANCIAL MANAGEMENT POLICY FOR THE MPWD, EFFECTIVE APRIL 26, 2024

RECOMMENDATION
Approve Resolution 2024-05.

FISCAL IMPACT
Besides staff time input and coordination with consultants, after the Financial Management Policy (FMP) is approved and published into a manual, there will be on-site staff training. The following are estimated external business partner total costs to project completion and deliverables:

- Pakpour Consulting Group, Inc. $23,000
- Wulff Hansen & Co. $ 2,500
- Hanson Bridgett LLP $ 2,500
- JRocket77 Design & Marketing manuals) $ 7,500 (including printing/shipping of policy

$35,500 TOTAL

BACKGROUND
For the past four (4) months, Tammy Rudock, Principal with Pakpour Consulting Group, Inc. (PCG) has worked closely with MPWD's project team, including Monique Madrid, Administrative Services Manager, project leader, and General Manager Kat Wuelfing, to develop the MPWD's FMP.

A draft FMP was created in 2021 shortly after Monique started working at the MPWD. She researched MPWD records for existing financial policies and gathered them together for the initial creation of a draft policy document. The FMP is intended to be a comprehensive collection of those policies, restated and updated for legal compliance, to match MPWD financial, accounting, and budget practices, and to incorporate best management practices. Additionally, the project team solicited input from other public agency financial management policies and several finance, accounting, and management professionals.

Board Finance Committee Review – MPWD staff and FMP consultants met twice with the Board Finance Committee on:

- April 10, 2024, with Committee members Louis Vella, Kirk Wheeler, and James Ramsey, wherein staff presented and discussed the DRAFT FMP in its entirety, received good input, and secured committee support to move it forward to the Board of Directors for consideration. Three (3) major policy provisions were discussed with and considered by the Committee, which were also supported by the Committee:

1. Section 5.5(B) – Checks and Check Signing Requirements (page 19 of the FMP). Includes provisions for electronic signatures.

2. Section 5.6 – Cash Reserves (pages 24-27 of the FMP). Recommended best management practice targets. The MPWD's existing Cash Reserve Policy is:

RESERVE	*FUNDING RANK*	*MAXIMUM TARGET LEVEL*
Working Capital Reserve	1	$1,500,000
Capital Reserve	2	$1,500,000

3. Section 9.0 – Donated Use of MPWD Assets or Resources (page 51 of the FMP). New provision to reflect MPWD's operational practices. MPWD Resolution 2005-11 Charitable Giving Policy would be superseded.

- On May 11, 2021, with Committee members Kirk Wheeler and former Board member Dave Warden, wherein staff presented the policy outline and secured committee support on proposed updated purchasing limits from $25,000 to $50,000 within two (2) sections of the DRAFT FMP: Procurement and Credit Cards.

Professional Review – The project team is pleased to report that the following professionals were consulted for review of the DRAFT FMP and their feedback and input were valuable contributions to the MPWD's FMP:

1. Dr. Peter Hughes, CPA, CIA, CFE – *From 2013 Report on Audit of MPWD Internal Controls*
   Chief Auditor / County of Orange

2. David Becker, CPA (Retired)
   James Marta & Company LLP

3. Al LaBossiere, CPA (Retired)
   Former MPWD Chief Financial Officer

4. Ben "Bud" Levine, Senior Advisor
   Wulff, Hansen & Company
   MPWD Municipal Advisor

5. Rick Wood, Finance & Administration Director
   California Special Districts Association
   (Former MPWD Chief Financial Officer)

6. James Ramsey, CPA, CFE
   Eide Bailly LLP
   MPWD CFO/District Treasurer

7. Joubin Pakpour, PE
   Pakpour Consulting Group, Inc.
   MPWD District Engineer

8. Julie Sherman, Attorney at Law
   Catherine Groves, Attorney at Law
   Liz Masson, Attorney at Law
   Hanson Bridgett LLP
   MPWD District Counsel

FMP Manual Deliverable – Once finalized and approved by the Board of Directors, PCG will work with MPWD consultant John Davidson, and the FMP will be formatted into a manual (like the MPWD's Personnel policy). Adoption of the FMP will simplify the policy reference process and increase workplace efficiencies for staff, Board members, customers, and contractors/vendors by having all MPWD financial policies in one single document.

FMP OVERVIEW

The FMP is divided into twelve (12) sections:

- Section 1 Purpose
- Section 2 Introduction
- Section 3 Internal Control Concepts
- Section 4 Organizational Structure and Financial Management Roles
- Section 5 Financial Policies
- Section 6 Budget
- Section 7 Procurement
- Section 8 Credit Cards and Lines of Credit
- Section 9 Donated Use of MPWD Assets or Resources
- Section 10 Travel and Employee Expense Reimbursement
- Section 11 Records Management
- Section 12 Financial Management Plan History

Short executive summaries of noteworthy policy sections follow herein below.

Major Policy Documents

Many MPWD policy documents guide the management of the MPWD's financial and accounting activities and were consulted during the development and review of the FMP. The reference documents are summarized in Section 2.2 of the FMP.

Internal Controls

The MPWD has detailed internal control procedures for finance and accounting activities, which were/are developed in collaboration among MPWD staff members and with other professionals and consultants. The FMP references several areas where internal controls are expected to be developed and maintained by staff.

Financial Management Roles

MPWD's successful financial management, including the control environment, comes from the top of the organization, including the MPWD Board of Directors and management.

Financial Policies

This section of the FMP is the most detailed portion of the policy and governs the following significant financial and accounting activities:

- Section 5.1 Asset Protection and Fraud in the Workplace
- Section 5.2 Financial Recordkeeping and Asset Safeguarding
- Section 5.3 External Financial Reporting
- Section 5.4 Control Activities
- Section 5.5 Cash Management
- Section 5.6 Cash Reserves
- Section 5.7 Payroll and Related Liabilities
- Section 5.8 Capitalization Policy
- Section 5.9 Debt Management
- Section 5.10 Inventories
- Section 5.11 Investment of MPWD Funds

Budget
The MPWD annual fiscal year budget administrative process was documented in Section 6.0. The detailed water rate structure is embedded within Attachment A "Rates and Charges Schedule" to the MPWD Water Service Ordinance No. 103.

Procurement
Section 7.0 outlines the procurement requirements for the MPWD. As noted, Section 54202 of the California Government Code requires all local agencies to adopt written policies and procedures, including bidding requirements for the purchase of equipment, services, and supplies.

As information, the major differences between the existing 2005 MPWD Procurement Policy and the one within the attached FMP are the authorized purchasing authority limits not requiring Board approval—increased from $25,000 to $50,000. As reported to the Committee, staff considered higher inflation and other economic factors when it recommended changes in purchasing authority limits, such as increased costs of services, materials, and supplies, between 2005 when the existing policy was approved and 2024 when the new FMP is being considered. A survey of other agencies found:

- Most smaller water districts in the Bay Area (and BAWSCA) use $25,000 as their purchasing authority threshold.
- Alameda County Water District – $100,000.
- City of Belmont - $75,000
- City of San Carlos - $75,000

Credit Cards and Lines of Credit
The policy outlined in Section 8.0 reflects documentation of the current credit card and credit line practices at the MPWD, all of which have been previously reviewed and vetted with the Board of Directors when the MPWD shifted its credit card business away from Wells Fargo. Per FMP Section 8.0(N):

- The MPWD credit card account is authorized for a total of $150,000.
  - The General Manager's card limit is $50,000.
  - The Operations Manager's and Administrative Services Manager's card limit is $25,000.
  - Any card issued to a supervisor will have a limit of $10,000.
  - Additional cards issued to employees will be at the sole discretion of the General Manager and will not exceed a limit of $5,000.

Attachments: Resolution 2024-05
DRAFT MPWD Financial Management Policy
Resolution 2005-11 MPWD Charitable Giving Policy

BOARD ACTION: APPROVED_____ DENIED:_____ POSTPONED:_____ STAFF DIRECTION: _____
UNANIMOUS _____ZUCCA_____ JORDAN_____ SCHMIDT_____ WHEELER_____ VELLA_____

FINANCIAL MANAGEMENT POLICY

April 25, 2024

DRAFT

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SECTION 1.0 PURPOSE

The Mid-Peninsula Water District ("MPWD" or "District") is governed by the provisions of the California Water Code ("Water Code") Sections 30000-33901. This Financial Management Policy ("Policy") will provide a comprehensive guide on the conduct of the MPWD's financial affairs and is intended to provide an overview of the financial management, accounting, and internal control policies to ensure the MPWD's compliance with prudent and financial management standards.

Its further purpose is to ensure that MPWD assets are safeguarded, that financial statements are in conformity with Generally Accepted Accounting Principles (GAAP), as established by the Governmental Accounting Standards Board (GASB), and that MPWD follows best practices to ensure finances are managed with responsible stewardship.

This Policy replaces and supersedes all financial management policies, revisions, and amendments previously adopted by the MPWD as follows:

- Resolution 2005-09: Procurement Policy
- Resolution 2005-11: Charitable Giving
- Resolution 2007-11: Statement of Investment Policy
- Resolution 2012-12: Investment of Monies in LAIF
- Resolution 2013-10A: Capitalization Policy
- Resolution 2013-02: Cash Reserve Policy
- Resolution 2018-05: Debt Management Policy

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SECTION 2.0 INTRODUCTION

This Policy sets forth financial management standards that require accurate, current, and complete disclosure of the results of MPWD's financial activities in compliance with the law. Accounting records will be maintained to identify the sources and uses of funds, which will include revenues, expenditures, debts and obligations, assets, deferred inflows and outflows of resources, and liabilities.

This Policy also documents some internal controls. Internal control procedures shall be maintained by staff, reviewed, and updated as a matter of routine and in compliance with GAAP and professional financial, accounting, and auditing recommendations. Effective control and accountability must be maintained for all cash, real and personal property, and other assets. Budgetary control will be maintained by the comparison of actual expenditures with budgeted amounts.

This Policy is divided into twelve (12) sections:

Section 1 Purpose
Section 2 Introduction
Section 3 Internal Control Concepts
Section 4 Organizational Structure and Financial Management Roles
Section 5 Financial Policies
Section 6 Budget
Section 7 Procurement
Section 8 Credit Cards and Lines of Credit
Section 9 Donated Use of MPWD Assets or Resources
Section 10 Travel and Employee Expense Reimbursement
Section 11 Records Management
Section 12 Financial Management Plan History

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SECTION 2.1 DEFINITIONS

The terms referenced in this Policy shall have the meanings as defined below.

Administrative Personnel – District administrative employees are authorized by the General Manager to purchase miscellaneous items in support of District functions. Administrative personnel include the Administrative Services Manager, Chief Financial Officer, Administrative Supervisor, Accountant, Management Analyst, Administrative Specialist, and Administrative Assistant, and any other management or administrative position as authorized by the General Manager.

Amendment – A written change or addition to a legal document which, when properly executed, has the same legal validity as the original document.

Board – The Board of Directors of the Mid-Peninsula Water District.

Bond Rate Covenants Subject to applicable law, the District covenants that it shall prescribe, revise and collect such charges for the services and facilities of the Water System which, after allowances for contingencies and error in the estimates, shall produce Water System Revenues sufficient in each Fiscal Year to provide Net Revenues equal to 1.30 times (1) the Installment Payments coming due and payable during such Fiscal Year, and (2) all payments required to pay debt service on Parity Debt coming due and payable during such Fiscal Year.

Capitalization – The process by which a purchase is recorded as an asset in the accounting records, including constructed assets and intangible assets such as software development or subscription arrangements, right-to-use assets, licenses, and easements, that then becomes subject to depreciation or amortization over a determined useful life greater than one (1) year.

Cash Reserves – Cash savings necessary to demonstrate a commitment to future system capital investments, including replacement of assets, balance MPWD budgets during periods of fiscal constraint, including future debt service payment requirements, for emergency preparedness, and for a well-maintained infrastructure.

Consultant – An individual, firm or entity that provides or offers to provide independent professional services to the District.

Contingency – A predetermined amount or percentage of a contract held for changes in a public works construction project, or professional services agreement.

Contract – Written agreement authorizing a contractor, consultant, or vendor to provide materials or services, or public works, in accordance with the material requirements, conditions or scope of work stated in the contract, consistent with state, federal, and industry regulations.

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Cooperative Purchasing – Participation with other agencies in cooperative purchasing arrangements and programs to leverage the cost benefits of volume purchases, delivery and supply chain advantages, best practices, and the reduction of administrative time and expenses.

District – Mid-Peninsula Water District.

Emergency – A situation in which circumstances or weather/natural events present an immediate risk of harm or hazard to the public health, safety, and welfare, or to District property, or threaten serious interruption of District operations.

Employee – Refers to any individual or group of individuals who receive compensation from the MPWD, either full- or part-time, including the members of the Board of Directors. The term also includes any volunteer who provides services to the MPWD through an authorized arrangement with the District.

External Auditor – Refers to independent audit professionals who perform annual audits of the District's financial statements and are appointed by the District's Board of Directors.

Fraud – Fraud and other similar irregularities include, but are not limited to:

- Claim for reimbursement of expenses that are not job-related or authorized by District Policy.
- Forgery, falsification, or unauthorized alteration of documents or records (including but not limited to checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.).
- Misappropriation of District assets (including but not limited to funds, securities, supplies,
  furniture, equipment, etc.).
- Inappropriate use of District resources (including but not limited to labor, time, and materials).
- Improprieties in the handling or reporting of money or financial transactions.
- Authorizing payment for goods not received or services not performed.
- Computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of District-owned software.
- Misrepresentation of information.
- Theft of equipment or goods.
- Any apparent violation of federal, state, or local laws related to dishonest activities or fraud.
- Seeking or accepting anything of material value ($100 or greater retail value) from those doing business with the District including vendors, consultants, contractors, lessees, applicants, and grantees.
- Any other conduct, actions or activities treated as fraud or misappropriation under any federal or state law, rule, or regulation.

GASB – Governmental Accounting Standards Board.

General Manager – General Manager of the District or the person appointed by the Board to act in the capacity of the General Manager and authorized to administer this Policy on behalf of the MPWD.

GFOA – Government Finance Officers Association.

Intact Deposits – Collections that are deposited in the form and amount in which they are collected.

Intact Mail – Mail that it is unopened.

Internal Control – A process that is developed by staff MPWD to provide reasonable assurance the following categories of objectives will be achieved:

- Financial reporting will be reliable.
- Operations will be effective and efficient.
- Full compliance with applicable laws, regulations, and contracts.
- The benefits of the internal controls will not outweigh the costs.
- Assets of the District will be protected.
- Fundamental concepts:
  - ✓ Internal control is a process—a means to an end, not an end to itself.
  - ✓ Internal control is affected by people. It is not merely procedures and forms but involves people at every level of an organization.
  - ✓ Internal control can be expected to provide only reasonable assurance, not absolute assurance to the MPWD's Board of Directors and Management.

Invitation for Bids (IFB) – A formal process for soliciting sealed bids from qualified prospective suppliers or public work contractors. It typically involves a formal bid opening and the awarding of a contract to a responsive and responsible supplier or contractor based on price, value, or other specified factors, and as otherwise required by law. It would also include bonds sold via a competitive bid process.

Management – District employees with the title of "Manager." Also includes the position of Chief Financial Officer.

Mid-Peninsula Water District – MPWD or District.

Multiple-Year Contract – A contract for the purchase of services or materials, or for public works for a fiscal multiple-year term or that may contain provisions to extend performance by exercising optional renewal periods. A multiple-year contract does not obligate the District beyond the initial award period and shall not provide for a cancellation payment to the contractor if options are not exercised.

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Non-Discretionary Services – Payments to utilities, license renewals for software and cloud-based services that support critical business services, temporary employment services, insurance providers, healthcare providers and national, state, or local agencies that relate to routine obligations and expenses essential to the District's ability to provide service to customers and that have been approved in fiscal year operating or capital budgets.

Non-Professional Services – Services other than professional services, including materials, supplies, and maintenance services provided by vendors.

Procurement – The policy set forth for the award of contracts and bidding requirements applicable to the types of contracts in which the District might engage.

Professional Services – Any type of special service or advice in financial, economic, accounting, engineering, technical, legal, human resources, or management/administrative matters by persons specially trained, experienced, and competent to perform the special services required, and be licensed if required (Government Code Section 53060). Such services include but are not limited to architectural, engineering, environmental, financial, land surveying, construction instruction or management, audits, training services, legal services, marketing, public relations, management advisory, human resources, preparation of planning or studies; technology application development; and personnel, job classification and benefit studies.

Public Works – As defined by California Public Contract Code Section 1101, a public works contract means an agreement for erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind. Pursuant to California Labor Code Section 1720, public works also means construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds, except work done directly by a public utility company pursuant to order of the Public Utilities Commission or other public authority. For purposes of this paragraph, "construction" includes work performed during the design, site assessment, feasibility study, and other preconstruction phases of construction, including, but not limited to, inspection and land surveying work, regardless of whether any further construction work is conducted, and work performed during the postconstruction phases of construction, including, but not limited to, all cleanup work at the jobsite. For purposes of this paragraph, "installation" includes, but is not limited to, the assembly and disassembly of freestanding and affixed modular office systems.

Purchasing Card – A form of charge card that allows materials and services to be purchased with a revolving line of credit. For example, the District might participate with Office Depot, Home Depot, and bank card programs. Employees will be authorized by the General Manager as they deem appropriate per internal control procedures.

Request for Proposal (RFP) – A solicitation used for the procurement of Professional Services and Non-Professional Services. Prospective suppliers or consultants submit requested information and are evaluated/awarded based on pre-established criteria.

Request for Quotes (RFQ) – A solicitation used for procurement of supplies, materials, or equipment. Prospective suppliers or consultants submit requested quotes and are evaluated/awarded based on pre-established criteria.

Responsive Bidder – A respondent that has made an unequivocal offer to provide materially and substantially the products or services sought by the District and has best complied with and responded to all bidding procedures.

Responsible Bidder – A bidder who demonstrates the attribute of trustworthiness, as well as quality, fitness, capacity, credit worthiness, and experience to satisfactorily perform the work.

Single Source Purchase – Procurement where a preferred or specific brand is available from only one source, and: 1) there is a compelling reason for only one source, a preferred brand, like material, etc., to be procured; or 2) the commodity is unique, including, but not limited to, acquisition of data processing, telecommunications and word processing equipment, goods and services; or 3) the purchase of a specific brand name, make or model is necessary to match existing District equipment or facilitate effective maintenance and support; or 4) when it is in the best interest of the District to extend or renew a contract from a previous contract period, based on satisfactory service, reasonable prices, avoidance of start-up costs, avoidance of interruptions to District business, or good business practices.

Sole Source Purchase – Procurement where only one viable source exists. This is usually due to legal restrictions of patent rights, a proprietary process, warranty issues, original equipment, copyrights, etc.

SECTION 2.2 SUMMARY OF MAJOR POLICY DOCUMENTS. The following MPWD policy documents, which may be reviewed, and amended or updated from time to time, also guide the management of the MPWD's financial and accounting activities:

- 1929 incorporation of the MPWD
- Water Service Ordinance No. 103 (including all attachments and amendments)
- Resolution 2020-01 Termination of Residential Water Service
- Rules of the Board (Revised March 28, 2019)
- Comprehensive System Analysis and Capital Improvement Program (CIP) Summary (2019)
- Urban Water Management Plan (UWMP) and Water Shortage Contingency Plan (WSCP) 2020
- Water Capacity Charges Studies
- Water Rates Studies and Financial Plans
- Schedule of Miscellaneous Fees & Charges
- 2016 Certificates of Participation $18,570,000 Financing Project 12/21/2016 (including the Official Statement and all related documents)
- Fiscal Year Operating and Capital Budgets

- Resolution 2023-03 Umpqua Bank Credit Cards
- Personnel Manual – March 28, 2019
- Letter Agreement between the MPWD and MPWD Employee Association dated March 23, 2023, and Side Letter between the MPWD and MPWD Employee Association dated June 30, 2023
- Monthly, Quarterly, and Annual Financial Reports
- Annual Comprehensive Financial Reports (ACFR)
- Public Agency Retirement System (PARS) Section 115 Trust (Other Post-Employment Benefits—OPEB and Pension Rate Stabilization Program—PRSP)
- Capital Improvement Programs

SECTION 3.0 INTERNAL CONTROL CONCEPTS

In meeting the responsibility for faithful stewardship of the MPWD public assets and resources, one of the key tools available is appropriate internal controls.

The objective of internal control systems is to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and to ensure that transactions are properly recorded in preparation of financial statements and reports in accordance with GAAP.

The three (3) most common types of internal controls are:

A. Utilizing and documenting standard operating procedures;
B. Formalizing approval authorizations; and
C. Separation of duties.

Of these approaches, separation of duties is the most common internal control methodology by ensuring that the following functions should be separated among employees: 1) approval; 2) accounting/reconciling; and 3) asset custody.

Reasonable controls will reduce opportunities and temptations for misuse of MPWD assets.

SECTION 3.1 OVERVIEW

The Committee of Sponsoring Organizations (COSO) of the Treadway Commission published *"Internal Control—Integrated Framework"* (the COSO Report) in 1992, which was amended in 2013. COSO is a joint initiative of five (5) private sector organizations, established in the United States, dedicated to providing thought leadership to executive management and governance entities on critical aspects of organizational governance, business ethics, internal control, enterprise risk management, fraud, and financial reporting. COSO has established a common internal control model against which companies and organizations may assess their control systems. COSO is supported by five (5) supporting organizations, including the Institute of Management Accountants (IMA), the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), the Institute of Internal Auditors (IIA), and Financial Executives International (FEI).

COSO established a common definition of internal controls, standards, and criteria against which companies and organizations can assess their control systems. Because this framework is widely accepted, it will be used as the basis for all internal control matters related to the MPWD.

SECTION 3.2 COMPONENTS OF INTERNAL CONTROL

The COSO Report identified five (5) main components of internal control:

A. *Control Environment*—The foundation for all other components that sets the tone at the top. Accordingly, if the Board and Management view internal control as important, the rest of the organization will follow that same path. Control environment factors include integrity, ethical values, Management's philosophy and leadership style, organizational structure, assignment of authority and responsibility, and human resource policies and procedures.
B. *Risk Assessment*—Risks that could impair the MPWD's ability to achieve established objectives. Such objectives include, but are not limited to, utilizing resources in compliance with laws and regulations, and providing reliable and cost-efficient services.
C. *Control Activities*—Management's specific priorities and procedures that help ensure that the risks related to achieving established objectives are addressed.
D. *Information and Communication*—Systems that should provide reliable reports for both internal and external purposes. The means of communicating information within the organization will significantly impact whether objectives are achieved.
E. *Monitoring*—Provides assurance that:
    - Policies and procedures are being followed;
    - Risks are being identified and appropriately addressed; and
    - Information is being accurately and timely communicated.

An adequate control structure will provide information that helps detect errors and fraud and provide reasonable assurance that financial reports are accurate. It will limit opportunities for theft or unauthorized use of assets, including cash, inventory, and capital assets. Developing an adequate Internal Control System requires continual analysis and modification to address changing circumstances.

SECTION 4.0 ORGANIZATIONAL STRUCTURE AND FINANCIAL MANAGEMENT ROLES

The MPWD's successful financial management, including the control environment, comes from the top of the organization, including the Board and Management. The Board is comprised of five (5) elected members responsible for establishing policy for and governance of the MPWD.

The Board and Management have identified organizational strategic elements and objectives that are relevant to MPWD's financial management and operational control activities:

- Strategic Element No. 1: Employee Services – Maintain a workplace worthy of our employees and community.
- Strategic Element No. 2: External Relationships & Customer Service – Partners with our community. Leaders in our industry.

- Strategic Element No. 3: Resource Management & Resiliency – Dedicated stewards of our most essential natural resource.
- Strategic Element No. 4: Infrastructure Management & Operations – Maintain and invest judiciously in a reliable distribution system.
- Strategic Element No. 5: Financial Management – Honest and transparent stewardship of public funds.

Management will ensure that an Organization Chart is kept current and available for review.

SECTION 4.1 FINANCIAL MANAGEMENT ROLES

A. CONTROL ENVIRONMENT

Management implements policy and is comprised of the General Manager, Operations Manager, Chief Financial Officer, and the Administrative Services Manager. The General Manager is accountable for the overall operations of the MPWD, including financial and risk management, and sets the tone for internal controls. The Operations Manager is responsible for the day-to-day operational activities and financial matters related thereto. The Administrative Services Manager directs the activities of administration, accounting, billing/customer services, human resources and payroll, and Board Secretary functions, and is responsible for administrative and financial recordkeeping and reporting, and records management. As part of the MPWD's internal control procedures, a list of responsible personnel and their contact information will be maintained and updated annually.

The General Manager directs the following functions: Management of cash reserves, banking review and management, financial transactions, executive recordkeeping, operational efficiencies, and compliance with applicable regulations, District policies, ordinances, and resolutions. The General Manager may designate a manager to serve in their absence.

The organizational plan also calls for a centralized person and function for all financial transactions, which is the Administrative Services Manager.

The MPWD contracts outside independent professional financial auditors that are Certified Public Accounts (CPAs) for the annual financial audit, plus separate independent CPAs, if retained by the District, for professional accounting services to review/perform month-end-close review and adjustments. The District should seek input from its Municipal Advisor, if retained by the District, to review covenants on outstanding bond issues regarding compliance and to help maintain or improve the rating of the District with rating agencies.

The control environment establishes an overall financial and accounting policy of separation of duties. No one person has control over a complete transaction from beginning to end. Work-flow is established to ensure that verification and monitoring occur routinely by another employee operating independently. Whenever possible,

different persons should be responsible for the authorization, recordkeeping (posting), custodial (cash and materials handling), and review procedures to prevent manipulation of records and minimize the possibility of errors, collusion, or fraud.

The control environment also includes a Board Finance Committee of three (3) members, two (2) of whom are assigned Board members and the third is the appointed District Treasurer. The Committee meetings are open to the public and scheduled on an as-needed basis. The agenda is published on the MPWD website. Board members orally present summary reports of the Committee meetings at the next regularly scheduled Board meeting.

B. FINANCIAL MANAGEMENT RISK ASSESSMENT

Processes have been put into place by the MPWD to identify potential risks due to changing circumstances.

Technological changes, employee turnover, new programs, new accounting standards, new laws and regulations, economic growth and decline, and many other factors may impact the adequacy of MPWD's internal control structure. Each change will present different risks that must be identified and adequately addressed.

In common terms, risk assessment is a way of determining what could go awry or amiss, and the cost to remedy the occurrence.

Throughout this policy, various control procedures, information and communication system designs as well as monitoring processes, are required because of potential risks.

Therefore, it is required that Management:

- Review all operations periodically and reassess risks; and
- Identify risks during the planning process for all new programs, projects, and activities.

C. INFORMATION AND COMMUNICATION—ACCOUNTING BOOKS AND RECORDS

MPWD is a single enterprise utility providing water distribution services. It keeps its books and records under the full accrual basis of accounting method and in accordance with the provisions of GAAP established by GASB. It produces its financial statements in accordance with GAAP for an enterprise fund using economic resources focus.

The internal control procedures should address MPWD's financial structure and recordkeeping and serve as a set of standards. This policy document will provide the governance structure for management of the MPWD's finances and foundation for the development of internal control procedures.

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SECTION 5.0 FINANCIAL POLICIES

SECTION 5.1 ASSET PROTECTION AND FRAUD IN THE WORKPLACE

Acts that are considered fraudulent are defined hereinabove, and internal control procedures will be developed and maintained by the General Manager describing the steps to be taken when fraud, misappropriation, irregularity, or other dishonest activities are suspected, and providing procedures to follow in accounting for missing funds, restitution, and recoveries.

The MPWD is committed to protecting its assets against the risk of loss or misuse. Accordingly, it is the policy of the MPWD to promptly identify and investigate any possible fraudulent activity, misappropriation, irregularity, or related dishonest activities against the MPWD and, when appropriate, to pursue available legal remedies. An objective and impartial investigation will be conducted regardless of the position, title, and length of service or relationship with the MPWD of any party that might be or become involved in or becomes the subject of such investigation.

For claims of fraud not involving the General Manager, the General Manager shall have primary responsibility for investigation of activity covered by this policy. For claims of fraud involving the General Manager, the President of the Board, the Board Finance Committee, or an external committee appointed by the Board President shall have primary responsibility for investigation of activity covered by this policy. The District Counsel shall advise the Committee, the General Manager, or the Board President on all such investigations.

Upon conclusion of the investigation, the results will be reported by the General Manager or, if the investigation involves the General Manager, the Board President, shall advise the Board.

Following review of investigation results, the General Manager or the Board President will take appropriate action regarding employee misconduct. Disciplinary action can include termination, referral of the case for criminal prosecution, or both.

The General Manager and the District Counsel will pursue every reasonable effort, including court-ordered restitution, to obtain recovery of District losses from the offender, other responsible parties, insurers, or other appropriate sources.

All communications during the investigation will remain confidential. Only the General Manager or Board of Directors, depending upon the circumstances and direction by the Board of Directors, and upon advice of the District Counsel, may make public statements regarding the results of the investigation.

SECTION 5.2 FINANCIAL RECORDKEEPING AND ASSET SAFEGUARDING

The framework of the financial portion of the internal control environment shall maintain:

- A complete Chart of Accounts in compliance with GAAP.
- A general ledger, cash receipts journal, and cash disbursement journal, a single water enterprise fund. The MPWD also receives a nominal amount of property tax revenue from San Mateo County.

- Subsidiary ledgers, such as an accounts receivable list, in support of the general ledger.
- Adequate supporting documentation of all accounting transactions, which includes pre-numbered receipts, outside invoices, billing stubs, and other supporting documentary evidence.
- Budget development and management for the MPWD operations and capital improvement program, including budget amendments as necessary.
- Complete minutes of actions taken by the Board of Directors, and approved by the Board of Directors, and maintained by the MPWD.

SECTION 5.3 EXTERNAL FINANCIAL REPORTING

The MPWD will:

- Assure that an audit contract is in place prior to the close of each fiscal year to ensure a timely audit.
- Conclude closing activities necessary to prepare financial reports as soon after the close of the fiscal year as is practicable.
- Ensure that audit reports should be issued annually and include a statement of net position, statement of revenues, expenses, and changes in net position, and a statement of cashflows and accompanying footnotes to such statements. These financial statements should be presented on a comparative basis for the prior two (2) years.
- Include a section devoted to the Management Discussion and Analysis, which provides additional information over and above the financial statements to the readers and users of such financial audit reports, including a calculation of compliance of bond covenants (debt service coverage, additional bonds tests, and other relevant covenants required).
- Manage the proper care and retention of records, per the MPWD Records Retention Policy, which is essential to the strength of the internal controls of MPWD. Records can be maintained in electronic format or converted to electronic format, per MPWD policy. Electronic records must comply with applicable governing laws and MPWD's policies on records retention. The MPWD will maintain paper records as required by law.
- After consultation with the District's Municipal Advisor, if applicable, respond promptly and completely to requests from credit rating agencies as they conduct rating reviews.
- Share this Financial Management Policy with credit rating agencies at rating reviews.
- Avoid direct communications with investors, outside of Continuing Disclosure requirements, without prior consultation from the District's Municipal Advisor and/or Board of Directors.

SECTION 5.4 CONTROL ACTIVITIES

A. Books and Records. The General Manager and/or their designee(s) shall periodically review, as established by this policy and internal control procedures, and as directed by the Board of Directors:
   - The cash receipts journal, cash disbursements journal, general ledger, and subsidiary ledgers to ensure that they are in balance.
   - Bank statements and the related reconciliations to determine that they are accurate, and all activity is authorized, and property recorded.
   - Journal entries to determine that they are appropriate.

- The minutes of actions taken by the Board to determine that they are kept together and are complete and that actions taken are implemented.
- The reporting process and the current financial management system, to determine whether there is a need for an update, upgrade, or modification.
- The closed books and any related financial reports.

B. Financial Reporting. Management will ensure that:
   - A financial audit will be conducted each fiscal year. Bond covenants are reviewed for compliance as part of the annual financial audit.
   - The annual financial report is timely prepared and filed.
   - Annual fiscal year Operating and Capital Improvement Program (CIP) Budgets are developed and managed. Budgets will be reviewed at mid-year or as needed for adjustments.
   - Monthly budget status reports are prepared and presented to the Board.

C. Computer System and Program Controls. Computers can improve performance, provide reporting methodologies to analyze operations, and transmit information through automation. To ensure that inputs and outputs are reliable, and data is secure:
   - Controls will be put into place to ensure that only authorized individuals have access to electronic data and MPWD's computers and network. This includes passwords, access limitations, VPN (Virtual Private Network) access, and procedures to revoke authorization when employment ends. Such authorization will be determined by the General Manager or approved by the General Manager, depending upon the level of authorization necessary for the individual employee. Lists of authorized employees and their levels of authorization shall be reviewed annually and maintained by the General Manager or their designee.
   - Backups will be prepared of all data on a regular basis, securely stored off site, be redundant, and tested for reliability.
   - Financial software must:
     - ✓ Produce unalterable audit trails.
     - ✓ Generate a new receipt number when a transaction is voided (no reuse or renumbering of receipts should be permitted).
     - ✓ Controls must be in place to ensure network security.

SECTION 5.5 CASH MANAGEMENT

A. CASH
   - Collections received in the MPWD office are deposited no less than twice per week (e.g., every Tuesday and Thursday). Except when a daily threshold of $5,000 is reached or exceeded, which shall require a deposit on the date received.
   - MPWD collections should be taken directly to the banking institution where the deposit will be made, and never be taken home by any MPWD employee or official, or anywhere else other than directly to be deposited.

- Collections must be deposited intact. Intact means that collections are deposited in the form and amount in which they are collected. All money collected must be deposited in the next deposit. No collections should be withheld from the deposit for any reason.
- Except cash required to conduct MPWD business, all cash maintained on hand and collections not yet deposited will be kept in a locked secure vault or safe. The vault or safe shall remain locked unless in use.
- Deposit slips are computer generated and are attached to the deposit and retained for reconciliation with the bank statement. All checks should be listed individually on the deposit slip or an attached list, itemizing the account number and/or name of the payer and the amount. The receipt numbers comprising the deposit are computer generated and duplicates are retained. Deposit reports are retained within the MPWD's Financial Management System.
- All money is disbursed through the Financial Management System and follows a numbering system developed and managed by the Administrative Services Manager. ACH (Automated Clearing House) checks which are in electronic format receive an automated multi-digit number and are tracked.
- Petty cash is governed by Section 5.06 (C) below.

B. CHECKS AND CHECK SIGNING REQUIREMENTS

- All checks require two (2) authorized signatures. The General Manager and Operations Manager will be authorized Management signatories, and two (2) Board members will be authorized as signatories as needed, and as approved by the Board of Directors.
- Checks must never be signed in advance of their preparation and issuance.
- Checks must not be made payable to "Cash," or "Bank" if intended for cash.
- Authorized signature cards at the bank must be kept current. This duty will be managed by the General Manager or their designee.
- The bank should be notified immediately by the General Manager or their designee whenever an approved signer should be removed from signature authority.
- Prior to signing checks, each signatory should review the check and check stub, and payee, and the adequacy of the attached supporting documentation (such as vendor invoices, purchase authorizations, receipts, accounting codes, and employee's signature authority for approving the expenditure, etc.):
  - Checks in the amount of $100,000 and greater:
    Two (2) handwritten signatures, one of which shall be the General Manager's or a Board member.
  - Checks in the amount of $25,001-$99,999:
    One (1) handwritten signature, which shall be the General Manager's, and/or one (1) authorized computer-generated electronic signature.
  - Checks in the amount of $25,000 and less:
    Two (2) authorized computer-generated electronic signatures and/or wet signatures.
  - The General Manager has the authority to authorize Management employee signatories.

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- MPWD uses online banking. MPWD will ensure the bank has a method in place that requires transactions to be authorized by two (2) individuals before they can be processed. The General Manager or their designee shall conduct a management review of check disbursements as processed, and sign and date as evidence of their review.
- Voided checks will be defaced and retained and reviewed quarterly and signed off on by the General Manager or their designee.
- The District will maintain a list of all accounts payable checks that are at least one (1) year old and have not been cashed. After three (3) years, unclaimed checks worth more than TWENTY-FIVE DOLLARS ($25) must be published once a week, for two consecutive weeks, in a general circulation newspaper in the local area of Belmont. If a claim is not made within the specified period, the funds will become the property of the MPWD in accordance with California Government Code Sections 50050 through 50057.
- Bank Statements will be reconciled with the cash balances presented in the accounting records (General Ledger). Bank Statement reconciliations should be prepared within 45 days after the bank statements are received from the bank and submitted to the General Manager for review. The General Manager shall review the bank statement reconciliations within five (5) business days of receipt, and sign and date the reconciliation to evidence their review. This task should not be delegated by the General Manager.
- Canceled checks must be retained on file with the applicable bank statements for future reference and audit purposes and should not be filed with paid invoices or purchase authorizations.
- If canceled checks are not available from the bank and imaged statements are issued, MPWD should require the bank to include both front and back of each check and deposit slip and require that the images be of such quality and size that they are clearly legible. If the bank does not provide details for all pages, (back and front) of the deposit slips or checks, MPWD should download this information monthly.
- A cash balance in the amount of TWO HUNDRED DOLLARS ($200) will be maintained in the MPWD Administrative office cash register for change-making purposes during customer payment transactions and should be replenished in accordance with internal control procedures established by the Administrative Services Manager.

C. PETTY CASH

- The petty cash account (as authorized by the Board) and checks are written to the petty cash custodian to establish the petty cash fund. The account consists of an authorized, fixed sum of money set aside as an asset for the purpose of making miscellaneous purchases and advances for employee emergency travel needs.
- MPWD keeps a balance of FOUR HUNDRED DOLLARS ($400) in the petty cash fund, which should be evaluated annually. Any recommended change in balance must be presented to the Board.
- Petty cash disbursements are made only as needed to MPWD employees, and an invoice/receipt accompanied by a petty cash voucher, prepared in ink, showing the items purchased, and signed and dated by the person receiving the cash, is required in

each case. The amount of cash on hand and petty cash vouchers and related invoices/receipts written must total to the originally authorized amount of the funds.

- When the available petty cash has been reduced to ONE HUNDRED DOLLARS ($100), a check is written to replenish the cash. The check made payable to and given to the petty cash custodian to be cashed at the bank. The total amount reimbursed will be separated into amounts to be charged to each of the applicable expenditure accounts.
- Someone other than the person responsible for handling the petty cash fund inspects, approves, dates, initials, and marks each voucher, "PAID" to prevent reuse.
- The General Manager or their designee should enforce the following restrictions:
  - The General Manager has the authority to authorize Management employee signatories.
  - The petty cash fund should be maintained at the lowest amount possible and should be replenished only after the strictest scrutiny of all supporting documentation for the petty cash disbursements.
  - Under NO condition should the petty cash fund be commingled with personal funds of an MPWD official or employee or used to cash personal checks or to make advances to employees.
  - Under NO circumstances should the petty cash fund be commingled with the MPWD cash register for use with daily customer transactions.
  - Since checks to replenish the petty cash fund are charged to the expense accounts represented by the petty cash vouchers, the only entries to the petty cash fund asset account would be to establish the fund, increase or decrease the fund, or to close the fund.
  - Receipts for other miscellaneous services should be recorded and deposited like other revenue and not maintained as a petty cash fund or used for miscellaneous purposes.
  - Access to the vault or safe, which contains cash and other important documents, will be limited to employees approved by the General Manager or their designee, and shall only be used for MPWD business purposes. A list of the authorized individuals will be maintained by the General Manager or their designee. The vault or safe shall remain locked when not in use.
  - The General Manager or their designee not involved with petty cash should review the petty cash count, no less than quarterly.

D. REVENUES AND RECEIVABLES—*GENERAL*

- Responsibility for each step of cash handling and recording will be established through internal control procedures.
- Employees handling the cash should be different than the employees keeping the books and records.
- The payment date and amount are recorded for each individual account in the utility billing registry on a timely basis.
- The billing registers should be posted no more than three (3) working days after related collections and deposits.

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- At the start of the business day, all mail will be picked up from the U.S. Post Office in Belmont and delivered intact to the MPWD office.
- All checks received in the MPWD office will be promptly stamped "FOR DEPOSIT ONLY."
- Customers have the option of submitting payment to the MPWD via:
  - The MPWD lockbox at the address indicated on the utility bill.
  - Online bill payment is available at the MPWD website.
  - Automatic recurring payments are available at the MPWD website.
  - Automatic bill payment through the customer's individual bank site.
  - Payment drop boxes are located at the Carlmont Shopping Center in Belmont.
  - A payment drop box is located at MPWD Administrative offices at 1075 Old County Road, Suite A, in Belmont.
  - In person at the MPWD Administrative offices.
- A reasonable fee, approved by the Board of Directors, and reflected within the MPWD Miscellaneous Fee Schedule, will be assessed to customers utilizing their credit/debit cards for payment of their MPWD utility bill.
- At the end of the two (2) business days designated for deposit each week (e.g., Tuesday and Thursday), or the date the threshold of daily collections equal $5,000 or more, the cashier counts the cash and checks on hand, leaving only the predetermined amount for cash register change. The cash will be kept in a secure location in accordance with internal control procedures established by the General Manager or their designee.
- Each day the cashier will summarize all collections by source in a daily collection report, clearly indicating the amount to be deposited, the amount to be retained for change, and the amount of cash over or under. Each report will be dated, and the date be recorded on the corresponding deposit slip. The total on the corresponding deposit slip generated by the MPWD's Financial Management System, as well as the total of all applicable computer-generated receipts will agree with the total collection recorded on the collection report. The cashier will process the payments and produce the receipt numbers applicable to each collection source on the collection report, sign, and date the report.
- Collections are deposited two (2) days per week (e.g., Tuesday and Thursday), except when a threshold of collections equal to $5,000 or more is reached, which shall require a deposit on that collection date.
- Collections will be deposited intact and only in designated depositories.
- Third-party checks will not be accepted for payment to MPWD. In addition, customers should not be given cash back if checks are written for more than the amount due. The customer's account will be given a credit in the amount of the excess payment.
- At the end of each day, all computer-generated receipts, billing stubs, and other evidence of collection are turned over to the designated posting staff member.
- All cash handling duties will be segregated as best possible.

E. REVENUES AND RECEIVABLES—*UTILITY BILLING OPERATIONS*

- MPWD reads meters monthly via an AMI (Automated Metering Infrastructure) system. The meter readings will be properly stored, uploaded to the billing system that is integrated with the MPWD Financial Management System, and processed for review by

MPWD staff and billing. Tests will be conducted periodically to determine if all meters are being correctly read and equipment used in meter reading is functioning properly. Meter malfunctions will be immediately addressed within 48 hours of discovery.

- Zero-read reports will be generated each billing cycle, which reports no recorded reading for a customer's meter and should be investigated and resolved before billing.
- High/low reports will be generated each billing cycle, which compare meters with significant read disparities in a customer's account from a previous month to the current month, reviewed by MPWD Administrative staff, and resolved by the next billing cycle.
- Water charges and fees will be listed on utility invoices and governed by the rates and fees adopted by resolution by the Board of Directors and are subject to change when the MPWD determines there is a need for rate and fee adjustments to sustain District operations. Water rates and charges will be posted to the MPWD website as required by law.
- Each month the total number of hundred cubic feet of water (also known as a unit of water) sold and listed on the billing summary detail, will be compared with the total number of hundred cubic feet produced/purchased, including the number of hundred cubic feet estimated to be in storage, and known loss of water, to identify any unknown water loss (in transit). Significant unexplained fluctuations will be investigated within 48 hours of billing to ensure that users are billed for total consumption and that malfunctioning meters and leaks in lines and mains are located promptly and repaired.
- An internal control procedure will be developed by the Administrative Services Manager or their designee and maintained for high meter readings that might be the result of a water leak on the customer's side of the meter. Documentation related to the investigation and communications between the MPWD, and the customer will be maintained in the customer's billing account within the MPWD's Financial Management System.
    - Charges disputed by customers will be investigated and all adjustments will be approved in accordance with the MPWD's internal control procedure developed and maintained by staff, and by someone other than the staff member(s) handling receipt and payment records.

      NOTE: Adjustments should not be approved by the employee who collects or posts the accounts as paid. As best feasible, for separation of duties, the employee who collects or posts should not have access to that portion of the computer system which allows adjustments.
    - Documentation of each adjustment is required and retained. Adjustments to billings for meter reading and other errors should be recorded in the billing register.
    - A customer will be entitled to a billing adjustment once every five (5) years per service address, or as determined by the General Manager due to a customer's extraordinary or exigent circumstances.
- Uncollectable accounts or bad debts are required under GASB to be accounted for using an Allowance for Doubtful Accounts methodology, in accordance with internal control procedures established by the General Manager or their designee. *De minimis* accounts receivable balances (less than THIRTY DOLLARS [$30] or less) will be written off by the

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District, thirty (30) days following the customer's final bill is mailed, or thirty (30) days after the District's final attempt at collection of an overdue amount.

F. REVENUES AND RECEIVABLES—*LEASE AGREEMENTS AND CONTRACTS*

All lease agreements and contracts shall be in writing. Internal control procedures exist regarding management and maintenance of lease agreements and contracts and will be reviewed annually by the General Manager or their designee.

1. Safeguarding of this source of revenue will occur through a schedule of the lease agreements and contracts showing:
   - Lessee or contracting party name and address
   - Lease or contract term, including start date and expiration date
   - Lease or contract payment/amount
   - Reference of the actual contract with sufficient description of leased property or contracting services, materials, and supplies
   - Lease management or contract contact information
   - Insurance provider and term information

2. The lease agreement and contract files will contain the following:
   - The most current and executed lease agreement or contract
   - A schedule of lease agreement or contract terms
   - Current certificate of insurance as required by the lease or contract
   - The General Manager or their designee will be responsible for preparing and maintaining the lease agreement and contract files

3. Leases will be invoiced in accordance with the agreements using monthly, semi-annual and/or annual invoicing. The General Manager or their designee will be responsible for proper tracking and prompt collection of these revenues.

G. WIRE TRANSFERS

Any electronic wire transfer transmitted or received by the District exceeding $500,000 should be verified over the telephone as added protection against fraud.

SECTION 5.6 CASH RESERVES

Cash reserves are essential to ensuring fiscal responsibility, a key organizational goal of MPWD. Properly designed reserve policies send a positive signal to ratepayers, investors, and regulatory and credit rating agencies that MPWD is committed to maintaining the long-term fiscal strength of MPWD. Cash reserves are savings necessary to balance MPWD budgets during periods of fiscal constraint, allow for emergency preparedness, provide for a well-maintained infrastructure, and demonstrate a commitment to future system capital investments.

Strong and transparent financial policies, including maintaining prudent reserves for emergencies, rate stability, working capital, and capital improvements, are consistent with best practices in the utility industry. The reserve policy is designed to provide operating guidance for the management of MPWD finances.

A. CASH RESERVES AND SECTION 115 TRUST PLAN FOR OPEB AND PENSION LIABILITIES

MPWD will strive to maintain cash reserve and Section 115 Trust Plan targets as follows:

- Working Capital (Operating) Reserve with a target level of 50% of the District's annual budgeted expenditures (GFOA best management practices standards) and ranked #1 for funding.
- Capital Reserve with a target level of $8.0 million as identified in the 2023 Annual Water Main Replacement Cost Analysis developed by the District Engineer, including pump stations and water storage tanks painting and maintenance, and ranked #2 for funding.
- MPWD Internal Revenue Code Section 115 Irrevocable Exclusive Benefit Trust Plan for Other Post Employment Benefits (OPEB) and the Pension Rate Stabilization Program Reserve with a total target level of:
    - 100% of the District's projected Total OPEB Liability plus 5% contingency, based upon its most recent GASB 75 Actuarial Report; **AND**
    - 100% of the District's projected pension liability (Unfunded Accrued Liability) plus 5% contingency, based upon its most recent CalPERS Actuarial Report, and ranked #3 for funding. It would be considered annually by the Board for budget funding following actuarial updates during the annual auditing process.
- Rate Stabilization Fund Reserve with a target level equal to one (1) year of debt service requirement ($1.2 million) on the MPWD's 2016 Certificates of Participation Financing Program for capital improvements and ranked #4 for funding, or $500,000 if no bonds are outstanding. It would be considered annually by the Board for budget funding.

MID-PENINSULA WATER DISTRICT CASH RESERVES SUMMARY

RESERVE	*FUNDING RANK*	*TARGET LEVEL*
Working Capital (Operating) Reserve	1	50% of Annual Fiscal Year Budgeted Expenditures
Capital Reserve	2	$8,000,000
Internal Revenue Code Section 115 Irrevocable Exclusive Benefit Trust Plan for OPEB and Pension Liabilities	3	100% of the District's projected total OPEB liability, plus 5% contingency; **AND** 100% of the District's projected pension liability, or $500,000 if no liability is outstanding
Rate Stabilization Fund Reserve	4	$1,200,000, or $500,000 if no bonds are outstanding

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Replenishment of reserve and trust plan levels, and plans for meeting maximum target levels, will be recommended by the General Manager as part of the District's annual budgeting process.

B. WORKING CAPITAL (OPERATING) RESERVE

The purpose of the Working Capital (Operating) Reserve is to ensure that the District will always have sufficient funding available to meet annual operating costs, including temporary cash flow deficiencies that might occur because of timing differences between the receipt of operational revenue and expenditure requirements and unexpected costs that might occur because of doing business. Adequate operating reserves provide financial flexibility in the event of unanticipated expenditures or revenue fluctuations.

- Target Level: Fifty percent (50%) of the District's annual fiscal year Operating expenditures in accordance with GFOA best management practices.
- Use of Reserve: To pay outstanding operating expenditures prior to the receipt of anticipated operating revenues, or in circumstances resulting from short-term loss or shortage of revenues. The General Manager will notify the Board President prior to withdrawing and using the necessary funds and seek ratification of the expenditure at the next regular Board Meeting.

C. CAPITAL RESERVE

The purpose of the Capital Reserve is to ensure that the District can fund the repair, maintenance, or replacement of the water system's infrastructure assets, during normal operations and emergencies. The reserve level combined with the District's managed risk pooled insurance coverage should adequately protect the District and its customers in the event of a catastrophic loss.

- Target Level: $8.0 million as identified in the District Engineer's 2023 Annual Water Main Replacement Cost Analysis, including pump stations and water storage tanks painting and maintenance.
- Use of Reserve: To fund annual capital improvement projects, and to cover unexpected losses experienced by the District because of a disaster or emergency incidents that might result in the normal course of doing business. Any reimbursement received by the District from insurance because of a submitted claim shall be deposited back into the reserve as replenishment for the loss. The General Manager will notify the Board President prior to withdrawing and using the necessary funds and seek ratification of the expenditure at the next regular Board Meeting.

D. SECTION 115 TRUST PLAN

The purpose of the Internal Revenue Code Section 115 Irrevocable Exclusive Benefit Trust Plan is to fund MPWD's OPEB (Other Post-Employment) and PRSP (Pension Rate Stabilization Program) Section 115 Trust Account, established to pre-fund post-employment healthcare and pension benefits for eligible retired employees, and to ensure that the District will have sufficient funding available to meet these obligations in the event of unanticipated operating expenditures or revenue fluctuations.

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- Target Level:
  - 100% of the District's projected Total OPEB Liability plus 5% contingency, based upon its most recent GASB 75 Actuarial Report; **AND**
  - 100% of the District's projected pension liability (Unfunded Accrued Liability) based upon its most recent CalPERS Actuarial Report, or $500,000 if no liability is outstanding.
- Use of Reserve: To pre-fund the MPWD's OPEB and UAL pension obligations. The General Manager will report to the Board of Directors when the costs are reimbursed for payment of the annual expenditures from the Section 115 Trust Plan to the MPWD Operating Budget at the next regular Board Meeting.

E. RATE STABILIZATION FUND RESERVE

The purpose of the Rate Stabilization Fund Reserve is to ensure that the District will always have sufficient revenues available to meet its annual rate covenants required by any outstanding debt issuance of the District. Adequate reserves for its debt service covenants provide the MPWD with financial flexibility in the event of unanticipated expenditures or revenue fluctuations and avoids or delays the requirement for imposition of a water rate increase to comply with the covenant requirements of any outstanding bond issue. This results in stabilization of the rates and charges imposed by the District.

- Target Level: $1.2 million, or $500,000 if no bonds are outstanding.
- Use of Reserve: The General Manager is authorized to deposit in the Rate Stabilization Fund Reserve from Operating Revenues such amounts as the District may determine are necessary to comply with the bond rate covenants up to a target level of $1,200,000 or $500,000 if no bonds are outstanding. From time to time, the General Manager, if needed, may withdraw funds from the Rate Stabilization Fund Reserve to deposit into the Operating account of the District for any fiscal year, such withdrawals to be made until (but not after) one hundred eighty (180) days following the end of such fiscal year. If the balance of the Rate Stabilization Fund Reserve exceeds the outstanding principal balance on debt obligations, the District should, in consultation with its Municipal Advisor, consider paying off outstanding debt. The General Manager will notify the Board President prior to withdrawing and using the necessary funds and seek ratification of the expenditure at the next regular Board Meeting.

F. OVERSIGHT AND REPORTING

Reserve levels will be monitored by staff during the fiscal year and reported to the Board of Directors in monthly financial reports.

To the extent that reserves exceed target levels, the Board of Directors has the flexibility to direct staff to utilize the available funds to:

- Pay for capital projects (reducing the need for future debt).
- Pay down liabilities (e.g., unfunded accrued pension obligations, or OPEB—Other Post-Employment Benefits).
- Pay down existing debt; and/or
- Fund other strategic objectives.

The cash reserve and trust plan policy will be reviewed at least every two (2) years to ensure conformance with the District's strategic goals and objectives and updated as necessary in compliance with material changes in risk exposures, regulations, or standards.

SECTION 5.7 PAYROLL AND RELATED LIABILITIES

Internal controls should be developed and maintained to address the highest level of payroll detail and data from the payroll vendor/program to facilitate more meaningful management review and oversight.

A. Accurate maintenance and centralized control of payroll records is essential, because of potential exposure to litigation and employee unrest, as well as complex accounting and reporting problems.

B. Prospective employees are required to prepare and submit a signed and dated MPWD Employment Application form listing the experience, job qualifications, and references of the applicant.

C. Each employee files a current Internal Revenue Service Form W-4 Withholding Certificate.

D. Current payroll and contact information are maintained for each employee.

E. A cumulative employee leave record will be maintained for each employee. The record should clearly show all leave of any type earned and taken for each pay period, all paid and unpaid absences, and the current leave balance.

F. Each newly hired employee files current Employment Eligibility Verification Form I-9.

G. Compensation of all MPWD employees and Board Members should not exceed the authorized amounts, and payment of such personnel, will comply with Internal Revenue Service Regulations and California Franchise Board and California Employment Development Department Regulations, which require withholding of applicable taxes.

H. The MPWD will comply with all court-ordered withholding for such items as child support.

SECTION 5.8 CAPITALIZATION POLICY

This capitalization policy provides guidelines for whether a purchase will be capitalized as an asset and depreciated or expensed as an operating expenditure. This capitalization policy sets forth a dollar amount as a threshold to be used in determining which items will be recorded. Depreciation is a cost allocation method, wherein the cost of an asset is allocated over its useful life.

A. FIXED ASSETS:

Defined as real property, infrastructure, buildings, improvements other than buildings, machinery, equipment and vehicles, work in progress, right-to-use assets (leases and subscription-based information technology arrangements [SBITAs]), which are purchased for continued use in conducting business. These items, which have an individual cost of $10,000 or more, and have a useful life of two (2) years or more, are considered fixed assets.

Compared with purchases made of similar items that individually cost less than $10,000, however, the aggregate purchase is over $10,000; this purchase is outside the capitalization policy. For example, the purchase of five (5) new computer setups at $2,500 each, total purchase equals $12,500, is outside the policy and expensed.

1. Real Property—The records of the District should reflect real property owned, its location, its acquisition date and cost (purchase price), and property records, including a title search and preliminary title opinion. These records should be maintained in compliance with the MPWD policies on records retention.
2. Infrastructure—A capital asset account for the cost of infrastructure should reflect the location of each infrastructure system, including water, wastewater or stormwater system, dam, roadway, tunnel, or lighting system.
3. Existing Infrastructure—A purchase that costs $10,000 or more and either adds to the useful life of the asset repaired or increases its service capacity. The judgment of the MPWD General Manager, with advice of the Operations Manager and District Engineer, or capital project lead staff, can be used to determine useful life extension or service capacity expansion.

   Purchase cost includes taxes, freight, and installation. Cost also includes the services of a licensed professional or professional employee cost needed to acquire and/or install. For example, if a generator part costs $15,000 and the related acquisition and installation costs push the cost over $25,000, it falls within this policy.
4. Buildings—A capital asset account for buildings should reflect the location of each building and the cost value (being the purchase or construction cost) and, if improvements are made to the building, the cost of such improvements would be included. If a building is acquired by gift, the account would reflect its appraised value at the time of acquisition.
5. Improvement Other Than Buildings—A capital asset account should reflect the acquisition value of permanent improvements, other than buildings, which have been added to land. Examples of such improvements are fences, retaining walls, parking lots, and most landscaping. The improvements would be valued at the purchase or construction cost.
6. Equipment—Tangible property of a permanent nature, other than land, buildings, and improvements, should be inventoried. Examples include machinery, trucks, cars, furniture, desks, safes, cabinets, etc. Equipment should be tagged or otherwise marked

as being owned by the MPWD if the cost is at or above a set amount and equipment lists should be maintained. The value of such items should be carried in the inventory at the purchase cost.

7. Work in Progress—The project is not at the point where it contributed a benefit to the MPWD and includes construction work that has not been completed in the current calendar year, and the asset has not been placed into service. The cost of the project should be carried as "work in progress." When the project is completed, it will be placed on the inventory applicable to the assigned asset accounts.
   - A general rule is any expenditure associated with the project regardless of cost.
   - The exception to the general rule is a cost of under ONE HUNDRED DOLLARS ($100) per invoice. Examples would be sporadic printing, postage, or travel costs.
   - Any professional service fee or professional employee costs regardless of cost is included in the project cost.
   - Project lead staff determines the moment the project is operational.
8. Right-to-Use Assets – Assets that the District have an exclusive right to use to conduct operations under a financing agreement that is greater than one (1) year and whereby the asset returns to the lessor at the conclusion of the lease or arrangement term. The value of the items will be based on the stream of payments discounted by the District's implicit borrowing rate at the time of entering the agreement, as dictated by the appropriate GAAP principles.
9. Fixed Assets Lists—shall be developed for each asset category and properly updated and maintained throughout the life of the asset. The General Manager, Administrative Services Manager, and Operations Manager will be responsible for managing the asset lists from their respective areas of administrative, executive, and operational control.

B. TOTAL COST OF FIXED ASSETS: The total cost of the fixed asset includes purchase price, freight, sales tax, directly related professional fees, such as architectural and engineering costs, and installation. It will not include MPWD staff time and expense involved in the purchase and operation.

C. INVENTORY:
   - All capital assets will be identified (tagged or marked) and recorded immediately following the purchase of such items.
   - Vehicles and equipment should have the MPWD's name or seal clearly displayed, as practicable.
   - The asset records should include up-to-date purchase, depreciation, and disposal information.
   - An annual physical inventory of parts, materials, and supplies is performed, documented, and reconciled to the property records.

D. DETERMINATION OF USEFUL LIFE: Establish useful lives of water systems for depreciation purposes. General guidelines for evaluating the useful lives of fixed assets of MPWD are as follows:

Asset Account	*Years*

▪ Building & Improvements	50
▪ Mains	50
▪ Pumps and Valves	50
▪ Utility Plant in service	50
▪ Office Furniture & Equipment	7
▪ Machinery & Equipment	7
▪ Computers	5
▪ Master Plan	5
▪ Purchased Software	5
▪ Telephone Systems	5
▪ Vehicles and Equipment	5
▪ Right-to-Use Assets	Duration of the Agreement

E. INSURANCE - All capital assets will be adequately insured. An analysis of risk exposure will allow for MPWD to adequately ensure purchases or improvements to absorb losses and structure their insurance purchases accordingly.

F. SYSTEM MAPS - Complete internal water system infrastructure maps will be maintained and updated regularly. The Operations Manager or their designee will be responsible for ensuring compliance. The General Manager will review periodically for compliance.

SECTION 5.9 INVENTORIES

Inventories provide safeguards against the potential for misuse of the MPWD's tools and equipment (e.g., office furniture, computers, electronic devices) and materials and supplies. If any MPWD tools and equipment, or materials or supplies are found to be missing during the inventory count, there should be a thorough review and/or investigation, in accordance with internal control procedures established by the General Manager or their designee. The inventory list should at a minimum include the following:

A. A requirement to inspect and count each incoming material and supply delivery, with the receiver signing each invoice as received and accepted.
B. Supply a request form authorized by the appropriate individual identifying the supplies needed, the project, date, and appropriate general ledger account code.
C. A requirement that an inventory employee sign off on requested supplies, and receiving personnel sign a document stating receipt of such supplies.
D. The inventory store person will provide a copy of all inventory withdrawals and additions to the accounting department for proper and prompt recording.
E. A requirement that all materials and supplies should be stored in designated areas that are protected against unauthorized withdrawals and/or other potential losses.
F. A requirement that all scrap materials that have a known salvage value are safeguarded until sold and that the proceeds from the sale of scrap are handled in the same manner as other cash receipts.
G. A requirement that reasonable inventory levels are maintained based on usage and obsolescence.

H. A requirement that a work order support usage and reduction of inventory balances. (e.g., utility pipe, meters, etc.)
I. An annual inventory of District parts, materials, and supplies will be performed.
J. Counts from the annual inventory will be provided to the Operations Manager and any differences should be investigated and reconciled within 48 hours.
K. Inventory of blank check stock will be maintained under lock and key and managed by the Administrative Services Manager.

SECTION 5.10 DEBT MANAGEMENT

The MPWD funds its capital projects and meets other financing needs through a combination of current operating revenues, available reserves, outside funding (e.g., grants), and prudently issued debt. This policy documents the goals and guidelines of MPWD issuance and use of debt instruments.

Debt includes financing to raise working capital or capital expenditures by selling bonds, bills, certificates, or notes to individual and/or institutional investors. In return for lending the money, the individuals or institutions become creditors and receive a promise to repay principal and interest on the debt. To achieve optimal credit ratings and endorse prudent financial management, MPWD is committed to long-term capital and financial planning, and continual review of its financing structure to optimize the overall cost of debt.

MPWD may consult with its Municipal Advisor, if retained, to provide input regarding options and decisions to issue or refund existing debt to act as an intermediary between non-fiduciary financial parties such as existing investors, underwriters, credit rating agencies, bond insurers, etc.

The issuance of debt by MPWD to finance major capital projects or to refinance existing obligations will only occur after the transaction is evaluated to be fiscally prudent and responsible under the prevailing economic conditions. Prior approval by the Board of Directors (Board) is required for the issuance of new debt or for the refinancing of existing debt.

The purpose of this Debt Management Policy (Debt Policy) is to establish and maintain parameters for issuing debt and promote objectivity in the decision-making process.

MPWD will adhere to the following legal requirements for the issuance of public debt:

- State law, which authorizes the issuance of debt.
- Federal and state law, which govern the eligibility of the debt for tax-exempt status.
- Federal and state law, which govern the issuance of taxable debt.
- Federal and state law, which govern disclosure, sale, and trading of the debt, both before and after issuance; and
- Generally Accepted Accounting Principles (GAAP).

Prior to the issuance of debt, MPWD will consult with its Municipal Advisor and Bond Counsel to ensure MPWD is up to date on any new legal requirements regarding debt issuance.

This Debt Policy is intended to comply with Government Code Section 8855(i), effective January 1, 2017, and shall govern all debt issued by the MPWD. The MPWD hereby recognizes that a fiscally prudent debt policy is required to:

- Maintain MPWD's sound financial position.
- Ensure MPWD has the flexibility to respond to changes in future service priorities, revenues, and operating expenses.
- Protect MPWD's creditworthiness.
- Ensure that all debt is structured to protect current and future taxpayers, ratepayers, and constituents of MPWD.
- Ensure that MPWD's debt is consistent with the MPWD's planning goals and objectives and Capital Improvement Program (CIP) or capital budget, as applicable.

A. PURPOSE AND USE OF DEBT

Debt financing is an acceptable and appropriate approach to fund the MPWD's long term capital improvements as approved by the Board of Directors and, thus, ensure inter-generational equity of such major improvements among existing and future users of the system. Debt can be issued to fund the capital cost of planning, pre-design, design, land and/or easement acquisition, construction, and related fixtures, equipment, and others costs as permitted by law.

B. LONG-TERM DEBT. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment, and land to be owned and operated by the MPWD. Long-term debt financings are appropriate:

- When a project to be financed is necessary to provide MPWD services.
- When the project to be financed will benefit constituents for 10+ years.
- When total long-term debt financing does not constitute an unreasonable burden to the MPWD and its taxpayers or ratepayers.
- When the debt is used to refinance outstanding debt to reduce the total cost of the debt or to realize other benefits of a debt restructuring, such as increased flexibility in the use of cash and reserves, and/or eliminates or modifies cumbersome and inefficient covenants to the benefits of the MPWD and its rate payers.
- When the weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%, unless specific conditions exist that would mitigate the extension of time to repay the debt and it would not cause the MPWD to violate any covenants to maintain the tax-exempt status of such debt, if applicable.

C. LONG-TERM DEBT EXCLUSIONS. Long-term debt financing will not be considered appropriate for current operating expenses and routine maintenance expenses. The District may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the Board of Directors.
- The MPWD estimates that sufficient revenues will be available to service the debt through its maturity.

- The MPWD determines that the issuance of the debt will comply with the applicable state and federal law.
- A debt service coverage ratio requirement of no less than 1.15.

Periodic reviews of outstanding long-term debt will be undertaken to identify refunding opportunities. Refinancing will be considered (within federal tax law constraints, if applicable) when there is a net economic benefit of the refunding. Refinancing that is non-economic may be undertaken to achieve MPWD objectives relating to changes in covenants, call provisions, operational flexibility, tax status of the issuer, or the debt service profile. Refinancing that produces a net present value savings of at least 3% of the refunded debt will be considered economically viable. Refinancing that produces a net present value savings of less than 3% or negative savings will be considered on a case-by-case basis and would be subject to Board approval.

D. SHORT-TERM DEBT. Short-term borrowing such as commercial paper and lines of credit will be considered as an interim source of funding in anticipation of long-term borrowing. Short-term debt may be issued for any purpose for which long-term debt may be issued, including capitalized interest and other financing-related costs. Prior to issuance of the short-term debt, a reliable revenue source shall be identified to secure repayment of the debt. The final maturity of the debt issued to finance the project shall be consistent with the economic or useful life of the project and unless the Board determines that extraordinary circumstances exist, must not exceed seven years.

Short-term debt may also be issued to provide financing for the MPWD's operational cash flows to maintain a steady and even cash flow balance, due within one year, and may be rolled over or extended if necessary. Short-term debt may also be used to finance short-lived capital projects, such as undertaking lease-purchase financing for equipment.

E. ALLOWABLE TYPES OF DEBT. The MPWD may find that debt financing would be beneficial to further its public purposes and the Board of Directors may approve such debt without an amendment of this Debt Management Policy. Debt shall be issued as fixed rate debt, including Certificates of Participation, Revenue Bonds, and Leases. A variable rate issue should only be considered after careful consideration of risks and consultation with the MPWD's Municipal Advisor, and MPWD makes a specific determination as to why a variable rate issue would be beneficial to MPWD in a specific circumstance.

F. RELATIONSHIP OF DEBT TO CAPITAL IMPROVEMENT PROGRAM AND BUDGET. MPWD is committed to long-term capital planning and may issue debt for the purposes stated in this Debt Management Policy for implementation of the MPWD's capital budget and CIP.

G. OTHER POLICY CONSIDERATIONS. MPWD's Debt Management Policy, Cash Reserve Policy, and Investment Policy contained herein will be considered in the decision-making framework utilized in the preparation of the MPWD's CIP and long-term capital and financial planning, and its fiscal year budgeting process. Policy updates should be

considered for adaptation to changes in the economy and market. The policy will be reviewed and considered by the Board of Directors every two (2) years.

H. EXCEPTION TO INCURRING DEBT. MPWD will fund the upkeep and maintenance of its infrastructure and facilities improvements due to normal wear and tear through the expenditure of available operating revenues rather than incurring debt.

I. INTEGRATION OF DEBT. The MPWD shall integrate its debt issuances with the goals of its CIP by timing the issuance of debt to ensure that projects are available when needed in furtherance of the MPWD's public purposes or may be less expensive due to construction costs or low interest rates.

J. DEBT ISSUANCE. The MPWD is committed to long-term financial planning, maintaining appropriate reserves, and employing prudent practices in governance, management and budget administration, and systematic capital planning. The MPWD will issue debt for the purposes stated in this Debt Management Policy after consultation and input from its Municipal Advisor, if retained, and as approved by the Board of Directors to implement policy decisions incorporated in the MPWD's annual operations and capital budgets. Adoption of this Debt Management Policy will help ensure that debt is issued and managed in a manner that protects the public interest.

K. CREDIT RATING. MPWD will do everything necessary to maintain targeted credit ratings for debt instruments. MPWD General Manager and designated staff, working with the District's Municipal Advisor, shall be responsible for determining which of the major rating agencies will be asked to provide such a rating.

L. METHOD OF SALE. Debt is typically issued under either a competitive or negotiated sale, or private placement. Determination of the appropriate method of sale will rest with the General Manager and the MPWD's Municipal Advisor. There are several market factors that will affect the success of a debt offering and each should be carefully considered before selecting a method of sale. These factors include but are not limited to; 1) market perception of the MPWD's credit quality, 2) interest rate volatility, 3) size of the proposed sale, term, and average life, 4) complexity of the proposed issue, 5) competition with other issuers for investor interest; and 6) economic and market conditions at the time.

M. DEBT ADMINISTRATION. The MPWD will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates, and charges.

1. Applicable policies regarding initial bond disclosure continuing disclosure, post-issuance compliance, and investment of bond proceeds: Without limiting the foregoing, the MPWD will periodically review with its Municipal Advisor and Bond Counsel, if retained, the requirements of and will remain in compliance with the following:

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- Any continuing disclosure undertakings entered into by the MPWD in accordance with SEC Rule 15c2-12;
- Any federal tax compliance requirements, including, without limitation, arbitrage, and rebate compliance;
- The MPWD's investment policies as they relate to the use and investment of bond proceeds; and
- California Government Code Section 8855(i) and the annual reporting requirements therein.

2. Proceeds of debt will be held either by:
   - A third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the MPWD upon the submission of one or more written requisitions by the General Manager of the MPWD (or their written designee); or
   - The MPWD, to be held and accounted for in a separate account to ensure debt proceeds are expended only for the purposes for which the debt was issued, the expenditure of which will be carefully documented by the MPWD in records compliance with current accounting standards and subject to the MPWD's annual financial audit.

N. INVESTMENT OF DEBT PROCEEDS. Proceeds of debt will be invested until used for the intended project(s) to maximize utilization of the public funds. Investments will be made to obtain the highest level of safety. The General Manager will oversee the investment of bond proceeds in a manner to avoid, if possible, and minimize any potential negative arbitrage over the life of the bond issue, while complying with arbitrage and tax provisions.

O. DEBT COVERAGE TARGET. In determining the affordability of a proposed debt financing, the MPWD will perform an analysis comparing projected annual net revenues, after payment of operating and maintenance expenditures, to estimate annual debt service and the estimated debt coverage ratio. The debt coverage ratio is the amount of net cash flow available, divided by the annual interest and principal payments on debt, plus the add-back of interest and depreciation.

It is acknowledged that the MPWD's existing debt covenants for its 2016 Certificates of Participation capital debt financing required a legal debt coverage ratio of at least 1.30.

P. DEBT SERVICE RESERVE. MPWD staff will monitor dedicated debt service reserve fund balances, ensuring compliance with related reserve requirements (if applicable), and periodically review the advisability of prepayment or refunding of related debt. The financial advantages of a current refunding must outweigh the cost of issuing the refunding debt by a sufficient margin to justify it. (The California Special Districts Association's best practices for debt management recommend at least 3.0% of the principal amount of the bonds being refunded, determined on a net present value basis).

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Q. CALL OPTIONS/REDEMPTION PROVISIONS. MPWD staff will evaluate and recommend to the Board the use of a call option, if any, and a call protection period for each issuance. A call option, or optional redemption provision, gives the MPWD the right to prepay or retire debt prior to its stated maturity. The option may permit the MPWD to achieve interest savings in the future through refunding the debt. The cost of call options can vary widely, depending largely on market conditions, an evaluation of factors such as the call premium, time until the debt may be called at a premium or at par, and interest rate volatility.

R. REPORTING. MPWD staff will provide regular review and reporting (at least quarterly), even if there is nothing to report, to the Board of the debt's financial performance, including capital expenditures and interest earnings.

S. DEBT SERVICE PAYMENTS. Necessary appropriations for annual debt service requirements will be reflected in the MPWD's annual budget. The General Manager is responsible for timely annual payments.

T. CONTINUING DISCLOSURE REQUIREMENTS. The MPWD is responsible for ensuring that the MPWD's annual financial statements, continuing disclosure reports, and material event notifications are posted on the MPWD website and/or the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board. The MPWD may also contract with third-party consultant(s) to comply with its continuing disclosure obligations, and with Securities and Exchange Commission Rule 15c2-12(b)(5). Failure to comply with disclosure requirements may restrict the ability of the MPWD to issue debt.

The MPWD shall submit an annual report to the California Debt and Investment Advisory Commission (CDIAC) for any issuance of debt for which it has submitted a report of final sale on or after January 1, 2017. The annual report shall comply with the requirements of Government Code Section 8855 and related regulations. The MPWD may also contract with third-party consultant(s) to comply with its annual reporting to the CDIAC.

U. INVESTOR RELATIONS. Information that the MPWD intends to make available to the investing public, including bondholders, rating analysts, investment advisors, or any other members of the investment community shall be filed on the MPWD website and the EMMA website.

The MPWD will consult with its Municipal Advisor, if retained, in any potential communications with the investment community.

V. RECORDS RETENTION. A copy of all relevant documents and records will be maintained by the MPWD through the final maturity of the debt financing plus ten (10) years. Relevant documents and records will include sufficient documentation to support the requirements related to maintaining the tax-exempt status of the debt financing.

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SECTION 5.11 INVESTMENT OF MPWD FUNDS

The Investment Policy provides guidelines for the prudent investment and cash management of MPWD's funds.

The management of MPWD's cash should be designed to adequately monitor and forecast accurately expenditures and revenues, thus enabling MPWD to fully invest available funds possible. MPWD's primary objective is to safeguard the principle of the funds; the second objective is to meet the liquidity needs of MPWD; and the third objective is to achieve a return on its invested funds.

MPWD may confer with its Municipal Advisor or other appropriate financial professionals in its options for and management of investments.

A. STATEMENT OF INVESTMENT OF MPWD FUNDS

At all times, the MPWD shall invest its funds in accordance with the rules and restrictions established by the laws of the State of California (Government Code Section 53600 *et seq*.). In addition, the MPWD shall conduct its investments under the "prudent investor standard": when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the MPWD. (California Government Code Section 53600.3).

As a best practice, the MPWD should engage with its financial advisors, as contracted, to review and consider sustainable green investments.

The MPWD's investment portfolio should include investments in the State of California Local Agency Investment Fund (LAIF) and may include investments in United States Treasuries (USTs). Any change in investments must be brought to the Board of Directors for consideration and approval. The General Manager shall serve as the MPWD's trustee for the purpose of placing investments pursuant to this policy.

The Board of Directors delegates on an annual basis the authority to invest to the General Manager of MPWD, or designee, who shall serve as MPWD's trustee for the purposes of placing investments pursuant to this Investment Policy. The Investment Policy must be reviewed annually by the Board of Directors at a public meeting. (California Government Code Sections 53646 and 53607).

1. Criteria for Selecting Investments. Criteria for selecting investments and the order of priority are as follows:
   A. Safety. The safety and risk associated with an investment refer to the potential loss of principal, interest, or a combination of these amounts. MPWD shall operate only in investments that are considered very safe.

B. Liquidity. An adequate percentage of the portfolio, in the approximate amount of annual operating expenses, should be maintained in liquid short-term investments, which can be converted to cash, if necessary, to meet disbursement requirements. A short-term investment is defined as any investment which matures within a one-year period.
C. Return on Investments. Return on investments becomes a consideration, only after the basic requirements of safety and liquidity have been met.

2. Delivery of Securities. Securities shall be delivered by book entry, physical delivery or by third party custodial agreement (California Government Code Section 53601).

3. Diversification. Alternatively, and subject to prior Board approval, the investment portfolio may consist of a mix of the authorized types of investment instruments described in this Investment Policy. Generally, as a rule, long-term maturities should not represent a significant percentage of the total portfolio, as the principal risk involved can outweigh the potential for higher earnings.

4. Investment Record. Maintain a record listing the essential features of each investment, including the following:
   A. Date of purchase
   B. Description (or bank name) and identification number of each security
   C. Interest rate
   D. Original Cost
   E. Maturity date of the investment
   F. Date of and amount at termination (cashing) of investment and use of proceeds (reinvestment, deposit into MPWD bank accounts, etc.)

5. Terms of Investments. Except for public statutory exceptions or when authorized by the Board of Directors either specifically or as part of an investment program no less than three (3) months prior to the investment, no investment shall be made in a security with a term remaining to maturity more than five (5) years. (California Government Code Section 53601).

6. Deposit of Funds. As far as possible, all money belonging to or in the custody of the MPWD including money paid to the MPWD to pay the principal, interest, or penalties of bonds, shall be deposited for safekeeping in state or national banks, savings associations or federal associations, state or federal credit unions or federally insured industrial loan companies in California (as defined by California Government Code Section 53630). Pursuant to California Government Code Sections 53635, 53637 and 53638, the money shall be deposited in any authorized depository with the objective of realizing maximum return, consistent with prudent financial management.

   Subject to the applicable statutory requirements, and with the exception of United States Treasuries, no more than 25% of the MPWD's total investment portfolio will be invested in a

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single security type or with a single financial institution. For purposes of this policy, the Local Agency Investment Fund is not considered a security type or financial institution.

7. Authorized Investments. MPWD may invest in the investment instruments authorized by the California Government Code, subject to any conditions set forth in the California Government Code. Authorized investments shall include, as set forth below, investments in the Local Agency Investment Fund and USTs. Subject to prior Board approval, the MPWD may also invest in the authorized investment instruments set forth hereinbelow.

   A. Local Agency Investment Fund (LAIF). The MPWD's current policy is to invest in the Local Agency Investment Fund pursuant to California Government Code Section 16429.1. Any change in that policy must be brought to the Board of Directors for approval.

      Deposit and Withdrawal. The MPWD does hereby authorize the deposit and withdrawal of MPWD monies in the LAIF in the California State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of Investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard; and designate the following officers or their successors in office to order the deposit or withdrawal of monies in the Local Agency Investment Fund: General Manager, Operations Manager, and Administrative Services Manager.

   B. United States Treasuries (USTs). MPWD's current policy is to invest in United States Treasury notes, bonds, bills, certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest pursuant to California Government Code Section 53601. Any change in that policy must be brought to the Board of Directors for approval.

   C. Authorized Investment Instruments Subject to Board Approval. If the MPWD desires to change its policy of investing solely in the LAIF and USTs, it must obtain prior Board approval. With prior Board approval, the MPWD may utilize the following investment instruments:
      - Negotiable certificates of deposits issued by a nationally or state-chartered bank, a savings association, or a federal association (as defined by California Financial Code Section 5102),
      - a state or federal credit union, or
      - a state-licensed branch of a foreign bank.

8. Prohibited Investments. The MPWD shall not invest any funds in inverse floaters, range notes or interest-only strips that are derived from a pool of mortgages. The MPWD shall not invest any funds in any security that could result in zero interest accrual if held to maturity; however, the MPWD may hold this prohibited instrument until its maturity date. The limitation does not apply to investments in shares of beneficial interest issued by diversified management companies as set forth in California Government Code Section 53601.6.

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B. AUTHORIZATION TO INVEST MPWD FUNDS IN A PORTFOLIO IN THE PUBLIC AGENCY RETIREMENT SERVICES (PARS) IN COMBINATION WITH OTHER POST-EMPLOYMENT BENEFITS (OPEB), AND A PENSION RATE STABILIZATION PROGRAM (PRSP)

1. PARS Public Agencies Post-Retirement Health Care Plan Trust Agreement. In 2011 the MPWD Board of Directors approved the participation in the PARS Public Agencies Post-Retirement Health Care Trust (Program) to fund post-employment benefits for its employees as specified in the MPWD's policies and or applicable collective bargaining agreements.

   The Program is a tax-exempt trust and plan performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code. The MPWD adopted the PARS Public Agencies Post-Retirement Health Care Plan Trust Agreement including the PARS Post-Retirement Health Care Plan, as part of the MPWD Retirement Program.

2. In 2018 the MPWD Board of Directors authorized participation in the PARS Combination IRS Section 115 Trust Plan, including the MPWD's other Post-Employment Benefits Plan (OPEB) and established a Pension Rate Stabilization Program (PRSP) to pre-fund the MPWD's pension liabilities.

   This Program was established to manage the pre-funding of pension obligations through the PRSP and its OPEB obligations in a single trust under this program which affords the MPWD administrative and cost efficiencies and reflects prudent financial planning.

   Funds contributed to the PARS Combination IRS Section 115 Trust are not subject to investment restrictions applicable to investment of surplus funds under California Government Code Section 53600 *et seq*.

   A. Use of Funds. Funds deposited in this Program are to be used to pre-fund both pension obligations and/or OPEB obligations as specified in the MPWD's plans, policies and/or applicable collective bargaining agreements.
   B. Transfer of Funds. All transfer of funds from the Plan will be managed by the General Manager and will be reported to the Board of Directors at the next regular meeting.

C. REPORTING

For the investments in LAIF, USTs, and PARS, the General Manager or their designee may render at least a quarterly report to the Board of Directors. If a report is filed, it shall be submitted within 45 days of the end of the quarter covered by the report. The report shall include the following information:

- Type of investment, issuer, date of maturity, par amount, dollar amount invested on all securities, investments and money held by MPWD;

- Description of any of MPWD's funds, investments or programs that are under the management of contracted parties, including lending programs;

- For all securities held by MPWD and under management by any outside party that is not a local agency or the LAIF, a current market value as of the date of the report and the source of this valuation;

- Statement that the portfolio complies with the Investment Policy or the manner in which the portfolio is not in compliance; and

- Statement that the MPWD can meet its cash flow requirements for the next six (6) months or provide an explanation as to why sufficient money should or may not be available. (California Government Code Section 53646[b-e]).

SECTION 6.0 BUDGET

SECTON 6.1 BUDGET ADMINISTRATION

A. BUDGET PROCESS

The budget process operates on a July 1st to June 30th fiscal year. Each fiscal year, two (2) budgets are developed, an Operating Budget and a Capital Budget.

The process begins in February or March annually for adoption no later than June.

The Operating Budget includes the revenues and expenditures for the day-to-day operations. The Capital Budget includes the capital infrastructure and system improvement projects and outlays projected for the fiscal year.

A mid-year budget review is typically scheduled each year. This process allows for an updated report on the previous 6-month operational and capital activities, and revenue collections and expenditures. Budget reviews can occur at other times throughout the fiscal year as needed or requested by the Board of Directors.

It is MPWD's desire to maintain a high level of transparency and user-friendly budget documents, including a line-by-line summary budget accounting for the MPWD revenue and expenditure account items. The capital budget includes the proposed projects and outlay items, as well as the funding sources for them. Budget documents are posted at the MPWD website.

B. CAPITAL IMPROVEMENTS

The MPWD developed a comprehensive system analysis in 2015 which was updated in FY 2016-2017, FY 2019-2020 and is currently undergoing an update in FY 2023-2024. The Board approved capital debt financing as an option to expedite deferred and much needed system infrastructure improvements. The secured debt financing totaling $18,750,000 (2016 COP-Certificates of Participation) on December 7, 2016. Quarterly/Semi-Annual reports on the expenditures have been provided at regular MPWD Board Meetings.

The MPWD also continues to operate on a revenue-funded or "pay go" basis for capital outlays and improvements that would not otherwise be funded with the 2016 COP dollars. The outlays and projects are presented to the Board annually for consideration during the budget process or on a case-by-case basis as needed.

C. TIERED WATER RATE STRUCTURE:
The MPWD relies solely (100%) on water supply from the San Francisco Public Utilities Commission (SFPUC).

The MPWD provides a tiered rate water structure using a phased approach to keep pace with increasing wholesale water and operational costs. The tiered rate model also encourages conservation by increasing unit rates for higher consumption.
The MPWD conducts a comprehensive rate review every five (5) years.

D. BUDGET APPROVAL:
The General Manager will present the proposed Operating and Capital Budgets in detail to the Board Finance Committee meetings in March, April, and/or May. Any adjustments and changes will be made, and the updated proposed budgets will be moved forward to the Board for consideration, and approval no later than June each fiscal year.

Staff make reasonable assumptions in preparation of the budgets. These projected assumptions are totaled, determining if there is a deficit or surplus. Any budget surplus will be credited to cash reserves. Cash reserves will be utilized for any projected budget deficits.

SECTION 7.0 PROCUREMENT

Section 54202 of the California Government Code requires all local agencies to adopt written policies and procedures, including bidding requirements, for the purchase of equipment, services, and supplies. Section 30579.5 of the California Water Code authorizes the Board of Directors of a County Water District to delegate to its General Manager authority to enter into contracts on behalf of MPWD. MPWD will review its procurement process every five (5) years, or as needed.

This policy establishes procurement requirements for the purchase of goods, equipment, materials, and services and for public works/capital projects. All purchases of equipment, materials, services, or public works projects must comply with the procurement processes and dollar limits listed in this policy as set forth below.

The District will administer all contracts to ensure that contractors conform to the terms, conditions, and specifications of all contracts and to ensure all purchases and services are received in a timely manner.

A. BUDGET APPROPRIATIONS FOR PROCUREMENT

1. Operating Budget

The fiscal year Operating Budget will contain a schedule of anticipated revenues and expenses that are needed for operations of the MPWD and identified by account code. Unless otherwise instructed by the Board of Directors, the General Manager has the authority to expend funds necessary for the ordinary, daily operation of the MPWD as specified in the Operating Budget subject to the limitations set forth below.

2. Capital Budget

The fiscal year Capital Budget identifies expenditures for certain specified projects and equipment. Unless otherwise instructed by the Board of Directors, the General Manager has the authority to expend funds for projects specifically designated on the approved capital expenditure budget at any time during the fiscal year up to the amounts specified and subject to the limitations set forth below.

3. Non-Budget Items

Authority from the Board of Directors shall be obtained by the General Manager prior to the expenditure of more than FIFTY THOUSAND DOLLARS ($50,000), for a non-budgeted service or item, except in an emergency. Any non-budgeted expenditures shall be reported at the next meeting of the Board of Directors.

B. CONSTRUCTION CONTRACTS

1. *$50,000 or less*. When the estimated cost of the construction work or materials is equal to or less than FIFTY THOUSAND DOLLARS ($50,000), the General Manager is authorized to award the contract, but shall report on the award of any such contract at the next meeting of the Board of Directors. Each contract in this category over the amount of ONE THOUSAND DOLLARS ($1,000) must be evidenced by a written purchase order or contract.

   To the extent possible, the General Manager shall obtain at least three (3) competitive quotations before entering into a contract, making special efforts to involve local contractors in all such work.

2. *Exceeding $50,000*. Construction contracts involving an estimated cost of work in excess of FIFTY THOUSAND DOLLARS ($50,000) must be approved by the Board of Directors.

3. *$50,001 - $100,000*. In cases when the estimated cost of the construction work or materials is FIFTY THOUSAND AND ONE DOLLARS ($50,001) but equal to or less than ONE HUNDRED THOUSAND DOLLARS ($100,000), the award of contract may be based on informal bids obtained by the General Manager. The General Manager shall not be required to advertise formally for the solicitation of bids for such contracts. To the extent possible, the General Manager shall obtain at least three (3) informal, written bids before entering into a contract.

4. *Exceeding $100,000*. In cases where the estimated costs of the construction work or materials is greater than ONE HUNDRED THOUSAND DOLLARS ($100,000), the award of contract shall be based on a competitive bid process in which sealed bids are submitted in response to an advertisement in a newspaper of general circulation in San Mateo County and are publicly opened at the specified time. The award of contract shall then be made to the lowest responsive and responsible bidder, or based on best value if it is determined to be in the best interest of the District, as identified in the IFB. The MPWD may reject any or all bids if it is in its best interest.

5. Force Account Work. The foregoing policies are not intended to preclude the General Manager from utilizing MPWD employees to carry out construction work on a force account basis.

C. PROCUREMENTS OF EQUIPMENT OR SUPPLIES

1. *$50,000 or less*. When the estimated cost of equipment or supplies, is equal to or less than FIFTY THOUSAND DOLLARS ($50,000), the General Manager is authorized to award the contract, but shall report on the award of any such contract at the next meeting of the Board of Directors. To the extent possible, the General Manager shall obtain at least three (3) competitive quotations before entering into a contract. A contract in this category over the amount of ONE THOUSAND DOLLARS ($1,000) must be evidenced by a written purchase order or contract.

2. *Exceeding $50,000.* Contracts for equipment or supplies covering an estimated cost of more than FIFTY THOUSAND DOLLARS ($50,000) must be approved by the Board of Directors.

3. *$50,001 - $100,000*. When the estimated cost of equipment or supplies is FIFTY THOUSAND ONE DOLLARS ($50,001) but equal to or less than ONE HUNDRED THOUSAND DOLLARS ($100,000), the award of the contract may be based on informal bids obtained by the General Manager. The General Manager shall not be required to advertise formally for the solicitation of bids for such contracts. To the extent possible, the General Manager should obtain at least three (3) informal, written bids before entering into a contract.

4. *Exceeding $100,000*. When the estimated cost of equipment or supplies is greater than ONE HUNDRED THOUSAND DOLLARS ($100,000), the award of contract shall be based on a competitive bid process in which sealed bids are solicited through an advertisement in a newspaper of general circulation in San Mateo County and are publicly opened at the specified time. The award of the contract shall be made to the lowest responsive and responsible bidder. The MPWD may reject any or all bids if it is in its best interest.

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D. PROFESSIONAL SERVICES CONTRACTS

1. General Procedures. Advertisements and competitive bidding are not required for professional service contracts. Each contract in this category must be evidenced by a negotiated and written professional services contract in a form approved by the District Counsel.

2. *$50,000 or less*. The General Manager is authorized to retain professional consultants where the cost of work is negotiated and equal to or less than FIFTY THOUSAND DOLLARS ($50,000) and shall report on the award of any such contract at the next meeting of the Board of Directors. To the extent practicable, the General Manager will obtain at least three (3) competitive quotations before entering into such a contract.

3. *Exceeding $50,000*. Professional Services Contracts covering negotiated work the cost of which is more than FIFTY THOUSAND DOLLARS ($50,000), must be approved by the Board of Directors. The award of the contract may be based on a competitive negotiation process or Request for Proposals.

E. EMERGENCY CONTRACTS

In cases of emergency, the General Manager is authorized to arrange for public works, purchase of supplies or services, or tools and equipment, without competitive bidding or proposals or prior Board approval, as required herein but shall be reported on the award of any such contract for emergency work at the next meeting of the Board of Directors. If possible, the General Manager shall attempt to seek the concurrence of the Board President prior to awarding any contract. For purposes of this paragraph, "emergency" is defined as those circumstances requiring immediate work or construction to prevent the immediate interruption or cessation of necessary MPWD services or to safeguard life, property or the public health and welfare.

F. STANDARDS OF CONDUCT IN PROCUREMENTS

1. Gifts and Gratuities. These policies and any policies related to Gifts and Gratuities is governed by the MPWD Personnel Manual. Failure to follow the standards is the cause for disciplinary action, up to and including termination.

2. Conflicts of Interest. No director, officer, employee, or agent of the MPWD shall participate in any procedure, task, or decisions relative to initiation, evaluation, award, or administration of a contract if a conflict of interest, real or apparent, exists. Such a conflict of interest arises when a) the director, officer, employee, or agent, b) any member of his or her immediate family, c) his or her business associate, or d) an organization which employs, or which is about to employ, any of the above-described individuals has a financial or other interest in a firm that participates in a MPWD procurement process or that is selected for an award. The standards for governing the determination as to whether such an interest exists are set forth in the Political Reform Act (Section 87100 *et seq.* of the California Government Code) and in Section 1090 *et seq.* of the California Government Code. If there is a potential conflict of interest or

perception of a conflict of interest, the staff member shall disclose such interest in writing to the General Manager as soon as possible, or in the case of the General Manager, to the General Counsel, so that the appropriate precautions may be taken.

3. Segmenting.
   In determining the procedures that must be followed for obtaining competitive bids, the scope of the contract shall be considered in its entirety. A contract shall not be divided into smaller segments to eliminate the competitive bidding requirements set forth in this policy.

G. LEASES, LICENSES and CONCESSIONS

Other than equipment operating leases that are included in the Operating Budget, the General Manager shall not enter into any lease, license, concession contract, lease-purchase contract, or installment contract more than $50,000 without prior authorization from the Board of Directors.

H. DISPOSAL OF SURPLUS EQUIPMENT AND SCRAP ITEMS

1. Methods of Disposition.
   The method of disposing of any surplus or scrap items shall depend on the nature of the item and the possibility of the most favorable return to the MPWD. Allowable methods are:
   a. Transfer or sale to another public agency;
   b. Trade-in as part of a new procurement;
   c. Sale by auction held by the MPWD or other public entity or at any other public auction;
   d. Sale by negotiation; or
   e. Sale by public advertisement for sealed bids with an award of contract to the highest bidder.

For an item with an original acquisition of $25,000 or less, the General Manager shall determine the appropriate method of disposition and shall report the matter to the Board of Directors. For an item with an original acquisition cost exceeding $25,000, the Board of Directors shall determine the appropriate method of disposition considering any staff recommendation.

I. WAIVER

The policies and procedures specified above shall not apply in cases where the Board of Directors, in its discretion, determines that it is in the best interests of the MPWD to proceed with an alternative method of procurement and the Board waives certain requirements specified in this policy for a particular contract, unique construction project, or purchase of equipment, and which finding shall be made on the record at a Board meeting.

J. EXCLUSIONS FROM PROCUREMENT POLICY

A non-exclusive list of examples of non-discretionary services not governed under this policy includes, but is not limited to:

1. Electrical, water, or other regulated utility services provided by a municipality or vendor.
2. Advertisements placed in a newspaper of general circulation.
3. Non-discretionary payments to other government agencies.
4. Membership fees or dues.

SECTION 8.0 CREDIT CARDS AND LINES OF CREDIT

i. APPLICATION OF POLICY

This policy will apply to both credit cards and lines of credit issued by the bank or vendor to the MPWD and authorized employees.

ii. AUTHORIZATION TO BE A CREDIT CARDHOLDER

All credit cards and lines of credit must be approved in advance by the General Manager.

iii. USE OF CREDIT

This policy will govern the use of credit cards and purchasing on accounts or cards:

- A credit card will be issued to the General Manager, Operations Manager, and Administrative Services Manager that have the need and budget approval to efficiently purchase supplies or services on behalf of the MPWD, and to pay for MPWD travel and meeting expenses.
- The General Manager will have the authority to issue a temporary credit card to an employee who demonstrates a business need for the credit card.
- Upon approval of the vendor or credit card company, a card may be issued bearing the names of the individual, both the individual and MPWD, or MPWD.
- Purchasing/credit cards will not be transferable between individuals.

iv. CARDHOLDER RESPONSIBILITIES

The cardholder must only use the purchasing/credit card for legitimate approved business of the MPWD, subject to the following regulations. The cardholder is to be aware that many credit cards look alike, and care should be taken to avoid confusing MPWD and personal credit cards. Cardholders must notify the General Manager of any inadvertent personal charges and must reimburse the MPWD immediately for such personal charges. Misuse of the card will subject the cardholder to disciplinary action in accordance with MPWD policies and procedures relating to discipline up to and including termination.

The cardholder must:

- Ensure the purchasing/credit card is used only for legitimate MPWD business purposes.
- No personal items may be charged on the business credit card or purchasing accounts.
- Ensure that expenditures are budgeted, allowable for grant purposes, necessary for the program, and that funds are available for the expenditure.

- All employees must maintain the credit card/purchasing account information, in a secure location.
- Not allow other individuals to use the purchasing account/credit card except when authorized by the General Manager.
- All charges must be in line with procurement policies and employee travel guidelines.
- Obtain all itemized sales slips, register receipts, and/or purchasing account/credit card slips and within three (3) business days provide same to the appropriate administrative employee for reconciliation, approval, and allocation of transactions.
- Ensure that the appropriate credit for the reported disputed item(s) or billing error appears on a subsequent account or cardholder statement.
- Not accept cash in lieu of a credit to the purchasing/credit card account.
- Return the credit card to the appropriate employee upon terminating employment with the MPWD.

E. CRITERIA TO BE CARDHOLDER

The criteria to receive a MPWD credit card or purchasing account authorization is as follows:

- Applicants must be employees of the MPWD.
- Applicants request for a credit card/purchasing account authorization must be approved by the General Manager.

F. CARDHOLDER LIBILITY

The purchasing account/credit card is a MPWD account/charge card which will not affect the cardholder's personal credit; however, it is the cardholder's responsibility to ensure that the card is used within stated guidelines of the purchasing/ credit card policies as well as MPWD policies and procedures relating to expenditures of MPWD funds.

Failure to comply with program guidelines may result in permanent revocation of the charging authority, notification of the situation to management, and further disciplinary measures that may include termination.

G. LOST, MISPLACED, OR STOLEN CREDIT OR PURCHASING/CREDIT CARD

Cardholders are required to immediately report any lost or stolen purchasing/credit cards to the Administrative Services Manager or their designee, who is responsible for immediately reporting the lost/stolen card to the issuer. In the event the discovery of the lost/stolen card is made outside of normal MPWD business hours, the cardholder is responsible for notifying the issuer directly.

H. PURCHASE DECLINES

Should the purchasing/credit card be erroneously declined by a vendor, the cardholder should immediately contact the Administrative Services Manager or their designee for assistance. If the purchase is being made outside of the normal MPWD business hours, the employee must find an alternate payment method or terminate the purchase and contact the Administrative Services Manager or their designee during normal business hours.

I. CREDITS

Vendors will issue all credits to the individual purchasing/credit card account for any item they have agreed to accept for return. This credit will appear in a subsequent statement. Under no circumstances should a cardholder accept cash in lieu of credit to the purchasing/credit account.

J. UNRESOLVED DISPUTES AND BILLING ERRORS

The cardholder is responsible for contacting the vendor to resolve any disputed charges or billing errors. If the matter is not resolved with the vendor, the Administrative Services Manager or their designee should be contacted for assistance.

K. SECURITY AND STORAGE

Cardholders should always treat the MPWD purchasing/credit card with at least the same level of care as one does their own personal credit cards. The cards should be maintained in a secure location and the card account number should be carefully guarded.

L. DOCUMENTATION

Every month, each cardholder will be provided with a statement detailing the expenditures that were charged to his/her District credit card. The cardholder will review this statement for its accuracy and any unauthorized purchases. The individual assigned to each purchasing/credit card will maintain the cardholder's vendor receipts/packing slips/charge slips until such time as they are forwarded to the Administrative Services Manager or their designee for payment. The statement will be forwarded to each cardholder to authorize the approved charges accompanied by all original supporting documentation for all charges. Documentation of meals, travel and valid business entertainment expenditures shall include all the same elements as described in the earlier policy on employee and director business travel (e.g., names of people involved, business purpose, etc.).

All other documentation concerning the purchasing/credit card program will be maintained by the Administrative Services Manager or their designee. This documentation includes, but is not limited to, applications, cardholder agreements, MPWD billing statements, reconciliation of accounting statements, reconciliation of accounting statements, and copies of transmittals, and correspondence with issuing companies.

M. LOST, MISPLACED, OR MISSING CREDIT CARD RECEIPTS

Cardholders are required to obtain an itemized receipt for each credit card expenditure. If a credit card receipt is lost, misplaced, or one was not provided at the transaction, the cardholder is responsible to 1) try and secure a receipt, or 2) provide a written replacement receipt, signed, and dated by the cardholder as evidence of the credit card transaction.

N. USE OF EMPLOYEE'S CREDIT CARD

Employees and officers incurring legitimate MPWD business expenses may utilize their personal credit cards for such expenditures. The MPWD shall reimburse employees and officers for properly supported and documented business expenditures charged to personal credit cards

within the next vendor processing cycle upon the proper completion of an expense report. Travel advances may be requested in special circumstances (e.g., situations in which legitimate business expenses are expected to exceed an employee's credit card limit or other special cases).

O. CREDIT CARD LIMITS

The MPWD credit card accounts are authorized for a total limit of $150,000.

1. The General Manager's card limit is $50,000.
2. The Operations Manager's and Administrative Services Manager's card limit is $25,000.
3. Any card issued to a supervisor will have a limit of $10,000.
4. Additional cards (including temporary cards) issued to employees will be at the sole discretion of the General Manager and will not exceed the limit of $5,000.

P. PURCHASING ACCOUNTS

For example, Home Depot, Office Depot, and Costco. Purchasing limits will be established and approved by the General Manager and maintained within documented established internal control procedures.

SECTION 9.0 DONATED USE OF MPWD ASSETS OR RESOURCES

The MPWD follows prudent financial management practices to ensure the proper and efficient use of public assets and resources and operates in a fiscally responsible manner. The MPWD further strives to be a vibrant member of the community it serves by participating in and partnering with other public agencies in local community events. On occasion, the MPWD receives requests for donations of District assets or resources for use at community organizations or events. In general, donations of District assets or resources are prohibited as gifts of public funds by Article XVI, Section 6 of the California Constitution, and the MPWD will deny such requests. In very limited circumstances, however, the MPWD may make reasonable donations of District assets or resources to other public agencies or community organizations or events that are related to and will further the authorized public purposes of the MPWD. Each request will be considered by the General Manager on a case-by-case basis, and any approval or denial is at the MPWD's sole discretion and will not set any precedent for any future request.

SECTION 10.0 TRAVEL AND EMPLOYEE EXPENSE REIMBURSEMENT

Travel and Employee Expense Reimbursement and any policies related to Travel and Employee Expense Reimbursement are governed by the MPWD's Personnel Policy.

SECTION 11.0 RECORDS MANAGEMENT

RECORDS SECURITY. Records maintained because of this policy and related to internal control procedures developed by MPWD staff will be governed by the MPWD's Records Retention Policy.

SECTION 12.0 MPWD FINANCIAL MANAGEMENT POLICY HISTORY

1. Resolution 2024-XX dated _____, 2024, represents adoption of the MPWD's first comprehensive Financial Management Policy.
2. This policy will be reviewed and considered for update every two (2) years, except as otherwise noted within this policy, or as necessary when there are new legal requirements or policies developed.

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RESOLUTION 2024-05

APPROVING AND ADOPTING THE NEW FINANCIAL MANAGEMENT POLICY FOR THE MID-PENINSULA WATER DISTRICT, EFFECTIVE APRIL 26, 2024

* * *

MID-PENINSULA WATER DISTRICT

WHERAS, the Board of Directors of the Mid-Peninsula Water District (MPWD) has adopted several policies related to financial management activities, including, but not limited to, procurement, investments, capitalization, cash reserves, and debt management, for the MPWD; and

WHEREAS, staff determined it would be more practical to create a comprehensive financial management policy, incorporating the MPWD's existing financial policies, restated and updated for legal compliance, to match MPWD financial, accounting, and budgetary practices, and to incorporate best management practices; and

WHEREAS, the MPWD 2024-2024 Strategic Plan included a priority objective to develop a comprehensive Financial Management Policy; and

WHEREAS, the MPWD consulted and met with several professionals and received valuable feedback and input, which was included in the new Financial Management Policy document; and

WHEREAS, the General Manager and staff met with the Board Finance Committee twice—on May 11, 2021, and April 10, 2024, and collaborated further on the policy document, and received guidance and support on a few major policy considerations within the Financial Management Policy; and

WHEREAS, the Financial Management Policy was presented to the Board of Directors at its regular meeting on April 25, 2024; and

WHEREAS, the Financial Management Policy will be formatted and published into a manual to simplify the policy reference process and increase workplace efficiencies for staff, Board members, customers, and contractors/vendors; and

WHEREAS, training will be provided to staff on the new Financial Management Policy.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Mid-Peninsula Water District that the new Financial Management Policy presented to the Board on April 25, 2024, is hereby approved and adopted and is effective April 26, 2024.

BE IT FURTHER RESOLVED by the Board that Resolutions 2005-09, Procurement Policy, 2005-11, Charitable Giving, 2007-11, Statement of Investment Policy, 2012-12, Investment of Monies in LAIF, 2013-10A, Capitalization Policy, 2013-02, Cash Reserve Policy, and 2018-05, Debt Management Policy, are hereby repealed and superseded by the new Financial Management Policy.

REGULARLY PASSED AND ADOPTED this 25th day of April 2024 by the following vote:

AYES:
NOES:
ABSTENTIONS:
ABSCENCES:

_____
BOARD PRESIDENT

ATTEST:

_____
BOARD SECRETARY

RESOLUTION NO. 2005-11

ADOPTING A CHARITABLE GIVING POLICY

MID-PENINSULA WATER DISTRICT

WHEREAS, The Mid-Peninsula Water District ("District") desires to adopt a formal policy concerning charitable donations of District funds or resources to ensure that any such donations are a valid use of public money and resources and do not violate the prohibition against gifts of public funds in Article XVI, Section 6 of the California Constitution; and

WHEREAS, a Charitable Giving Policy demonstrates the District's commitment to fiscal responsibility and prudent financial management as well as its desire to be a vibrant member of the community it serves; and

WHEREAS, in developing this policy, the Board of Directors considered the recommendations for adopting a Charitable Giving Policy included in the California State Auditor Report 2003-136; and

WHEREAS, the General Manager recommends that the Board of Directors adopt the attached Charitable Giving Policy.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Mid-Peninsula Water District that the "Charitable Giving Policy" as set forth in the Exhibit, attached hereto and incorporated herein, is hereby approved.

REGULARLY PASSED AND ADOPTED this 15th day of December 2005, by the following vote:

AYES: Directors Altscher, Feldman, Vella, Wagenseller, Zucca

NOES: None

ABSENT: None

President, Board of Directors

ATTEST:

Secretary of the District

MID-PENINSULA WATER DISTRICT
Charitable Giving Policy

General Policy

The Mid-Peninsula Water District follows prudent financial management practices to ensure the proper and efficient use of public funds and resources and operates in a fiscally responsible manner. The District further strives to be a vibrant member of the community it serves by participating in local community events. On occasion, the District receives requests for charitable donations of District funds or resources to community organizations or events. In general, donations of District funds or resources are prohibited as gifts of public funds by Article XVI, Section 6 of the California Constitution and the District will deny such requests. In very limited circumstances, the District may make reasonable charitable donations of District funds or resources only to those community organizations or events that are related to and will further the authorized public purposes of the District in accordance with the guidelines below. Each request will be considered on a case-by-case basis and any approval or denial is at the District's sole discretion and will not set any precedent for any future request.

A. Types of Authorized Donations

The Mid-Peninsula Water District may donate money or in-kind supplies, equipment or services to public or non-profit (501(c)(3)) community organizations if the following conditions are met:

1. The organization conducts activities in or that benefit the District's service area; and

2. The organization agrees to use the District's donation only in a manner and for specific activities that serve a District-related public purpose; i.e., activities that promote or further the District's specific authorized public purposes as a water district, such as activities related to water supply and quality, storage and distribution; water use and conservation; or water security, safety and health.

B. Amount of Authorized Donations

The amount of any donation, money or in-kind, will be reasonable and based on the full or partial cost of the specific activity that the donation will be used to support.

1. The General Manager is authorized to approve requests for donations up to $500 in value in accordance with this Policy and within the approved budget. The General Manager will report any such approved donations to the Board of Directors at the next regular Board meeting, which report will be included in the minutes of such meeting.

2. The Board of Directors will approve any requests for donations that exceed $500 in value in accordance with this Policy.

C. Approval and Documentation

1. Qualifying organizations may submit requests for donations in writing to the General Manager, which must include a brief description of the organization, the activity the donation will be used to support, the amount and type of the donation requested, and agreement that the organization will only use the donation for its intended purposes as approved by the District.

2. The General Manager, in consultation with General Counsel when necessary, will review each request and determine whether it meets the criteria in Section A and whether the amount is appropriate. For requests up to $500, the General Manager may approve the request. For requests over $500, the Board of Directors, on recommendation of the General Manager, may approve the request. The General Manager will respond to each request in writing.

3. The General Manager will create an annual report that documents all approved charitable donations including the organization, the amount and type of donation, and a brief justification that the donation served a valid District-related public purpose and was in a reasonable amount.

4. The Board of Directors will review the annual report each year in conjunction with the adoption of the District's budgets.

Approved: December 15, 2005 by Resolution No. 2005-11

MID-PENINSULA WATER DISTRICT

AGENDA ITEM NO. 8.C.

DATE: April 25, 2024

TO: Board of Directors

FROM: Kat Wuelfing, General Manager

SUBJECT: RECEIVE REPORT FROM WULFF-HANSEN ON DISTRICT US TREASURY INVESTMENTS TO DATE

RECOMMENDATION
Receive verbal report.

FISCAL IMPACT
None.

BOARD ACTION: APPROVED:_____ DENIED:_____ POSTPONED:_____ STAFF DIRECTION:_____

UNANIMOUS___ ZUCCA____ JORDAN____ SCHMIDT _____WHEELER____ VELLA____

To	**Kat Wuelfing, Monique Madrid and Rene Ramirez** Mid-Peninsula Water District
From	Steven Gortler, Bud Levine and Rob Pankratz, Wulff, Hansen & Co.
Date	April 17, 2024
Subject	**Quarterly Portfolio Earnings: January 1, 2024 through March 31, 2024**

During the period from January 1, 2024 through March 31, 2024, the District held the following U.S. Treasury securities in its portfolio during all or a portion of the period.

CUSIP Number	Purchase Date	Face Value	Coupon Rate	Price	Discount	Principal Cost	Accrued Interest*	Total Cost	Final Maturity	Yield to Maturity
91282CDV0	Jan. 31, 2023	1,630,000	0.875%	96.242	61,254	1,568,746	0	1,568,746	**Jan. 31, 2024**	**4.77%**
912828X70	May 1, 2023	1,600,000	2.000%	97.410	41,440	1,558,560	87	1,558,647	**Apr. 30, 2024**	**4.69%**
912797JQ1	Feb 5, 2024	1,012,400	-	98.772	12,430	999,970	0	999,970	**Apr. 30, 2024**	**5.35%**
91282CEX5	Jul. 31, 2023	1,579,000	3.000%	97.879	33,492	1,545,508	3,990	1,549,498	**Jun. 30, 2024**	**5.40%**
912797JT5	Feb 5, 2024	1,792,700	-	97.611	42,832	1,749,868	0	1,749,868	**Jul. 25, 2024**	**5.24%**
91282CFA4	Oct. 31, 2023	2,577,000	3.000%	98.190	46,653	2,530,347	19,328	2,549,674	**Jul. 31, 2024**	**5.49%**
912828YM6	Oct. 19, 2022	2,143,000	1.500%	94.761	112,265	2,030,735	15,024	2,045,759	**Oct. 31, 2024**	**4.22%**
91282CGG0	Feb 5, 2024	1,761,000	4.125%	99.328	11,832	1,749,168	998	1,750,166	**Jan. 31, 2025**	**4.83%**

All dollar amounts are rounded to the nearest dollar.

* *Accrued interest paid by District to Winning Bidder.*

Quarterly Book Earnings

During the period from January 1, 2024 through March 31, 2024, the District's portfolio of U.S. Treasury securities had book earnings of **$135,473** which is equivalent to an annualized book yield of **5.02%**. By comparison, during the same period the average daily yield paid on deposits in the **L**ocal **A**gency **I**nvestment **F**und (**LAIF)** was **4.12%.**

Quarterly book earnings of **$135,473** included the following:

- **$58,678** of interest earnings, plus
- **$76,795** of accreted discount.

Fees
The book earnings shown above do not take into account any fees that were incurred by the District for services provided by the Municipal Advisor, Bidding Agent / Registered Investment Advisor or Custodian Bank. The total of such fees incurred by the District during the period equaled approximately **$4,102**.

Next Steps
The District does not need to take any further action at this time. This report is informational only.

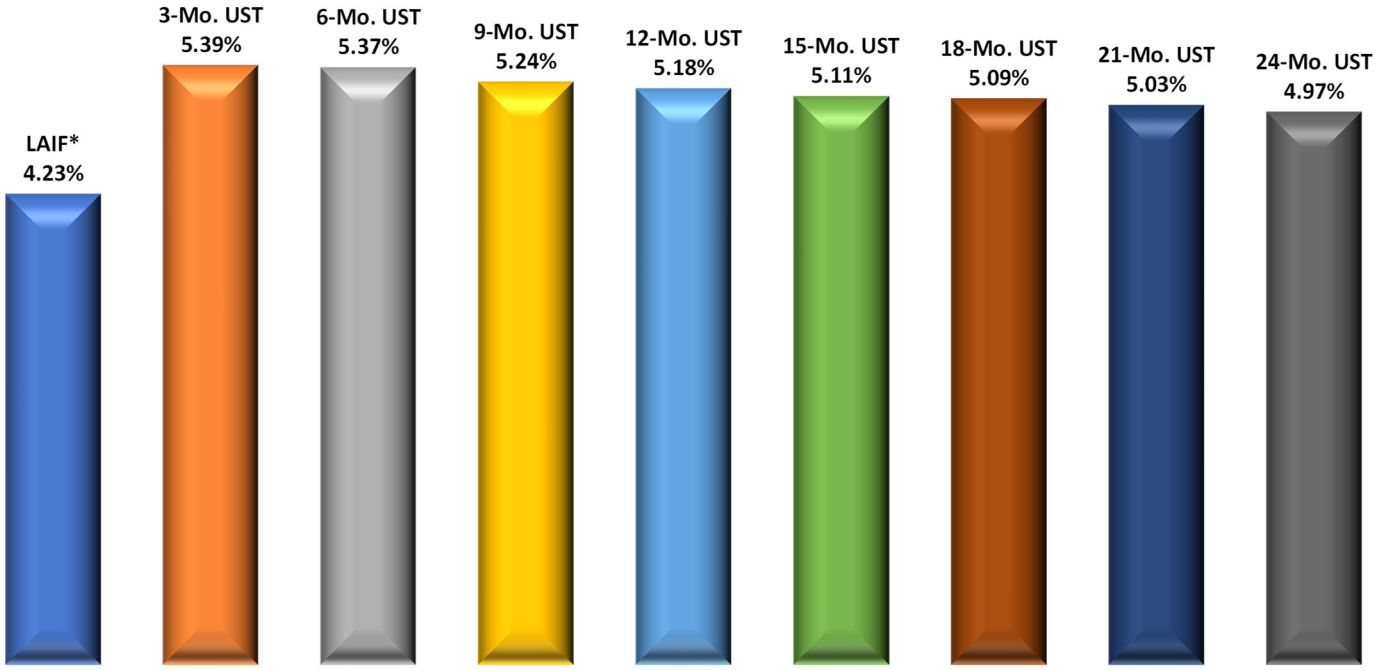
The next scheduled maturity of a Treasury security in the District's portfolio will occur on April 30, 2024. Prior to the maturity of each Treasury security in the District's portfolio, the Wulff Hansen team will assist the District in evaluating its expected cash flow requirements and liquidity needs, and its potential reinvestment options.

Meanwhile, all of the Treasury securities in the District's portfolio are held in trust for the District by its Custodian Bank. The scheduled payment of interest and principal on each security will be automatically credited to the District's custody account upon receipt, and the District will continue to receive monthly account statements from the Custodian Bank.

Invest Additional Funds
Depending on the District's cash balances and its expected future cash flow requirements and liquidity needs, the District may wish to consider investing additional funds in one or more U.S. Treasury securities, in order to earn additional interest income. If so, the Wulff Hansen team can help arrange for any such additional investment. Please note however that such additional investment would incur additional compensation to Municipal Advisor, based on its current fee schedule, and therefore Municipal Advisor would have an incentive to recommend such an additional investment. For your reference, the current U.S. Treasury yield curve is as follows:

Estimated Yield Curve as of April 16, 2024

(Data Sources: U.S. Treasury Department and California State Treasurer's Office)

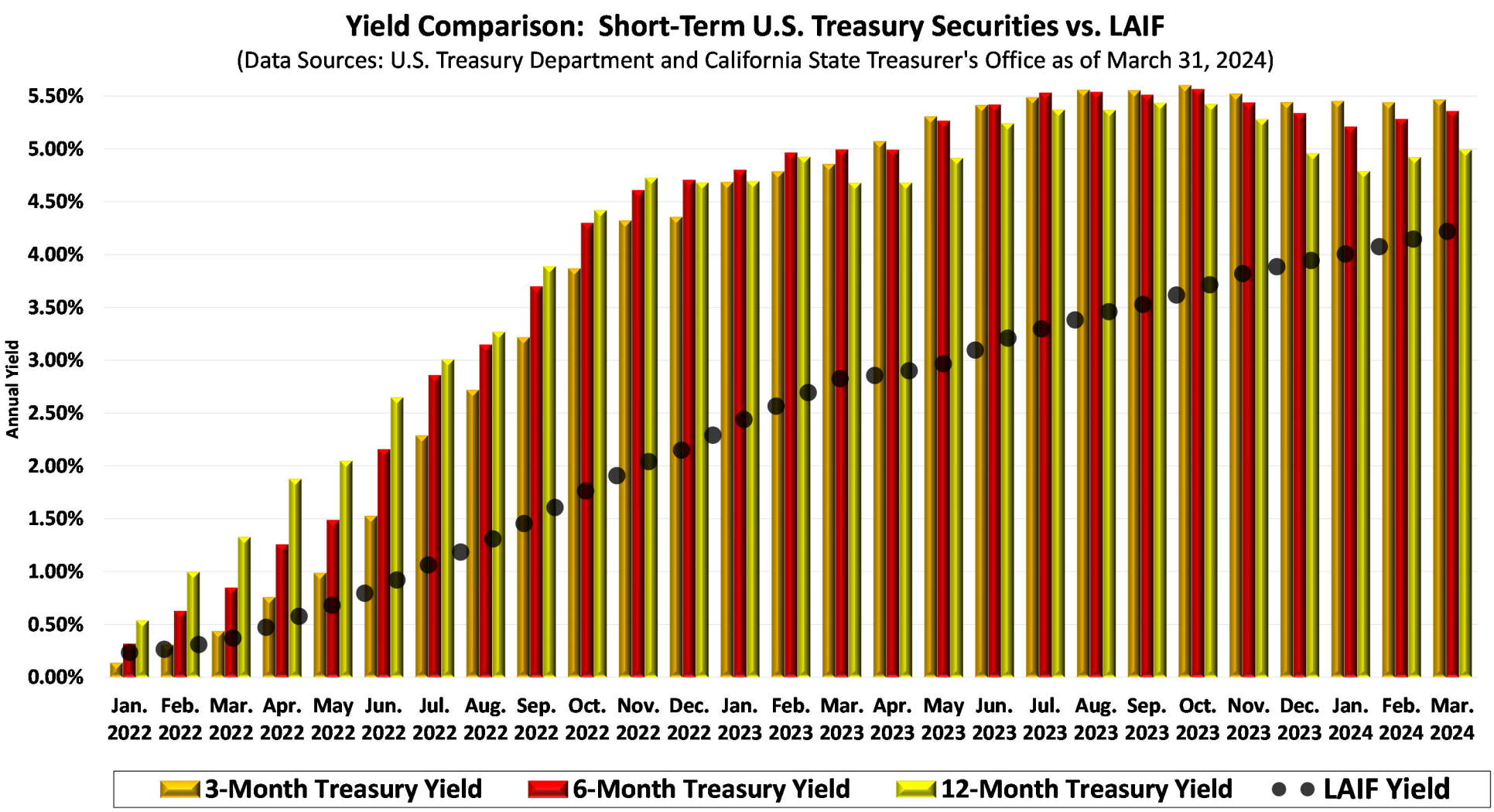


* LAIF rate as of April 10, 2024

Liquidate Securities

If the District ever needs immediate access to some or all of its invested funds due to a large unanticipated financial obligation or emergency situation, then the Wulff Hansen team can help arrange for the prompt liquidation of one or more Treasury securities in the District's portfolio.

The market value of the District's portfolio – as opposed to its face value – typically fluctuates over time as interest rates change. According to the most recent monthly custody account statement, the estimated market value of the Treasury securities in the District's portfolio on March 31, 2024 was **$12,342,375**.


Yield Comparison: Short-Term U.S. Treasury Securities vs. LAIF
(Data Sources: U.S. Treasury Department and California State Treasurer's Office as of March 31, 2024)
Annual Yield
5.50%
5.00%
4.50%
4.00%
3.50%
3.00%
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
Jan. 2022
Feb. 2022
Mar. 2022
Apr. 2022
May 2022
Jun. 2022
Jul. 2022
Aug. 2022
Sep. 2022
Oct. 2022
Nov. 2022
Dec. 2022
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May 2023
Jun. 2023
Jul. 2023
Aug. 2023
Sep. 2023
Oct. 2023
Nov. 2023
Dec. 2023
Jan. 2024
Feb. 2024
Mar. 2024
3-Month Treasury Yield
6-Month Treasury Yield
12-Month Treasury Yield
LAIF Yield

Mid-Peninsula Water District
Laddered Portfolio of U.S. Treasury Securities
Cumulative Review @ March 31, 2024

Purchase Date	Principal Cost of UST	Term to Maturity	Final Maturity	Yield to Maturity
Oct. 19, 2022	1,531,513	3 months	Jan. 31, 2023	3.84%
Oct. 19, 2022	1,508,376	6 months	Apr. 30, 2023	4.06%
Oct. 19, 2022	1,496,341	9 months	Jul. 31, 2023	4.26%
Oct. 19, 2022	2,411,802	12 months	Oct. 31, 2023	4.29%
Oct. 19, 2022	2,030,735	12 months	Oct. 31, 2024	4.22%
Jan. 31, 2023	1,568,746	12 months	Jan. 31, 2024	4.77%
May 1, 2023	1,558,560	12 months	Apr. 30, 2024	4.69%
Jul. 31, 2023	1,545,508	11 months	Jun. 30, 2024	5.40%
Oct. 31, 2023	2,530,347	9 months	Jul. 31, 2024	5.49%
Feb 5, 2024	999,970	3 months	Apr. 30, 2024	5.35%
Feb 5, 2024	1,749,868	6 months	Jul. 25, 2024	5.24%
Feb 5, 2024	1,749,168	12 months	Jan. 31, 2025	4.83%

Payment Date	Ladder	Payment Amount
Oct. 31, 2022	interest only	21,741
Jan. 31, 2023	3 months	1,549,533
Apr. 30, 2023	3 months	1,561,741
Jul. 31, 2023	3 months	1,553,097
Oct. 31, 2023	3 months	2,546,779
Dec. 31, 2023	interest only	23,685
Jan. 31, 2024	3 months	1,675,786
Apr. 30, 2024	3 months	2,644,473
Jun. 30, 2024	2 months	1,602,685
Jul. 25, 2024	1 month	1,792,700
Jul. 31, 2024	1 month	2,651,976
Oct. 31, 2024	3 months	2,159,073
Jan. 31, 2025	3 months	1,797,321

Estimated gross book earnings[1] from October 19, 2022 through March 31, 2024	**625,510**
Program expenses[2] from October 19, 2022 through March 31, 2024:	
One-Time Portfolio Set-Up Fees	**(15,750)**
Annual Fees (payable quarterly in arrears)	**(16,352)**
Estimated net book earnings[1] from October 19, 2022 through March 31, 2024	**593,408**

Estimated gross book yield from October 19, 2022 through March 31, 2024	**4.60%**
Estimated net book yield from October 19, 2022 through March 31, 2024	**4.36%**
Average daily LAIF rate from October 19, 2022 through March 31, 2024	**3.21%**

[1] Book earnings includes accrued interest plus accreted discount;
Book earnings does not include impact of change in market value of securities

[2] Municipal Advisor Fees, Bidding Agent Fees, Custodian Bank Fees

MID-PENINSULA WATER DISTRICT

AGENDA ITEM NO. 8.D.

DATE: April 25, 2024

TO: Board of Directors

FROM: Kat Wuelfing, General Manager

SUBJECT: PROVIDE DIRECTION REGARDING THE LAFCO SPECIAL DISTRICT MEMBER NOMINATIONS

RECOMMENDATION

Provide direction to Board President Zucca and staff.

FISCAL IMPACT

None.

DISCUSSION

As described in the attached letter, LAFCo is seeking nominations to fill the independent special district Regular Member position expiring in May 2028. This regular member position is currently held by Virginia Chang-Kiraly from Menlo Park Fire Protection District and the San Mateo County Harbor District and her current term ends in May 2024.

For the nomination period, LAFCo will accept written nominations on District letterhead signed by the Board president or Board-appointed alternate for the regular member position. Nominations must be received by LAFCo by 5:00 p.m. May 6, 2024.

The mail ballot process for the Alternate Member position held by Chris Mickelsen of the Coastside County Water District will be conducted in a separate mail ballot process once the Regular Member is complete.

Attachments:

- Call for Nominations: Special District Selection Committee Mail Ballot to Elect Regular Special District Members on San Mateo LAFCo Pursuant to Government Code Section 56332
- Authorization to Transmit Special District Selection Committee Ballot by Electronic Mail
- Independent Special Districts in San Mateo County as of 3/6/24For Purposes of voting for Special District Members on LAFCo

LAFCo Fact Sheet

BOARD ACTION: APPROVED:_____ DENIED:_____ POSTPONED:_____ STAFF DIRECTION:_____

UNANIMOUS____ ZUCCA_____ JORDAN_____ SCHMIDT_____ WHEELER_____ VELLA____

SAN MATEO LAFCo
LOCAL AGENCY FORMATION COMMISSION
455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

Please forward to Board President

April 3, 2024

To: Presiding Officers/Board Presidents
Independent Special Districts, San Mateo County

Subject: Call for Nominations: Special District Selection Committee Mail Ballot to Elect Regular Special District Members on San Mateo LAFCo Pursuant to Government Code Section 56332

As you know, San Mateo LAFCo is comprised of two county supervisor members appointed by the Board of Supervisors, two city council members appointed by the City Selection Committee (also known as the Council of Mayors), two special district members selected by the Special Districts Selection Committee (comprised of the presiding officers of the independent special districts), and one public member appointed by the six members of the Commission. An alternate for each type of membership is also selected in the same manner as regular members. Terms are four years ending on the first Monday in May and members serve until reappointed or their successor is appointed. Government Code Section 56332 directs that the LAFCo Executive Officer shall call a meeting or provide for mail ballot to appoint independent special district members to LAFCo to fill vacancies or expiring terms.

The purpose of this letter is to open the nomination period for the Independent Special District Selection Committee (SDSC) to fill the independent special district **Regular Member position expiring in May 2028.** This regular member position is currently held by Virginia Chang-Kiraly from Menlo Park Fire Protection District and the San Mateo County Harbor District and her current term ends in May 2024. The mail ballot process for the Alternate Member position held by Chris Mickelsen of the Coastside County Water District will be conducted in a separate mail ballot process once the Regular Member is complete.

In this case, it has been determined that the nomination and election of both the regular and alternate special district members shall be held by mail in **two separate mail ballot processes**. For the nomination period, LAFCo will accept written nominations on your district's letterhead signed by your board president or board-appointed alternate for the regular member position. No board action is necessary unless your board president is not able to participate.

Nominations for the regular member may only be submitted in writing via mail, fax or e-mail and with the signature of the Special District President/Chair (or board-appointed alternate

COMMISSIONERS: KATI MARTIN, CHAIR, SPECIAL DISTRICT ▪ RAY MUELLER, VICE CHAIR, COUNTY ▪ VIRGINIA CHANG-KIRALY, SPECIAL DISTRICT ▪ HARVEY RARBACK, CITY▪ TYGARJAS BIGSTYCK, CITY ▪ WARREN SLOCUM, COUNTY ▪ ANN DRAPER, PUBLIC
ALTERNATES: CHRIS MICKELSEN, SPECIAL DISTRICT ▪ ANN SCHNEIDER, CITY ▪ JAMES O'NEILL, PUBLIC ▪ NOELIA CORZO, COUNTY
STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ VACANT, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL▪ DIANE ESTIPONA, CLERK

board member) and must be received by LAFCo **by 5:00 p.m. May 6, 2024**. Nominations and voting for the alternate member will commence upon completion of the regular member selection process.

Once the nomination period is closed, the LAFCo Executive Officer will distribute a notice and mail ballots, requesting return of the ballot no later than 21 days from the date of the notice. Section 56332(c)(2) provides for distribution of mail ballots by certified mail or by electronic mail with the consent of the district. For both expediency and cost savings it is hoped that districts will consent to distribution of the ballots by electronic mail. To this end, it is requested that your District return the attached "Authorization to transmit the LAFCo Special District Member Ballot by Electronic Mail" and provide LAFCo with the desired email address for distribution of the ballot.

In summary, nominations are now open for the independent special district Regular Member position with term ending May 2028 and we need your district's authorization to transmit an election ballot via email.

Board presidents or board-appointed alternates are requested to complete the following two steps:

1. Submit written nominations for the regular LAFCo member on your district's letterhead with your signature or that of a board-appointed alternate.
2. Complete and submit the "Authorization to transmit the LAFCo Special District Member Mail Ballot by Electronic Mail."

You must return your authorization form and all nominations to LAFCo no later than 5:00pm, Monday, May 6, 2024.

If you have questions concerning this process, please contact me directly.

Sincerely,

Rob Bartoli

Rob Bartoli
Executive Officer

Attachment: Authorization Form
San Mateo LAFCo Fact Sheet

Distribution: Presiding Officers of Independent Special Districts in San Mateo County

Authorization to Transmit Special District Selection Committee Ballot
by Electronic Mail
[Pursuant to Section 56332 (C) (2)]

The _____ District hereby authorizes LAFCo
(name of district)

to send the Special District Selection Committee Ballot by electronic mail to:

_____
(Name of board president or board authorized voting delegate **and e-mail address**)

for the purpose of voting for regular special district term ending May 2028.

Submitted by:_____
Printed Name of District President or District Manager/Chief

Signature: _____

Date: _____

Please return by May 6, 2024 by mail, fax or electronic mail to:

Rob Bartoli, Executive Officer
San Mateo LAFCo
455 County Center
Redwood City, CA 94063
650/363-1857 – phone
650/363-4849 – fax

Electronic mail: **rbartoli@smcgov.org**

Independent Special Districts in San Mateo County as of 3/6/24
For Purposes of voting for Special District Members on LAFCo

Bayshore Sanitary District
Broadmoor Police Protection District
Coastside County Water District
Coastside Fire Protection District
Colma Fire Protection District
East Palo Alto Sanitary District
Granada Community Services District
Highlands Recreation District
Ladera Recreation District
Menlo Park Fire Protection District
MidPeninsula County Water District
Montara Water and Sanitary District
North Coast County Water District
Peninsula Health Care District
San Mateo County Harbor District
San Mateo County Mosquito Abatement District
San Mateo County Resource Conservation District
Sequoia Health Care District
West Bay Sanitary District
Westborough County Water District
Woodside Fire Protection District

Note: Midpeninsula Regional Open Space District is not included because the majority of the District's territory is located in Santa Clara County.

SAN MATEO LAFCo
LOCAL AGENCY FORMATION COMMISSION
455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

Rob Bartoli, Executive Officer
rbartoli@smcgov.org
www.sanmateolafco.org

Purpose of LAFCo

Created by the California legislature in 1963, LAFCo is a State-mandated, independent commission with countywide jurisdiction over changes in organization and boundaries of cities and special districts including annexations, detachments, incorporations, and formations. As required by State law, LAFCo adopts a net operating budget, which is apportioned in thirds to the County of San Mateo, the 20 cities in the County, and 21 of the 22 independent special districts; the majority of the Midpeninsula Regional Open Space District territory is located in Santa Clara County and the District is under the funding mandate for Santa Clara LAFCo.

The Commission has responsibility in the following areas affecting local government in the County:

1. To discourage urban sprawl and encourage the orderly growth and development of local government agencies;
2. To prevent premature conversion of agricultural and open space lands;
3. To review, approve, or disapprove proposals for changes in the boundaries and organization of the 20 cities, 22 independent special districts, and 33 active County-governed special districts, plus incorporations of cities and formations of special districts;
4. To conduct municipal service reviews and establish and periodically update spheres of influence – future boundary, organization, and service plans – for the County, cities, and special districts; and
5. To perform and assist in studies of local government agencies with the goal of improving efficiency and reducing costs of providing urban services.

Commission Roster

The Commission is made up of two members of the County Board of Supervisors, two members of city councils from cities in the County, two board members of independent special districts in the County, a public member, and four alternate members (County, city, special district, and public). The Commission contracts with the County of San Mateo for staff, facilities, and legal counsel. The Executive Officer serves in the administrative capacity, which includes staff review of each proposal, sphere of influence studies, and assistance to local agencies and the public.

Commissioner	Member Type	Term Expires
Kati Martin, Chair	Special District	May 2026
Ray Mueller, Vice Chair	County	May 2026
Harvey Rarback	City	May 2025
Ann Draper	Public	May 2026
Virginia Chang Kiraly	Special District	May 2024
Warren Slocum	County	May 2024
Tygarjas Bigstyck	City	May 2026
Chris Mickelsen	Alternate Special District	May 2024
Ann Schneider	Alternate City	May 2027
James O'Neill	Alternate Public	May 2026
Noelia Corzo	Alternate County	May 2024

Commission Meetings

1. LAFCo meetings are held on the third Wednesday of odd-numbered months (January, March, May, July, September, November) at 2:30 pm in the Board of Supervisors' Chambers at the Hall of Justice, 400 County Center, Redwood City. Extra meetings may be held as needed.
2. If an agenda item is of interest to you, the Chair will call for comments from the audience when the item is ready for discussion. Please complete a speaker slip available on the table in the foyer and give it to the Commission Clerk to assist the Chair in organizing the progress of the hearing.
3. When addressing the Commission, please proceed to the microphone and state your name, the organization you are representing, or your city of residence for the Clerk.

Printed 3/27/24

MID-PENINSULA WATER DISTRICT

AGENDA ITEM NO. 8.E.

DATE: April 25, 2024

TO: Board of Directors

FROM: Rene A. Ramirez, Operations Manager

SUBJECT: RECEIVE REPORT ON:
- **CALIFORNIA AND SAN FRANCISCO REGIONAL WATER SYSTEM CONDITIONS**

RECOMMENDATION
Receive verbal report.

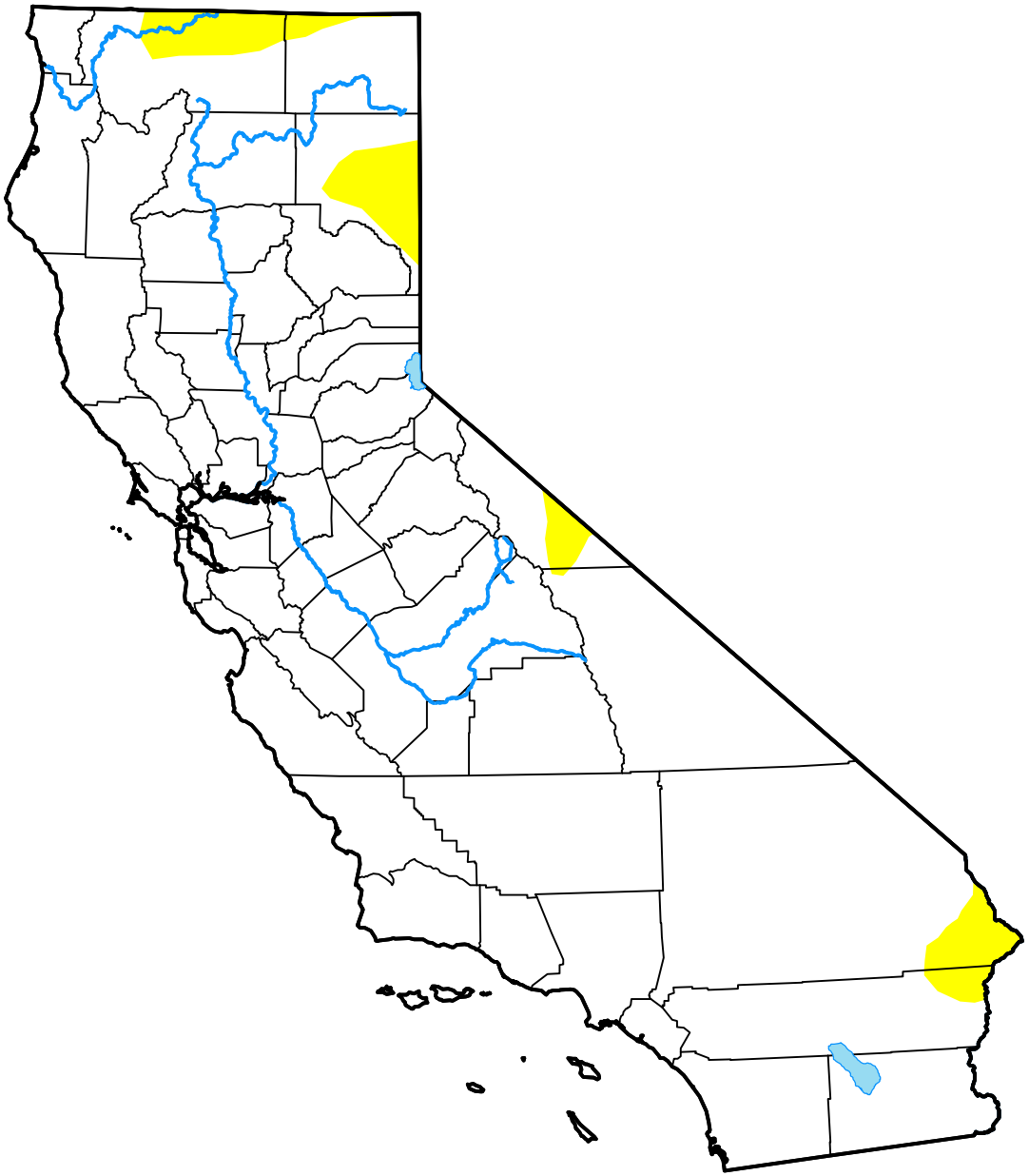
FISCAL IMPACT
None.

BOARD ACTION: APPROVED:_____ DENIED:_____ POSTPONED:_____ STAFF DIRECTION:_____

UNANIMOUS___ WHEELER____ VELLA____ ZUCCA____ JORDAN____ SCHMIDT _____

U.S. Drought Monitor

California



April 2, 2024

(Released Thursday, Apr. 4, 2024)

Valid 8 a.m. EDT

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	95.46	4.54	0.00	0.00	0.00	0.00
Last Week *03-26-2024*	95.46	4.54	0.00	0.00	0.00	0.00
3 Months Ago *01-02-2024*	96.65	3.35	0.00	0.00	0.00	0.00
Start of Calendar Year *01-02-2024*	96.65	3.35	0.00	0.00	0.00	0.00
Start of Water Year *09-26-2023*	94.01	5.99	0.07	0.00	0.00	0.00
One Year Ago *04-04-2023*	56.17	43.83	24.86	0.82	0.00	0.00

Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to https://droughtmonitor.unl.edu/About.aspx

Author:

Brad Pugh

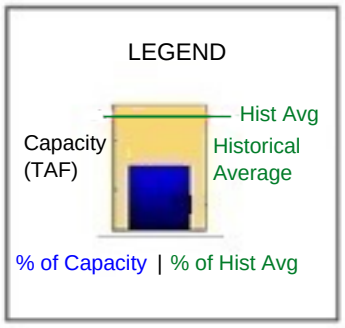
CPC/NOAA

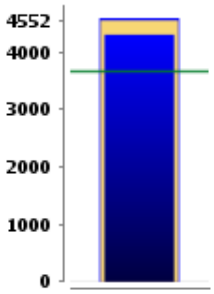
droughtmonitor.unl.edu

CALIFORNIA MAJOR WATER SUPPLY RESERVOIRS

Midnight - April 7, 2024

CURRENT CONDITIONS





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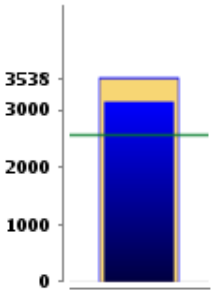
Shasta



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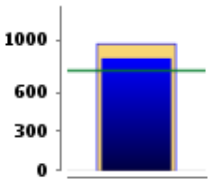
Oroville



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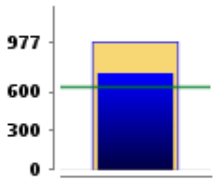
New Bullards Bar



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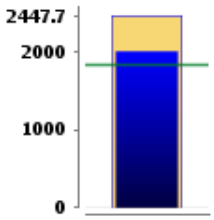

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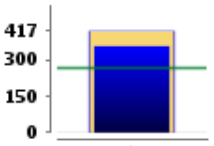

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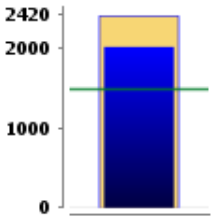
Camanche



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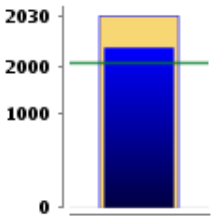
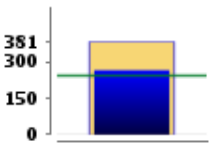
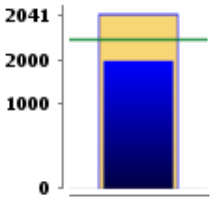
New Melones



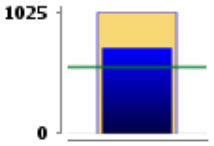
84% | 111%
Don Pedro



70% | 111%
Sonoma

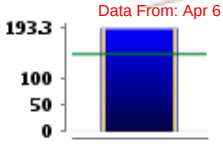


74% | 86%
San Luis

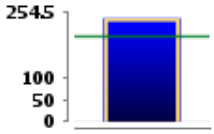


71% | 130%
McClure

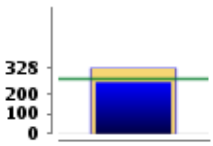
Data From: Apr 6



100%| 131%
Cachuma

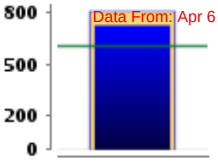


97% | 118%
Casitas

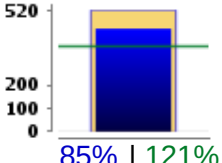


79% | 93%
Castaic

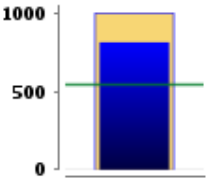
Data From: Apr 6



90% | 120%
Diamond Valley



85% | 121%
Millerton

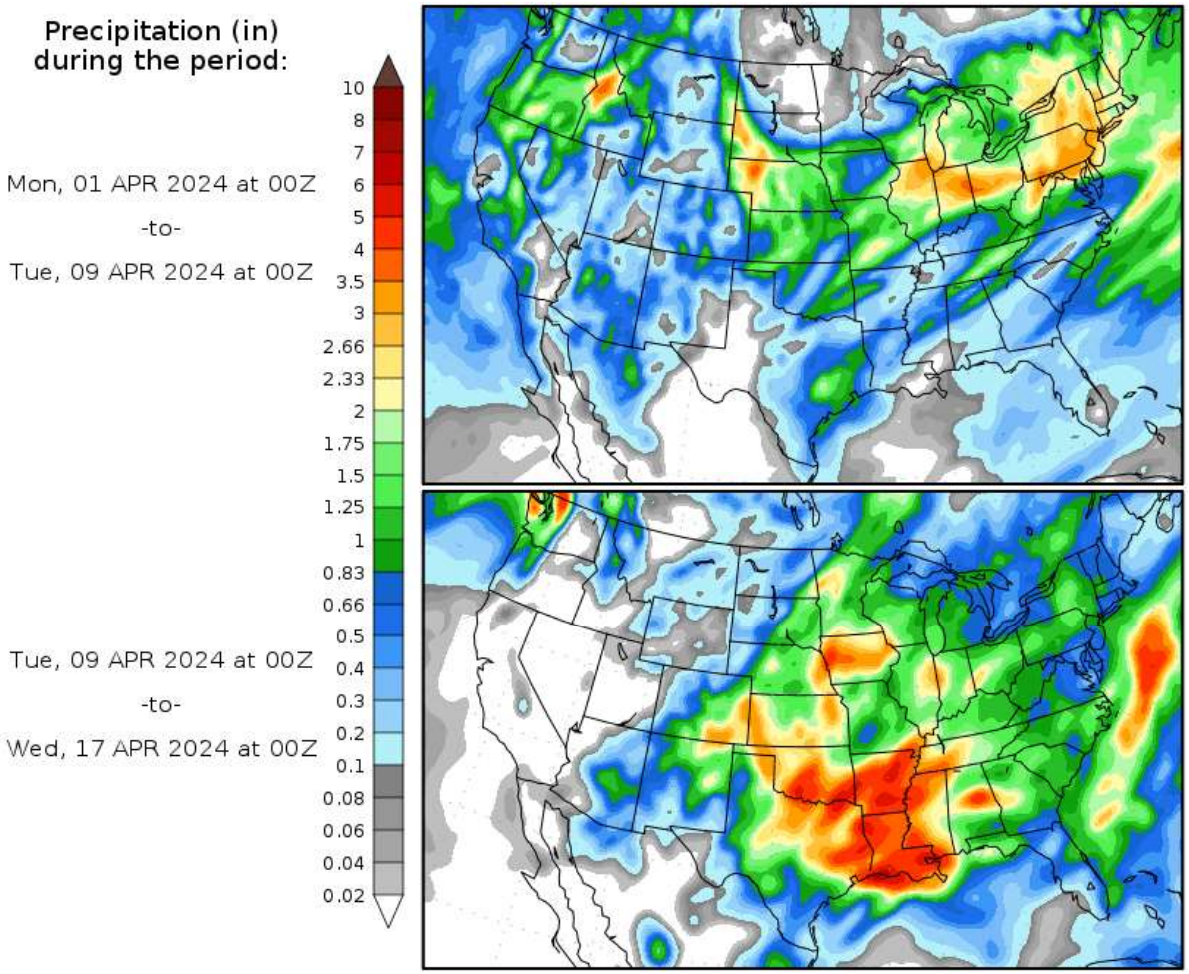


82% | 150%
Pine Flat

Updated 04/08/2024 09:18 AM

Hetch Hetchy Regional Water System

National Precipitation Forecast

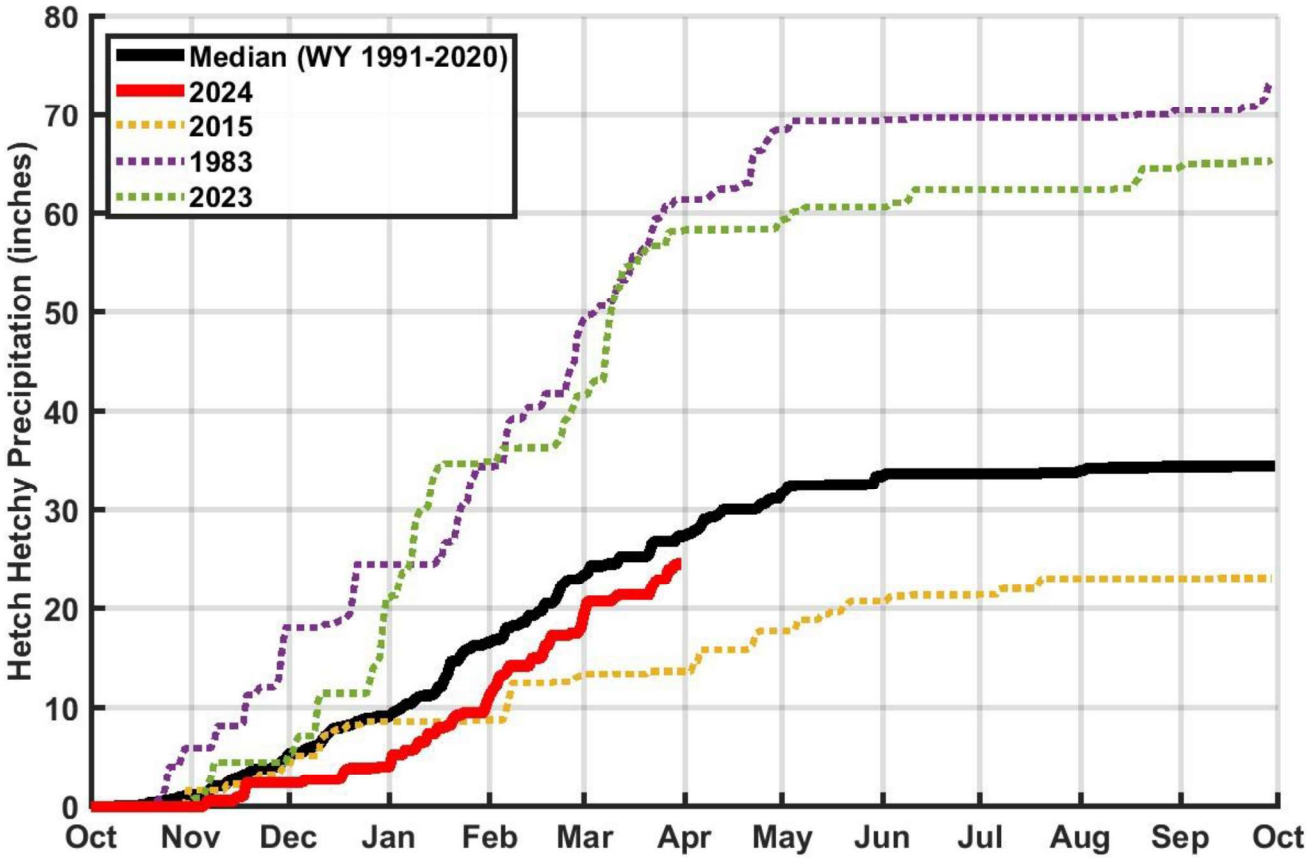


Precip Data Ending 4pm on	July 1, 2023 to Apr 6, 2024					Last Year on Apr 3, 2023		
	To Date			Full Season				
City	Rainfall July 1 to Mar 5 (inches)	Rainfall Normal (inches)	% Normal	Rainfall Normal (inches)	% Normal	Rainfall to (inches)	Rainfall Normal (inches)	% Normal
San Francisco Downtown	24.17	20.86	116%	22.89	106%	32.73	20.64	159%
SFO Airport	18.97	18.08	105%	19.64	97%	30.84	17.88	172%
Oakland	15.14	16.93	89%	18.68	81%	29.98	16.73	179%
San Jose	16.00	12.14	132%	13.48	119%	15.20	12.00	127%
Sacramento - CSUS	14.60	14.42	101%	19.20	76%	21.75	14.62	149%
Modesto	16.27	10.75	151%	12.27	133%	19.28	10.61	182%
Fresno	8.81	9.59	92%	10.99	80%	17.48	9.45	185%
Bakersfield	7.26	5.63	129%	6.36	114%	9.74	5.55	175%
Santa Barbara	24.63	16.13	153%	17.25	143%	27.84	15.99	174%
LAX Airport	21.65	11.47	189%	12.23	177%	23.61	11.38	207%
Los Angeles Downtown	24.53	13.39	183%	14.25	172%	27.65	13.28	208%
San Diego Montgomery Field	14.57	10.09	144%	11.02	132%	15.93	10.00	159%
Palm Springs	6.47	4.52	143%	4.61	140%	4.34	4.51	96%

Data from NOAA

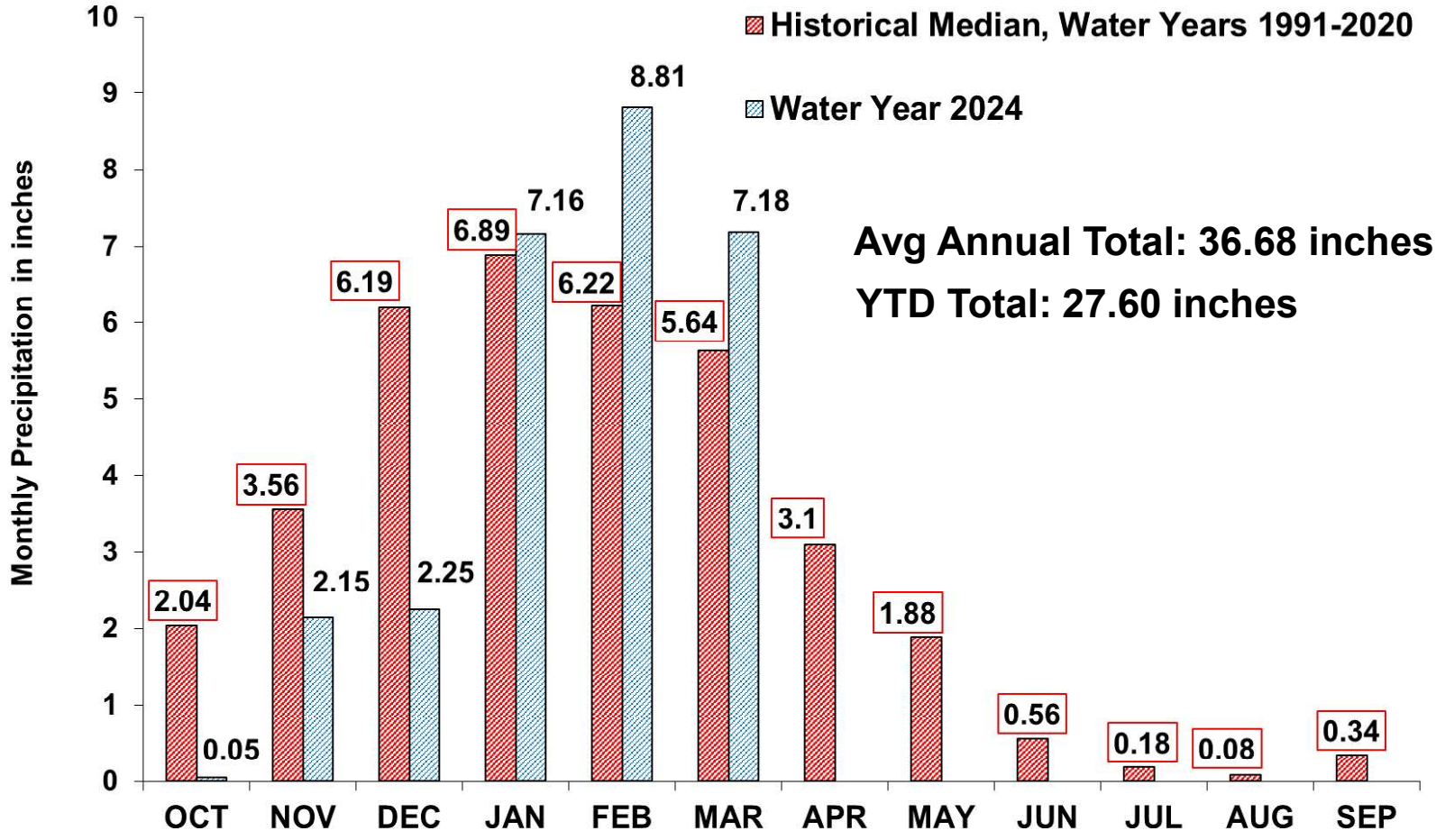
Hetch Hetchy Regional Water System

Hetch Hetchy Precipitation

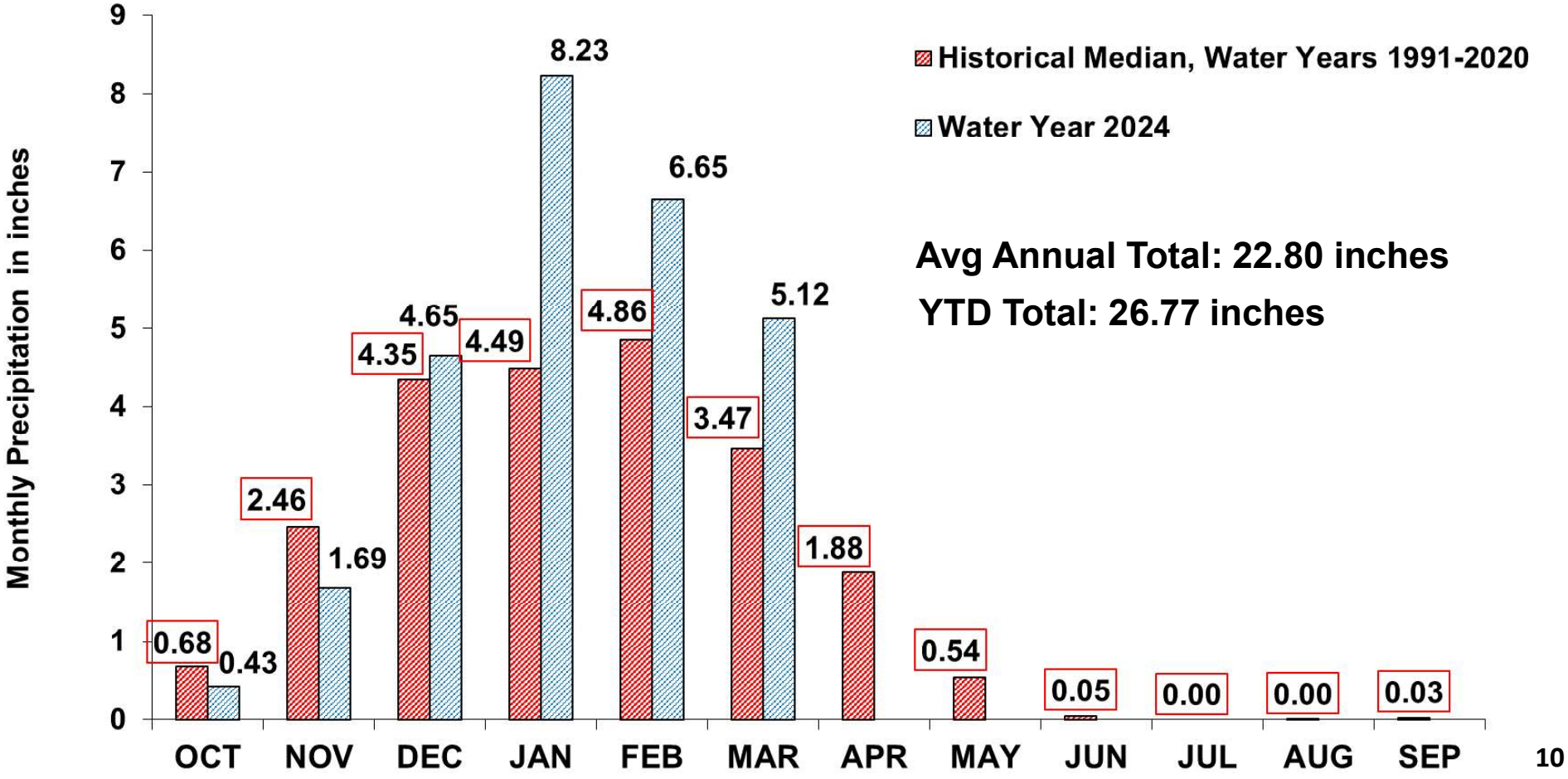


Hetch Hetchy Regional Water System

Upcountry 6-station Precipitation Index as of March 31, 2024



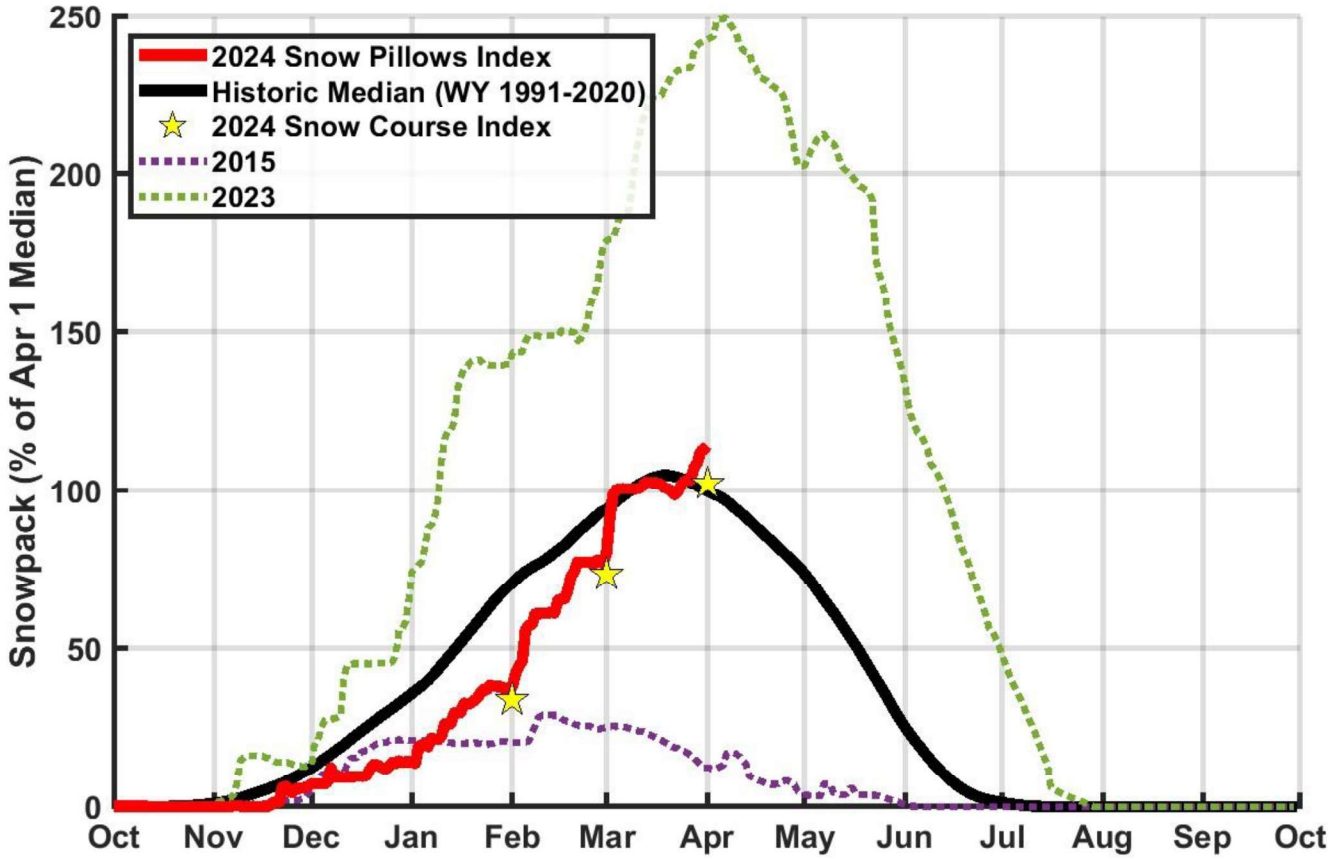
Bay Area 7-station Precipitation Index as of March 31, 2024



10

Hetch Hetchy Regional Water System

Upcountry Snowpack



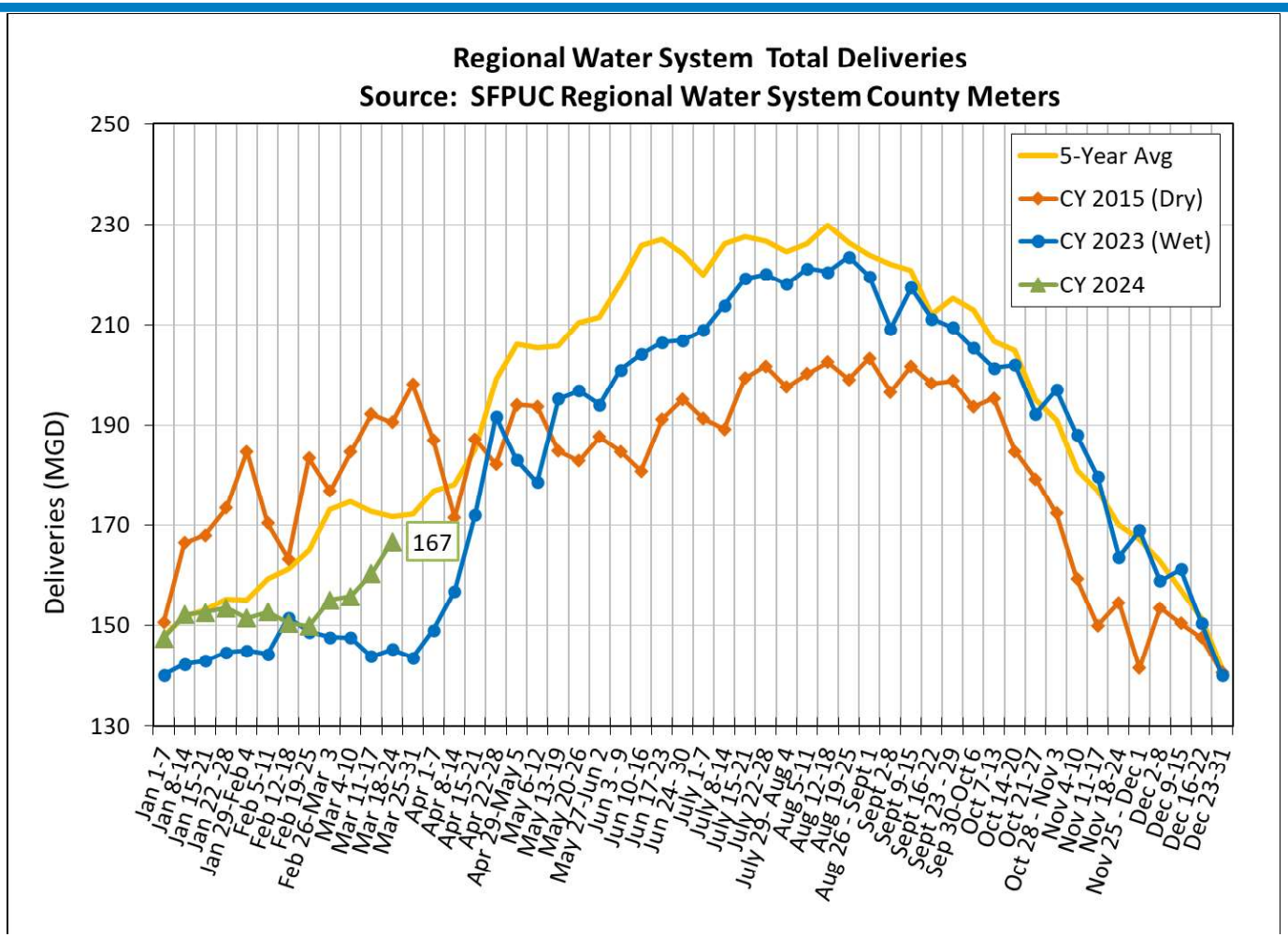
Hetch Hetchy Regional Water System

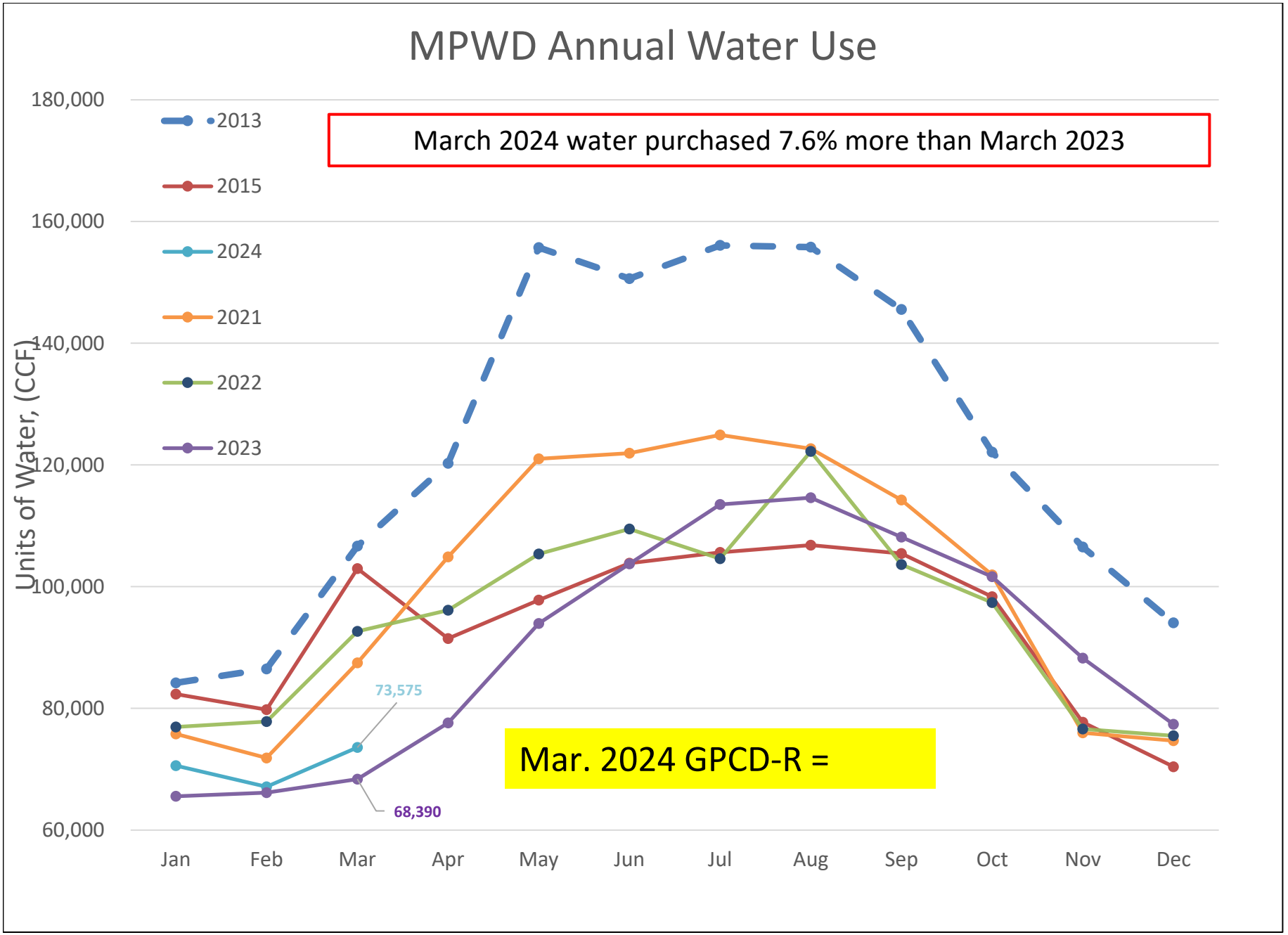
RWS - Storage Conditions Comparison

	4/1/2024			4/3/2023			Comparing	2/28/2022	
	Maximum Storage Acre-Feet	Current Storage Acre-Feet	Pct. Of Maximum Storage	Maximum Storage Acre-Feet	Current Storage Acre-Feet	Pct. Of Maximum Storage	This Year to Last Year	Current Storage Acre-Feet	Pct. Of Maximum Storage
Tuolumne System									
Hetch Hetchy Rsvr	360,360	292,200	81.1%	360,360	239,900	66.6%	21.8%	298,200	82.8%
Cherry Rsvr	273,345	241,400	88.3%	273,345	179,700	65.7%	34.3%	235,900	87.8%
Lake Eleanor	27,100	22,710	83.8%	27,100	15,520	57.3%	46.3%	23,970	111.5%
Water Bank	570,000	570,000	100.0%	570,000	570,000	100.0%	0.0%	343,041	60.2%
Total Tuoloumne Storage	**1,230,805**	**1,126,310**	91.5%	**1,230,805**	**1,005,120**	81.7%	12.1%	**901,111**	**73.8%**
Local Bay Area Storage									
Calaveras Rsvr	96,670	92,703	95.9%	96,670	96,834	100.2%	-4.3%	64,460	66.7%
San Antonio Rsvr	53,266	50,522	94.8%	53,266	53,380	100.2%	-5.4%	38,563	72.4%
Crystal Springs Rsvr	68,953	45,615	66.2%	68,953	56,573	82.0%	-19.4%	44,959	77.1%
San Andreas Rsvr	18,572	13,804	74.3%	19,027	16,715	87.8%	-17.4%	15,541	81.7%
Pilarcitos Rsvr	3,125	2,613	83.6%	3,030	2,896	95.6%	-9.8%	2,786	91.9%
Total Local Storage	**240,586**	**205,257**	85.3%	**240,946**	**226,398**	94.0%	-9.3%	**166,309**	**72.2%**
Total RWS Storage	**1,471,391**	**1,331,567**	90.5%	**1,471,751**	**1,231,518**	83.7%	8.1%	**1,067,420**	**73.6%**

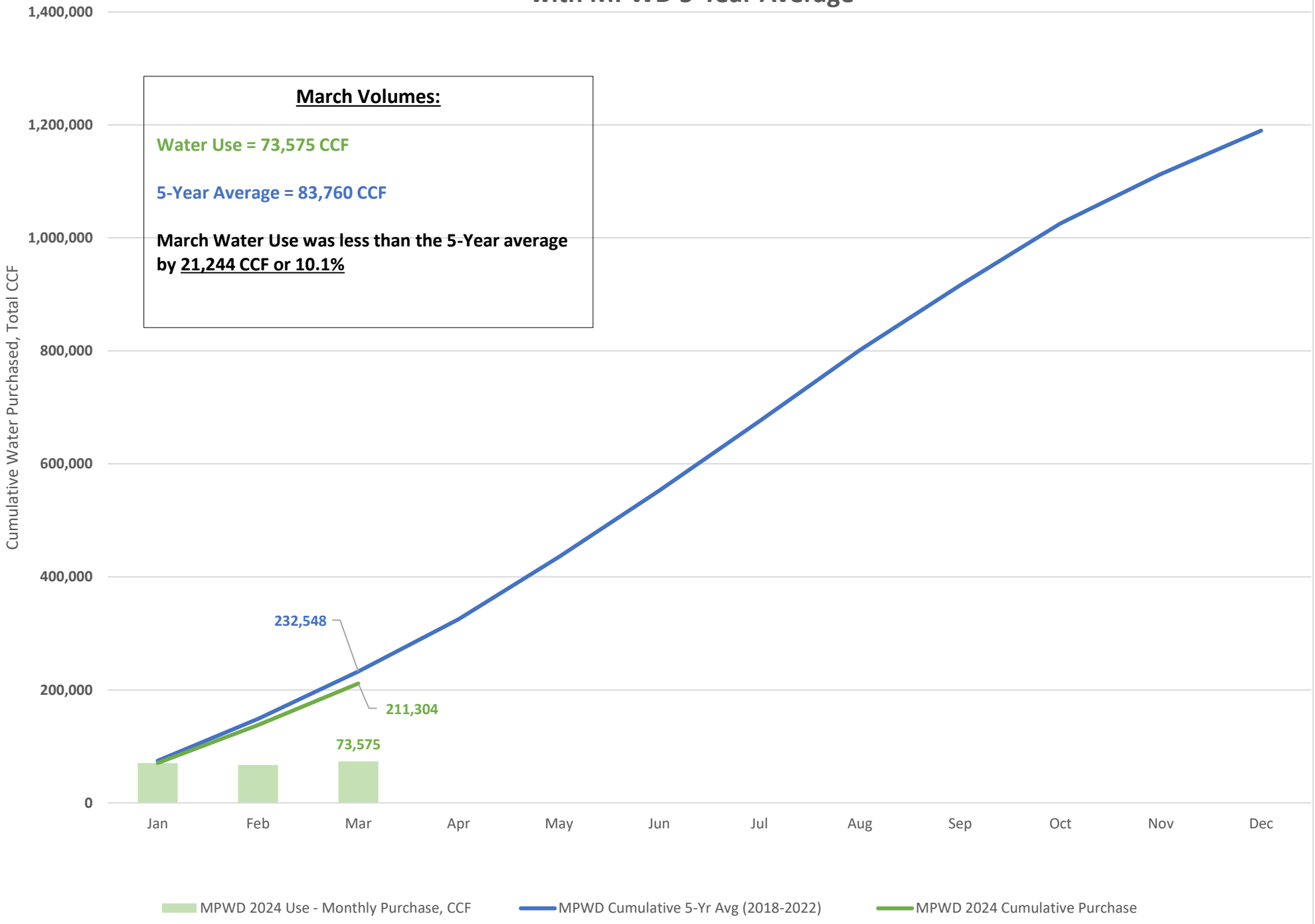
	Total RWS Storage on 3/4/2024	**1,369,972**	**Total RWS Storage on 2/28/2023**	**1,295,003**	**Total RWS Storage on 2/28/2022**	**1,073,942**
Inc/Dec over the month		**(38,405)**		**(63,485)**		**(6,522)**

Total Deliveries




MPWD Annual Water Use
March 2024 water purchased 7.6% more than March 2023
Mar. 2024 GPCD-R =
Units of Water, (CCF)
180,000
160,000
140,000
120,000
100,000
80,000
60,000
2013
2015
2024
2021
2022
2023
73,575
68,390
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

Comparing 2024 Monthly Cumulative Water Use with MPWD 5-Year Average



MID-PENINSULA WATER DISTRICT

AGENDA ITEM NO. 9.A.1.

TO: Board of Directors

FROM: Kathryn Wuelfing, General Manager

DATE: April 25, 2024

GENERAL MANAGER'S REPORT

Key Activities Since March Meeting

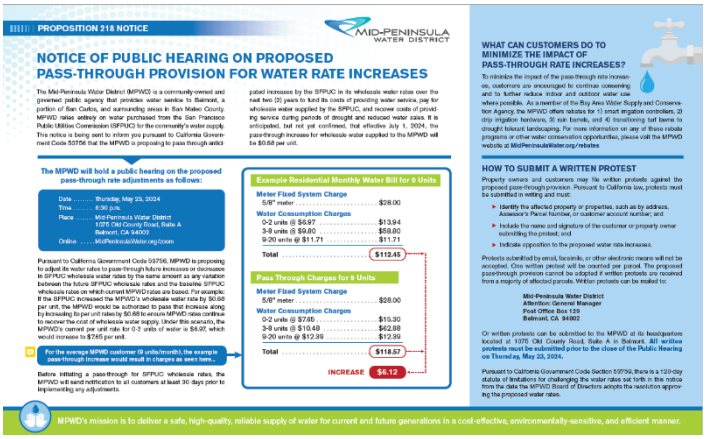
- **Michael Anderson Received APWA's Silicon Valley Chapter's Outstanding Service in a Public Agency Award** – On April 17th, Michael Anderson received the Silicon Valley chapter of the American Public Works Associations' award for Outstanding Service in a Public Agency. The awards ceremony was well attended by member agencies, and staff from MPWD in attendance included Monique, Rene, Joubin, and myself. Michael couldn't be more deserving of the award, and we're very proud of him.

- **Staff Attended AWWA Operator Symposium** – On March 26th & 27th, five staff members from our operations team attended the American Water Works Association California-Nevada Chapter Operator Symposium in Burlingame. They participated in a number of great educational sessions and have been sharing their experience with the rest of us, including at our RAP/session safety meetings.

- **Employee Appreciation Dinner –** The 2024 Employee Appreciation dinner will be helped May 10th, at Porterhouse in San Mateo. We're very excited about this event, and Misty is working hard to make sure it'll be a great evening for everyone.

- **Letter to the Editor and Nextdoor Discussion Re: SFPUC Pass-Through Rate Increase –** A letter to the editor was published by the San Mateo Daily Journal on April 17th regarding the District's planned SFPUC pass-through rate increase. The letter can be

read here: https://www.smdailyjournal.com/opinion/letters_to_editor/water-rate-hike/article_67386a3c-fc54-11ee-af42-6b9ef30f86f1.html Additionally, on April 17th there was some discussion of the proposed rate increase on Nextdoor on April 7th, with no further activity since. Based on the posted comments, we developed a Frequently Asked Questions page and posted it on our website, with a link to it on our homepage so that it is easily findable to interested customers: https://www.midpeninsulawater.org/pass-through-faqs (also provided as an attachment here). The FAQ provides factual information about the rate increase. We plan to continue to monitor Nextdoor, any received protest letters, and other public forums, and will update the FAQ as appropriate.


PROPOSITION 218 NOTICE

MID-PENINSULA WATER DISTRICT

NOTICE OF PUBLIC HEARING ON PROPOSED PASS-THROUGH PROVISION FOR WATER RATE INCREASES

The Mid-Peninsula Water District (MPWD) is a community-owned and governed public agency that provides water service to Belmont, a portion of San Carlos, and surrounding areas in San Mateo County. MPWD relies entirely on water purchased from the San Francisco Public Utilities Commission (SFPUC) for the community's water supply. This notice is being sent to inform you pursuant to California Government Code 53756 that the MPWD is proposing to pass through wholesale rate increases imposed by the SFPUC in its wholesale water rates over the next two (2) years to fund its costs of providing water service, pay for wholesale water supplied by the SFPUC, and recover costs of providing service during periods of drought and reduced water sales. It is anticipated, but not yet confirmed, that effective July 1, 2024, the pass-through increase for wholesale water supplied to the MPWD will be $0.68 per unit.

The MPWD will hold a public hearing on the proposed pass-through rate adjustments as follows:

Date ..... Thursday, May 23, 2024
Time ..... 6:30 p.m.
Place ..... Mid-Peninsula Water District
1075 Old County Road, Suite A
Belmont, CA 94002
Online ..... MidPeninsulaWater.org/zoom

Pursuant to California Government Code 53756, MPWD is proposing to adjust its water rates to pass-through future increases or decreases in SFPUC wholesale water rates by the same amount as any variation between the future SFPUC wholesale rates and the baseline SFPUC wholesale rates on which current MPWD rates are based. For example: If the SFPUC increased the MPWD's wholesale water rate by $0.68 per unit, the MPWD would be authorized to pass that increase along by increasing its per unit rates by $0.68 to ensure MPWD rates continue to recover the cost of wholesale water supply. Under this scenario, the MPWD's current per unit rate for 0-2 units of water is $6.97, which would increase to $7.65 per unit.

For the average MPWD customer (9 units/month), the example pass-through increase would result in charges as seen here..

Before initiating a pass-through for SFPUC wholesale rates, the MPWD will send notification to all customers at least 30 days prior to implementing any adjustments.

Example Residential Monthly Water Bill for 9 Units

Meter Fixed System Charge
5/8" meter $28.00
Water Consumption Charges
0-2 units @ $6.97 ..... $13.94
3-8 units @ $9.80 ..... $58.80
9-20 units @ $11.71 ..... $11.71
Total $112.45

Pass Through Charges for 9 Units

Meter Fixed System Charge
5/8" meter $28.00
Water Consumption Charges
0-2 units @ $7.65 ..... $15.30
3-8 units @ $10.48 ..... $62.88
9-20 units @ $12.39 ..... $12.39
Total $118.57
INCREASE $6.12

WHAT CAN CUSTOMERS DO TO MINIMIZE THE IMPACT OF PASS-THROUGH RATE INCREASES?

To minimize the impact of the pass-through rate increases, customers are encouraged to continue conserving and to further reduce indoor and outdoor water use where possible. As a member of the Bay Area Water Supply and Conservation Agency, the MPWD offers rebates for 1) smart irrigation controllers, 2) drip irrigation hardware, 3) rain barrels, and 4) transitioning turf lawns to drought-tolerant landscaping. For more information on any of these rebate programs or other water conservation opportunities, please visit the MPWD website at MidPeninsulaWater.org/rebates

HOW TO SUBMIT A WRITTEN PROTEST

Property owners and customers may file written protests against the proposed pass-through provision. Pursuant to California law, protests must be submitted in writing and must:

- Identify the affected property or properties, such as by address, Assessor's Parcel Number, or customer account number; and
- Include the name and signature of the customer or property owner submitting the protest; and
- Indicate opposition to the proposed water rate increases.

Protests submitted by email, facsimile, or other electronic means will not be accepted. One written protest will be counted per parcel. The proposed pass-through provision cannot be adopted if written protests are received from a majority of affected parcels. Written protests can be mailed to:

Mid-Peninsula Water District
Attention: General Manager
Post Office Box 129
Belmont, CA 94002

Or written protests can be submitted to the MPWD at its headquarters located at 1075 Old County Road, Suite A in Belmont. All written protests must be submitted prior to the close of the Public Hearing on Thursday, May 23, 2024.

Pursuant to California Government Code Section 53759, there is a 120-day statute of limitations for challenging the water rates set forth in this notice from the date the MPWD Board of Directors accepts the resolution approving the proposed water rates.

MPWD's mission 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.

- **H.R. 7525 The Special District Grant Accessibility Act** – the California Special Districts Association reached out and asked us to sign a coalition letter supporting the H.R. 7525 Special District Grant Accessibility Act, which would require the Office of Management and Budget (OMB) to issue guidance to federal agencies requiring special districts to be recognized as local governments for the purpose of federal financial assistance determinations. The bill also would codify in federal law a long-overdue, formal definition of "special district." The District supports this effort and signed the coalition letter, the main body of which is attached. The letter was signed by 208 entities, including 186 special districts.

- **Electronic Annual Report Submitted** – The District submitted its Calendar Year 2023 Electronic Annual Report (eAR) on March 29th, prior to the April 1st deadline. The eAR is a report to the State Water Resource Control Board that covers a broad range of operational topics, including supply, demand, operator certifications, distribution and storage, conservation, customer billing rates, and more.

- **Presented at HIA Meeting** – On April 4th, I gave the presentation at the monthly Harbor Industrial Association (HIA) luncheon. A copy of the presentation is attached. The talk seemed very well received, and the audience was very engaged.

- **Coastside County WD Facilities Tour** – Coastside County Water District (CCWD) offered a tour of their facilities to BAWSCA Water Manager Reps, to help illustrate some of the unique characteristics the CCWD system has that come up in Tier 2 negotiation discussion. Myself and Water Resources Coordinator Drew Bost attended this wonderful tour, and got to see firsthand CCWD's Crystal Springs Pump Station (base of upper

Crystal Springs Reservoir on SFPUC Watershed), Cahill Ridge, Pilarcitos Canyon), Denniston Water Treatment Plant and Nunes Water Treatment Plant.

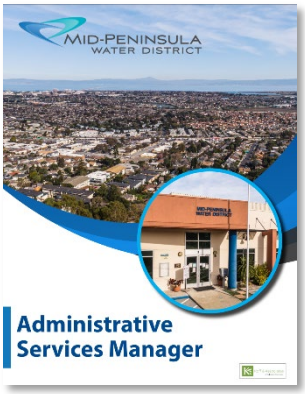
- **MPWD Rate Study** – We continue to work with HFH to update the rate study model and develop rates with the target of a January 1, 2025 implementation. We had a Finance Committee meeting scheduled for April 10, 2024, but had to cancel it because we had not received deliverables from the consultant.

- **FY 2024/2025 Budget** – We are working on preparing the next FY budget, and will be bringing it to the Finance Committee in May, and the Board in May and June.

- **Dairy Lane Rehab** – Noll & Tam are working on developing a detailed cost breakdown of proposed building components for two of the proposed alternatives for the Dairy Lane building. It is anticipated that this information will be presented to the Board at the May meeting.

- **Folger Drive EOC –** Noll & Tam and staff met with the Belmont Community Services Director April 11th to discuss the Folger Drive project, and have a follow-up call next week. I have had a discussion with the Belmont City Manager regarding how the Folger Drive EOC could be available to support the City as an additional resource in an emergency. I have also received recommendations on PR support, and am meeting with some recommended firms.

- **ASM Position Recruitment** – Interviews for the ASM position were held at the District office.



- **PCG Management Support** – PCG is currently supporting us with the following management-related projects: (1) developing draft Financial Management Plan, including coordinating input from Wulff-Hansen and other advisors, (2) revising our draft Records Retention Policy, (3) preparing a draft update to the Personnel Manual, including incorporating previously discussed changes and soliciting review by ACWA JPIA and District Counsel, and (4) available for conversations and support for other topics as-needed.

- **Chamber San Mateo Progress Seminar -** Chamber San Mateo Progress Seminar along with director Jordon. This was an amazing event and a wonderful opportunity to get to know folks from Belmont, San Carlos and the rest of the San Mateo County community.

- **Conferences & Training** – Scheduled to attend:
    - ACWA & ACWA JPIA Spring Conferences – May 6-9 in Sacramento
    - CSDA General Manager Summit – June 23-25 in Anaheim

Key Meetings w/External Partners and Conferences Attended

- Chamber San Mateo Progress Seminar – 4/19/2024 – 4/21/2024
- Wulff Hansen UST Reinvestment Meeting – 4/19/2024
- Meeting with Belmont City Manager and Chief of Police – 4/18/2024
- Finance Committee Meeting – 4/18/2024
- APWA Awards Luncheon – 4/17/2024
- Tour of Coastside County Water District Facilities – 4/16/2024
- Budget Development Meeting w/ James Ramsey – 4/15/2024
- CSDA Resiliency Summit Webinar – 4/12/2024
- Meeting with City of Belmont Community Development – 4/11/2024
- Budget Development Meeting w/ James Ramsey – 4/11/2024
- CIP Working Meeting w/ PCG – 4/10/2024
- Finance Committee Meeting – 4/10/2024
- BAWSCA Tier 2 Negotiations Meeting – 4/8/2024
- Meeting Granicus to Understand PEAK Agenda Software – 4/4/2024
- BAWSCA Water Manager's Meeting – 4/4/2024
- Harbor Industrial Area Luncheon – 4/4/2024
- Videographer Michael Alcalay – 4/3/2024
- Call Introducing our new Water Resources Coordinator to John Davidson – 4/2/2024
- MPWD News Flash System Training – 4/2/2024
- Finance Committee Meeting – 4/2/2024
- One-on-One Meeting with BAWSCA to discuss Tier 2 issues – 3/28/2024
- Monthly meeting with John Davidson – 3/26/2024
- Weekly meetings with Noll & Tam Architects
- Weekly meetings with James Ramsey of Eide Bailly
- Weekly meetings with Joubin Pakpour of PCG

3-MONTH "LOOK AHEAD" FOR BOARD MEETINGS

MAY 23, 2024 (FOURTH THURSDAY)

- Consider Purchase of 2 Trucks
- Adopt Revised Conflict of Interest Code
- Prop 218 Hearing for SFPUC Pass-Thru Water Rate Increase, effective July 1, 2024
- Consider Resolution Calling for an Election to be Held for the Election of Two Members of the Governing Board of Directors, and Approving the San Mateo County Candidate Policy Form for Special Districts
- Preliminary Operating & Capital Budgets Review
- Receive Report on Cost Break Down of Dairy Lane Building Alternatives
- Receive BAWSCA Update
- Receive 2024 First Quarter Water Conservation Staff Report

- Receive report on statewide and regional water system conditions

JUNE 27, 2024 (FOURTH THURSDAY)

- Review and Approve Operating and Capital Budgets for FY 2024/2025
- Establish the Appropriations Limit Applicable to the MPWD during Fiscal Year 2024/2025
- Receive FY 2023/2024 Progress Report on MPWD Website, Marketing and Public Relations/Outreach Activities, Presented by John Davidson of JRocket77 Graphic Design and Marketing
- Consider and Approve FY 2024/2025 Task Orders
- Adopt Updated Five-Year Capital Improvement Plan
- Fiscal year contracts on Consent Agenda for Board Approval
- Receive report on statewide and regional water system conditions

JULY 25, 2024 (FOURTH THURSDAY)

- Receive Semi-Annual Reports on 2016 COP Financing
- Consider a Living Wage Adjustment to Salary Ranges for All MPWD Personnel Classifications
- Receive 2024 Second Quarter Water Conservation Staff Report
- Receive BAWSCA Update
- Receive report on statewide and regional water system conditions

Proposed Pass-Through Rate Increase FAQs

Update: April 2024

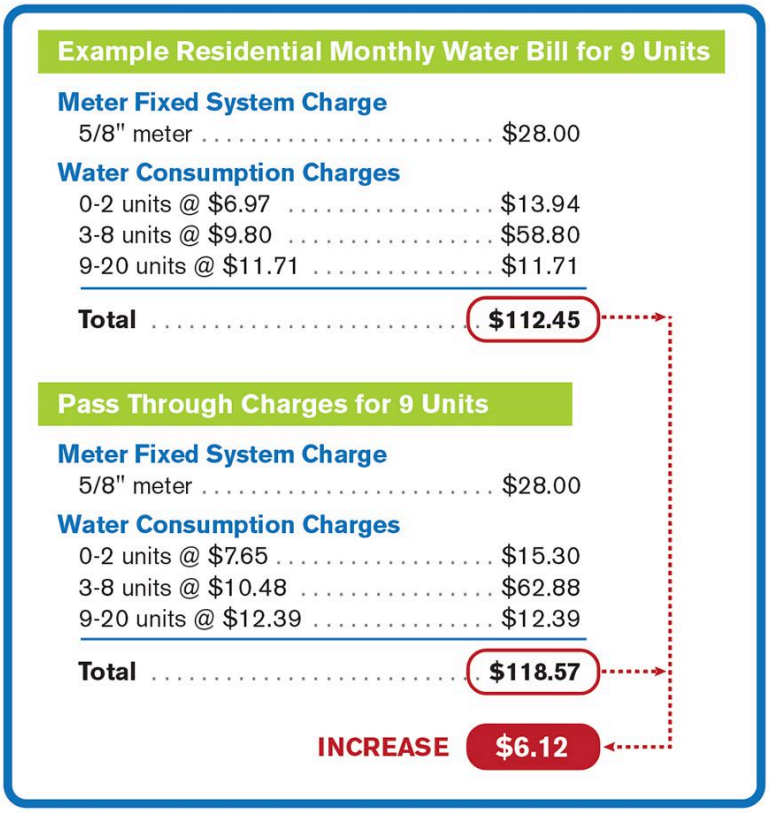
Q: Why is an increase to MPWD's rates proposed?
A: All water provided by MPWD is water that is purchased from the San Francisco Public Utilities Commission (SFPUC). Every gallon of water provided by SFPUC is paid for directly by MPWD. SFPUC has informed us that it will be increasing our cost to purchase water as of July 1, 2024. MPWD's customer rates are therefore proposed to be increased by the same amount that SFPUC raises costs to MPWD. There are 26 water agencies (including MPWD) that purchase water from SFPUC, and all agencies will have the same wholesale rate increase. **Click HERE** for a list of all agencies who purchase water from SFPUC. You can also find more detailed information about MPWD's water supply and planning in **MPWD's 2020 UWMP**.

Q: How much is MPWD proposing to increase their water rates?
A: Based on information provided by SFPUC in January, MPWD anticipates that, effective July 1, 2024, the pass-through increase for wholesale water supplied through MPWD could be as high as $0.68 per unit. SFPUC wholesale rates are based on volume purchased and do not utilize a tiered rate structure. Therefore, if MPWD's cost to purchase water is increased by $0.68 per unit, MPWD's proposed customer rate increase will be $0.68 per unit. If the actual cost to purchase water from SFPUC is lower, then MPWD's actual customer rate increase will be equal to the actual change in our purchase rates. Assuming a $0.68 per unit increase, the rates for each water use tier would increase as follows:

Current Rates
0-2 units: $6.97

9-20 units: $12.39

MPWD single-family customers use less than 7 units/month on average, which corresponds to an increase of less than $4 in an average monthly water bill. As an example, the increased charges with the proposed pass-through for an MPWD customer using 9 units/month are shown below.



Q: How often does MPWD increase their water rates?

A: MPWD has not increased their customer rates except for pass-through SFPUC wholesale rate increases since July 2019. The decision was made by the Board of Directors in light of the COVID-19 pandemic, among other considerations. Below is a summary of the rate increases over the last five years:

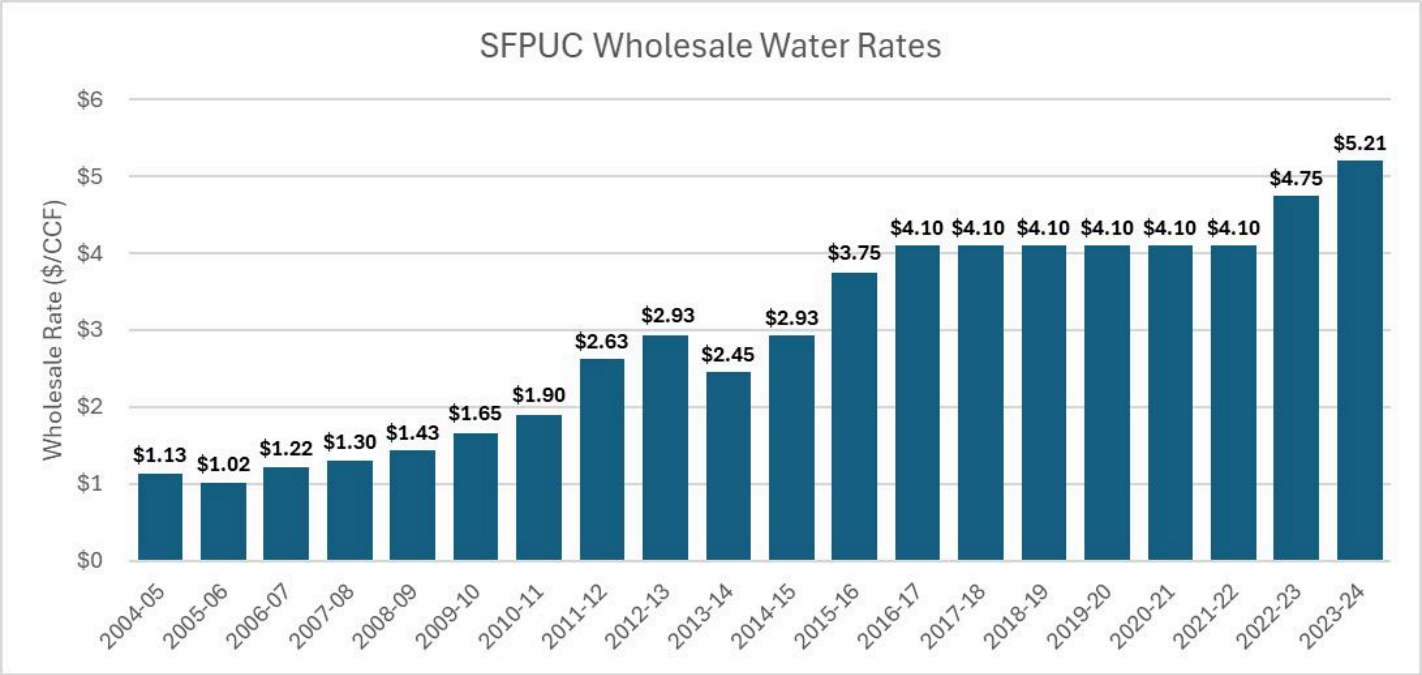
- July 1, 2023 – SFPUC wholesale rate increase and subsequent MPWD pass-through rate increase of $0.46/Unit
- July 1, 2022 – SFPUC wholesale rate increase and subsequent MPWD pass-through rate increase of $0.65/Unit
- July 1, 2021 – No Rate Increase
- July 1, 2020 – No Rate Increase

utilizes some of the original infrastructure installed in the 1930s and 1940s. Through the Capital Improvement Program (CIP), MPWD has been systematically evaluating and prioritizing all potential infrastructure improvement projects to ensure that the District makes the most important improvements as efficiently and effectively as possible. Visit MPWD's **CIP section** to see more information about how MPWD is re-investing public funds to improve infrastructure and ensure a safe and reliable water supply to all of its customers.

Q: How have the SFPUC wholesale rates changed for MPWD over time?

A: SFPUC periodically increases their wholesale rates to, among other things, help fund its costs of providing water service, pay for the infrastructure and treatment necessary to bring high quality water to the Bay Area, and recover costs of providing service during periods of drought and reduced water sales. Over the last 20 years, wholesale rates have increase by a total of $4.08/unit. The proposed increase of $0.68/unit for FY 2024/25 would represent a 13.1% increase from last year's rates.

A chart showing the SFPUC wholesale rates since 2004-2005 is shown below.



MPWD strives to be transparent in how its funds are managed and utilized. Many financial documents, including past water rate studies and updates, are available to the public through its website which can be viewed here.

Service
- Rates & Fees
- Past Due Bills
- Water Quality Tool
- Customer Connect
- Calendar
- FAQs
- Site Search
- Site Map

Members
- Agendas & Minutes
- Finance Committee
- MPWD Legislation
- Elections

- Human Resources
- Water Quality
- Financial Records
- Official Documents & Reports
- Catalog of Enterprise Systems
- Community Outreach
- News & Notices

Program
- AMI Meters
- Bids/RFP/RFQ
- Standard Specifications

Resources
- Rebate Programs
- The Water Watch
- Report Water Waste
- School Education
- Water Conservation Reports
- Hands-On Workshops
- Leak Detection

- Contact Us
- Privacy Policy

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Website Design by JRocket 77 Design & LIFTOFF Digital

April 9, 2024

Honorable Members of the California Congressional Delegation
U.S. House of Representatives
Washington, D.C. 20515

RE: Support Request – H.R. 7525 Special District Grant Accessibility Act

Dear Representatives:

On behalf of California's more than 2,000 special districts, we respectfully request that you support the Special District Grant Accessibility Act (H.R. 7525). This important bipartisan legislation was overwhelmingly approved by the House Oversight and Accountability Committee on March 7, 2024, and is now awaiting action by the full House. We urge you to work with congressional leadership to ensure that the legislation is considered in a timely fashion.

H.R. 7525 would require the Office of Management and Budget (OMB) to issue guidance to federal agencies requiring special districts to be recognized as local governments for the purpose of federal financial assistance determinations. The bill also would codify in federal law a long-overdue, formal definition of "special district."

Special districts are local governments created by the people of a community to deliver specialized services essential to their health, safety, economy, and well-being. For millions of Californians, special districts provide a broad range of essential services and infrastructure including water, flood protection, sanitation, fire protection, parks and open space, healthcare, mosquito abatement, ports and harbors, airports, cemeteries, resource conservation, libraries, electricity, and more.

Despite the significance of special districts throughout the United States, federal law lacks a consistent definition of these special purpose units of local government. As a result, some communities served by special districts face challenges in accessing federal funding opportunities as their local service providers are commonly omitted from the definition of eligible units of local government in legislative proposals that authorize federal programs and funding. Moreover, special districts lack official population figures and are therefore not recognized by the U.S. Census Bureau as "geographic units of government." As a result, special districts are unable to gain access to certain formula-driven grants and resources.

Again, we urge you to support the Special District Grant Accessibility Act and to work with your House colleagues to prioritize passage of this critically important bill. Thank you for considering this request.

Collectively,

A coalition of local government, business, non-profit, and other stakeholders listed as follows:

Water Supply & Outlook Presentation

to the **Harbor Industrial Association**

Kat Wuelfing, General Manager

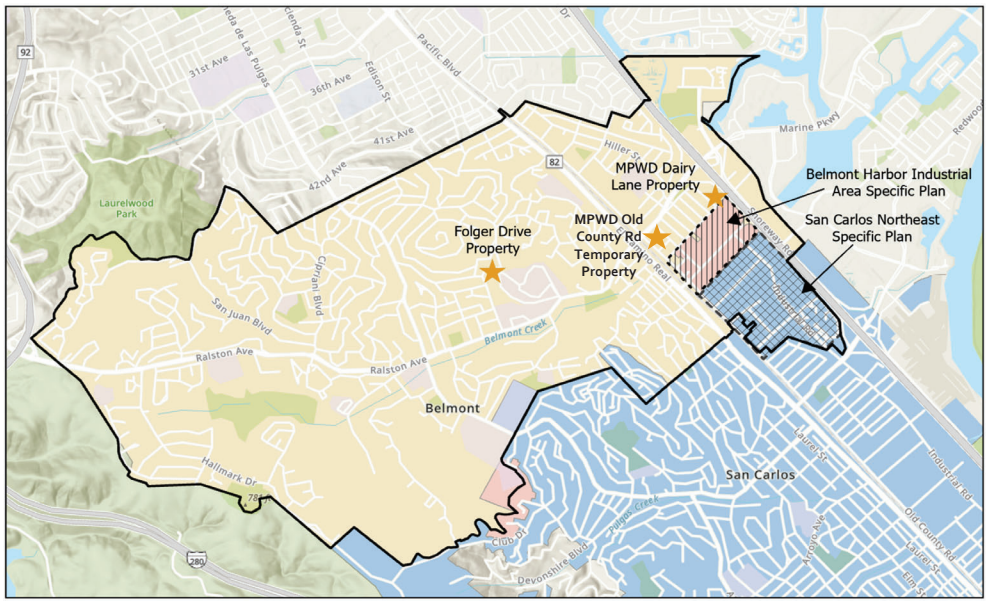
April 04, 2024

Mid-Peninsula Water District

- Mid-Peninsula Water District (MPWD), originally known as the Belmont County Water District (BCWD), has been serving the community since 1929.
- When formed, the BCWD consolidated the operations of seven small water systems serving about 320 customers.
- In the 1930s the BCWD contracted with the SFPUC to purchase water from the newly built Hetch-Hetchy water project, eliminating local dependence on small, unreliable wells and gaining a more secure, reliable, and expandable source of supply.

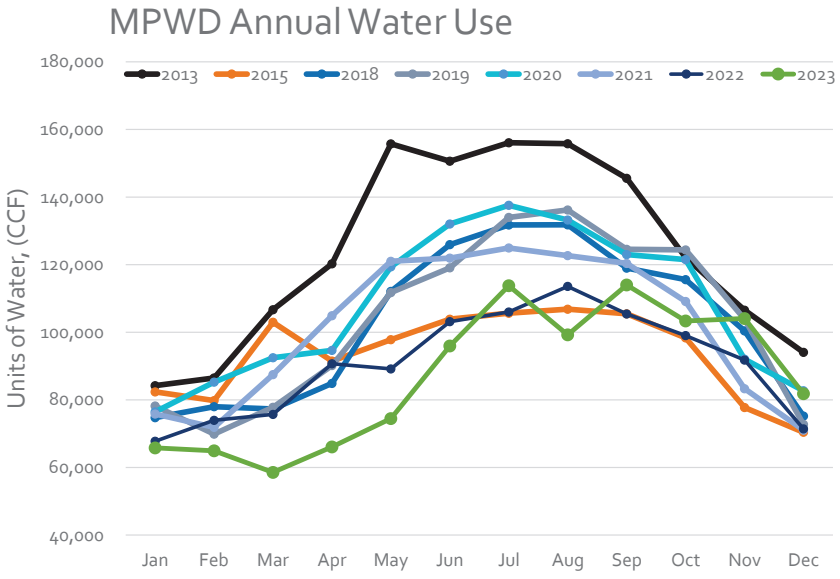
95th MPWD SERVING YOU SINCE 1929

MPWD Service Area Today



- Includes the City of Belmont and portions of the City of San Carlos and unincorporated San Mateo County.
- Over 30,000 residents
- Over 8,000 service connections
- Over 800 Fire hydrants
- Approximately five square miles.
- Approximately 94 miles of water transmission and distribution mains

Total Water Consumption



Year	Million Gallons per Year	Change from 2013
2013	1,110	
2015 (dry year)	840	-24.4%
2018	918	-17.3%
2019	929	-16.3%
2020	966	-13.0%
2021	621	-18.2%
2022	814	-26.7%
2023	779	-29.8%

MPWD Water Conservation Programs

- Visit our website: www.midpeninsulawater.org/waterconservation
- The District offers:
  - Water saving tips
  - Free water conservation kits
  - Valuable rebate programs
    - Lawn-be-Gone $4/square foot to remove lawn
    - Rain barrel rebate
    - Rachio 3 smart sprinkler controller rebate
  - Leak detection assistance
  - Free hands-on landscape workshops
  - Online home water use report
    - Customer portal allowing you to monitor your water use

Home Water Use Report

www.midpeninsulawater.org/home-report

As of January, 2020, all residential water meters in the MPWD service area have been replaced with automated water meters (AMI meters). As a result, all MPWD Customers are now eligible to set up an online Home Water Report account to monitor their water usage on a daily basis and set up text or email usage alerts. **NOTE:** The Home Water Report is entirely separate from your online bill pay account and requires a different login.

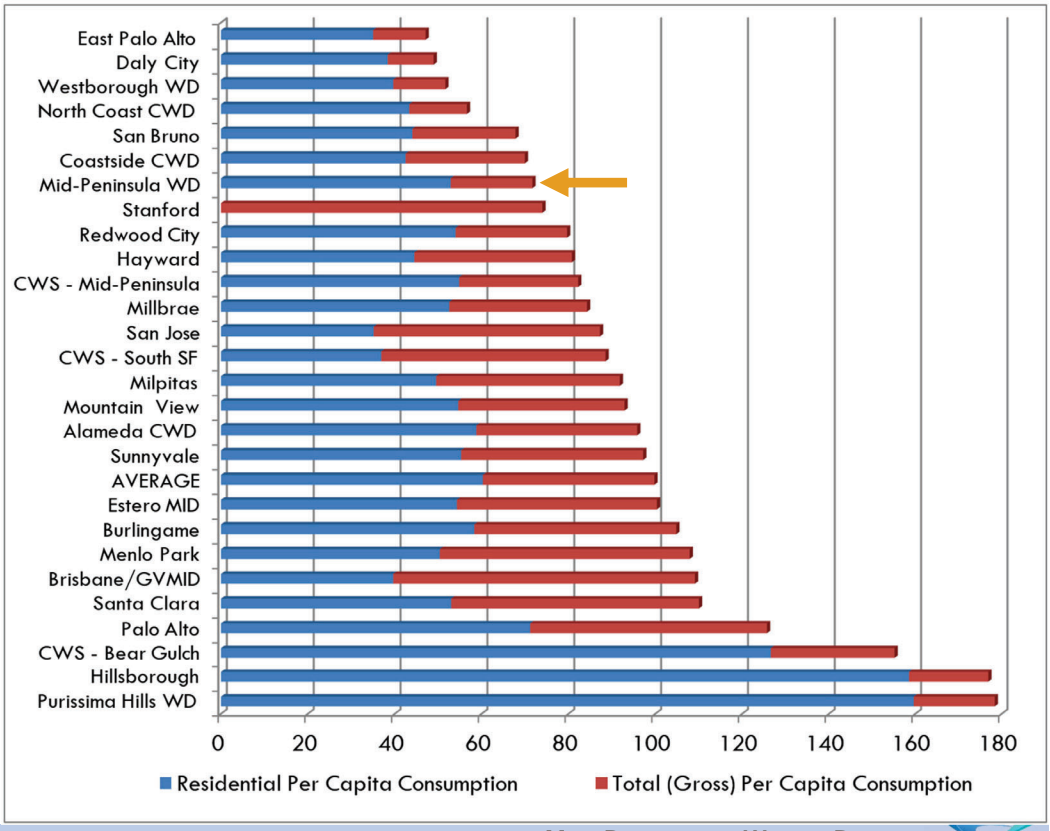
TIP When creating your account, please enter your LAST NAME only where it asks for "Name as it appears on bill". See step 3 below.

Sign into your *EXISTING* Home Water Report account. Click Here

Set up a *NEW* Home Water Report account. Click Here

BAWSCA Agency Per Capita Water Use – FY 2022/2023

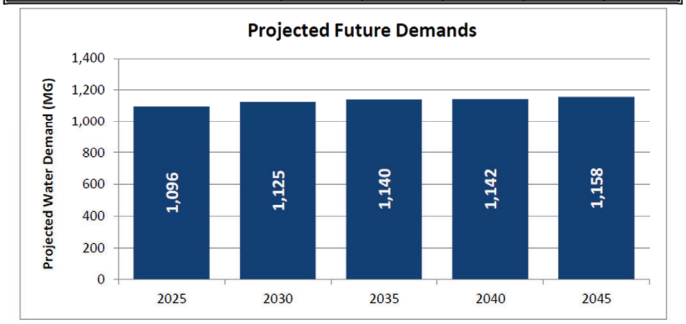
- MPWD Customers are quite efficient, even for the Bay Area



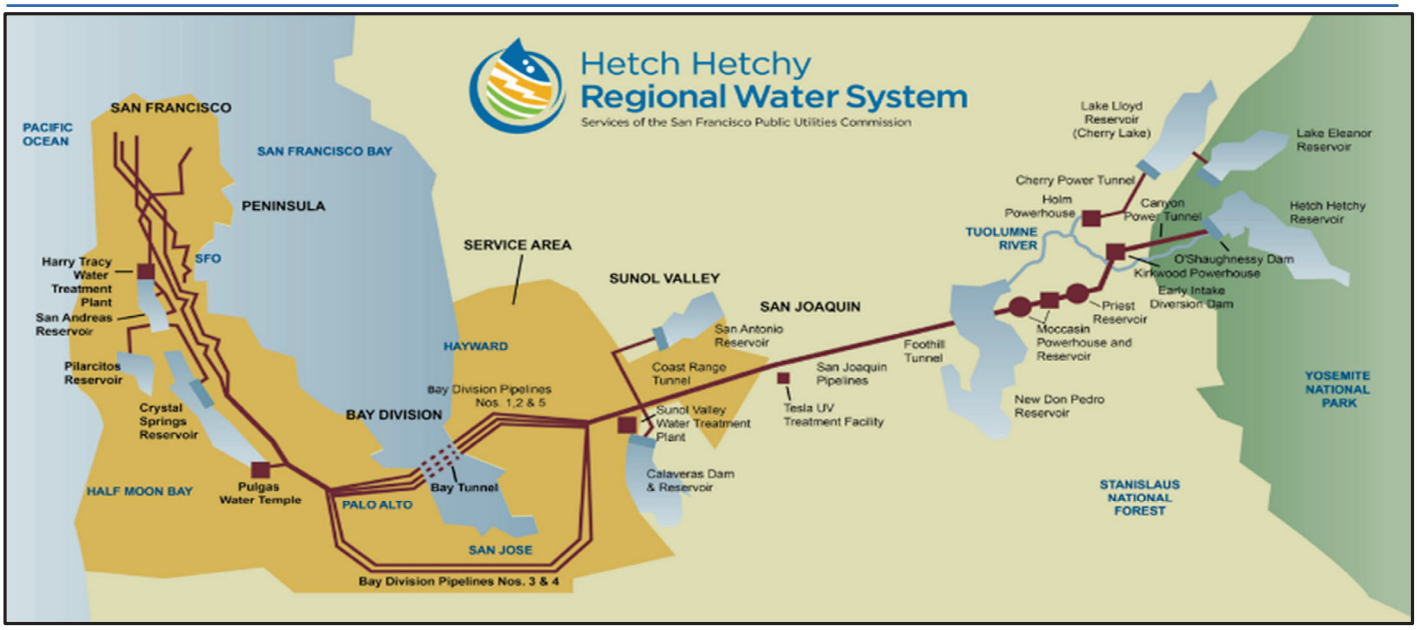
MPWD Water Demand Planning

- Urban Water Management Plans (UWMP)
  - Updated every five years
  - Projects water needs and expected supply for the next 20 years
  - Next update to be completed by Summer 2026
  - Incorporates population, employment, and account projections
- Water Supply Assessments (WSAs)
  - Assesses water demand and sufficiency of supply for large developments within MPWD service area
  - Three WSAs completed recently: 601 Harbor, 64 Quarry Rd, and 1301 Shoreway Rd
  - Approx. 88 MG additional demand beyond UWMP estimates, at full build out of all 3 projects.
  - Interim Supply Guarantee from SFPUC is 1,420 MG.
  - Total projected demand is 82% of our ISG in 2045.

Water Demand	Projected Annual Water Demand (MG)				
	2025	2030	2035	2040	2045
MPWD District 2020 UWMP (a)					
Single Family	553	542	546	552	559
Multi-Family	147	143	143	143	144
Commercial	137	146	153	151	150
Industrial	35	32	29	27	25
Institutional/Governmental	34	34	36	37	38
Landscape	76	79	84	84	90
Losses	61	61	61	60	64
601 Harbor Boulevard Project	26	26	26	26	26
Other Proposed Development Projects (b)	27	62	62	62	62
Total Water Demand (c)	1,096	1,125	1,140	1,142	1,158



Where Does Our Water Come From?



SFPUC Regional Water System

Hetch Hetchy Regional Water System

RWS - Storage Conditions Comparison

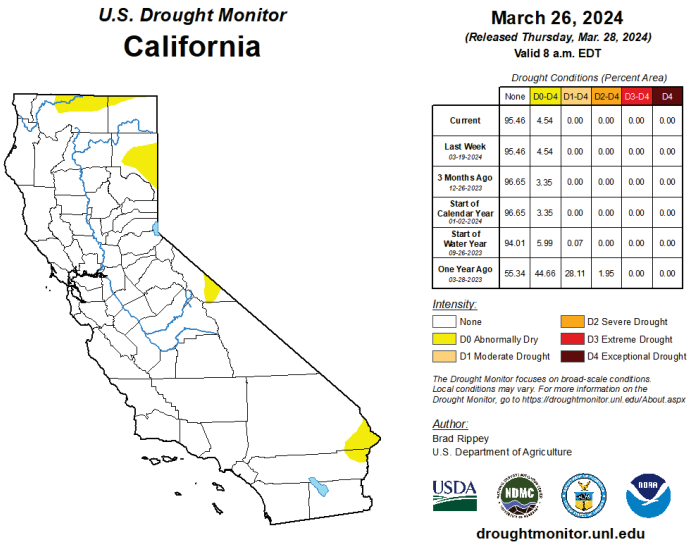
	3/4/2024			2/28/2023			Comparing This Year to Last Year
	Maximum Storage Acre-Feet	Current Storage Acre-Feet	Pct. Of Maximum Storage	Maximum Storage Acre-Feet	Current Storage Acre-Feet	Pct. Of Maximum Storage	
Tuolumne System							
Hetch Hetchy Rsvr	360,360	322,000	89.4%	360,360	287,100	79.7%	12.2%
Cherry Rsvr	273,345	246,200	90.1%	273,345	203,900	74.6%	20.7%
Lake Eleanor	27,100	24,070	88.8%	27,100	19,890	73.4%	21.0%
Water Bank	570,000	570,000	100.0%	570,000	570,000	100.0%	0.0%
Total Tuoloumne Storage	**1,230,805**	**1,162,270**	94.4%	**1,230,805**	**1,080,890**	87.8%	7.5%
Local Bay Area Storage							
Calaveras Rsvr	96,670	95,123	98.4%	96,670	90,362	93.5%	5.3%
San Antonio Rsvr	53,266	49,566	93.1%	53,266	52,319	98.2%	-5.3%
Crystal Springs Rsvr	68,953	44,654	64.8%	68,953	52,771	76.5%	-15.4%
San Andreas Rsvr	18,572	14,969	80.6%	19,027	16,062	84.4%	-6.8%
Pilarcitos Rsvr	3,125	2,537	81.2%	3,030	2,599	85.8%	-2.4%
Total Local Storage	**240,586**	**206,849**	86.0%	**240,946**	**214,113**	88.9%	-3.4%
Total RWS Storage	**1,471,391**	**1,369,119**	93.0%	**1,471,751**	**1,295,003**	88.0%	5.7%

Regional Water System Customers

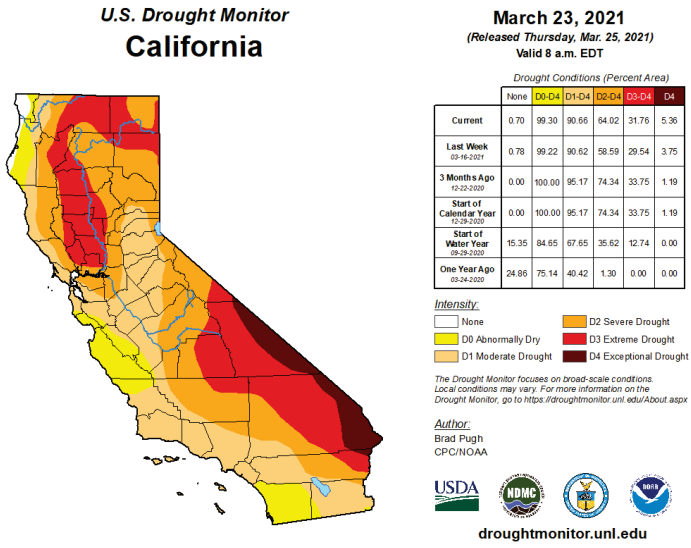
- City/County of SF
- 26 Cities/Special Districts
  - 1.8 million residents
  - 40,000 businesses
- RWS delivers on average 230 MGD (706 acre-feet per day)
  - 1 acre-foot equals 326,000 gallons (enough for 2 families annual use)
- Over last 20 years, RWS has invested 10's of billions of dollars for storage and emergency preparedness

Current State of Drought Conditions in California

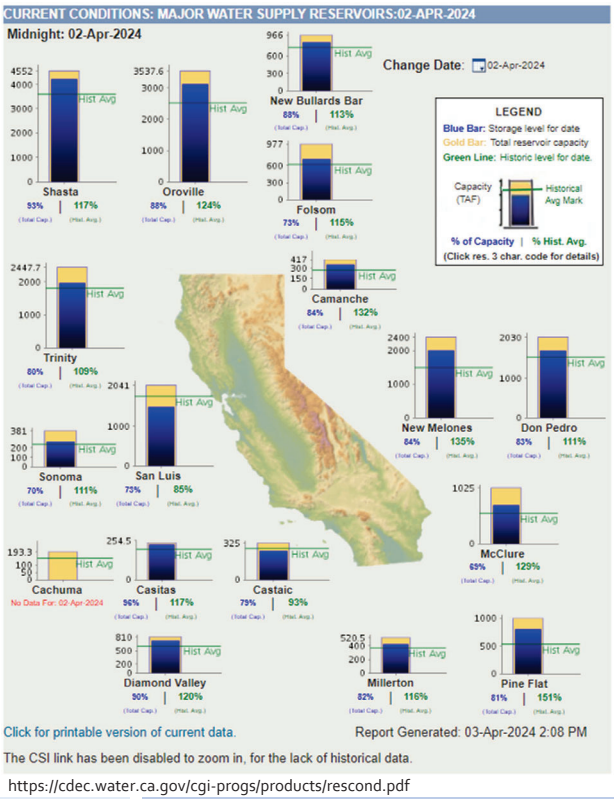
2024



2021

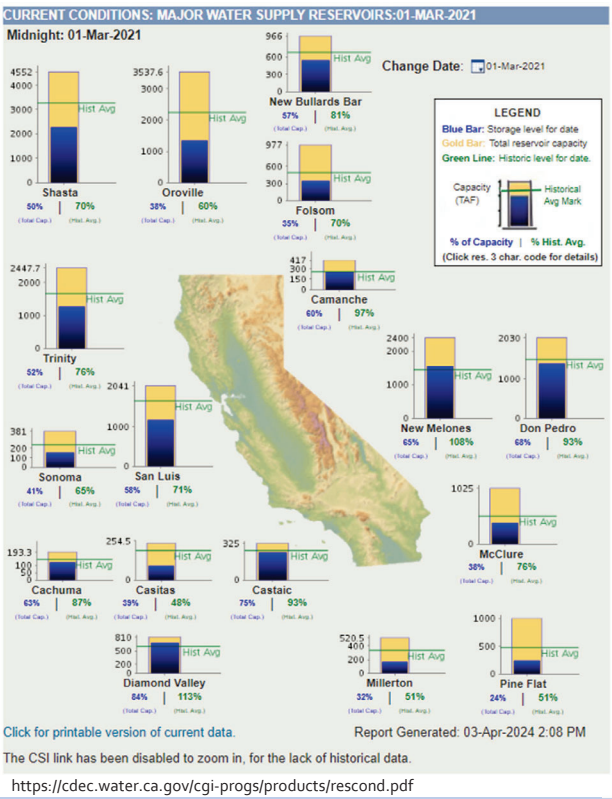


Current Reservoir Conditions



https://cdec.water.ca.gov/cgi-progs/products/rescond.pdf

March 2021 Reservoir Conditions



https://cdec.water.ca.gov/cgi-progs/products/rescond.pdf

Capital Improvement Program

- In 2016, MPWD completed a comprehensive capital program development
  - 90+ projects totaling over $50 million
- District issued a Certificate of Participation for $18,750,000 in 2016
  - Expended the funds as of March 2024
  - Completed 26 of our identified projects
  - Replaced roughly 25,000 feet of aging pipeline
  - Replaced two key water storage tanks
  - Installed a new pressure regulating system, and more.

Old County Road Main Replacement Project

- Last project funded by COP
- Running ahead of schedule
  - Expected to be complete complete Summer – Fall 2024
- Replacing pipe installed in the 1930s/1940s
- Replacing over 7,600 feet of pipe – almost 1.5 miles.
- Including installing 1,800 LF of new 20'' PVC pipe.

Old County Road Main Replacement Project

What's Next for the CIP?

- Currently doing a thorough update of our CIP
- New projects identified; ~80 projects total
- Ranking and prioritizing projects by:
  - Hydraulic capacity/ fire flow needs
  - Overall benefits to the distribution system (e.g., improves transmission capability within and between parts of our system)
  - Water main location
  - Water main age and material
  - History of leaks
  - Static pressure of the line

MID-PENINSULA WATER DISTRICT

TO: Board of Directors

FROM: Rene A. Ramirez, Operations Manager

DATE: April 25, 2024

OPERATIONS REPORT – March

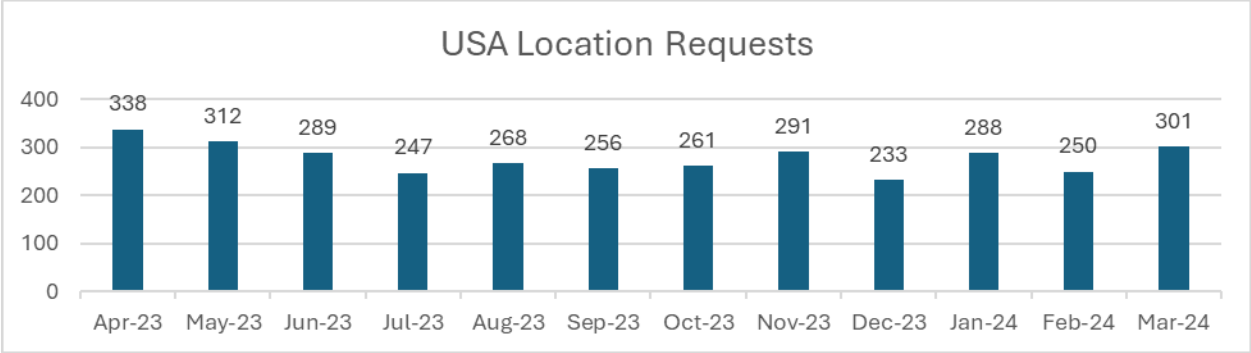
Projects:

- Weekly progress meetings for the Old County Road capital project continue. Contractor has made good progress from the south end of the District on Old County Road to Quarry Road;
- Participated in meeting with District Engineer's office to discuss work and updates to the District's update to the capital improvement plan;
- Working with others to prepare the Annual Report on District operations to the State Water Resources Control Board that is due on April 1;
- Involved in a virtual meeting with Rate Consultant, HF&H, to provide input for rate model and discuss output;
- Constructed brand new 1" service for 3301 Haskins Drive;
- Completed 1" service upgrades for 221 Hiller and 1513 Folger;
- Operated the water system for contractor on the Old County Road capital project while contractor conducted tie-in;
- Continuing with inspection of all system service lines per EPA requirement to inventory all service lines – looking for lead service lines. During March staff visited 1139 service connections; and
- Efforts to plan for rebuilding the Dairy Lane Operations Center and the Folger Drive facility with Noll and Tam continue.

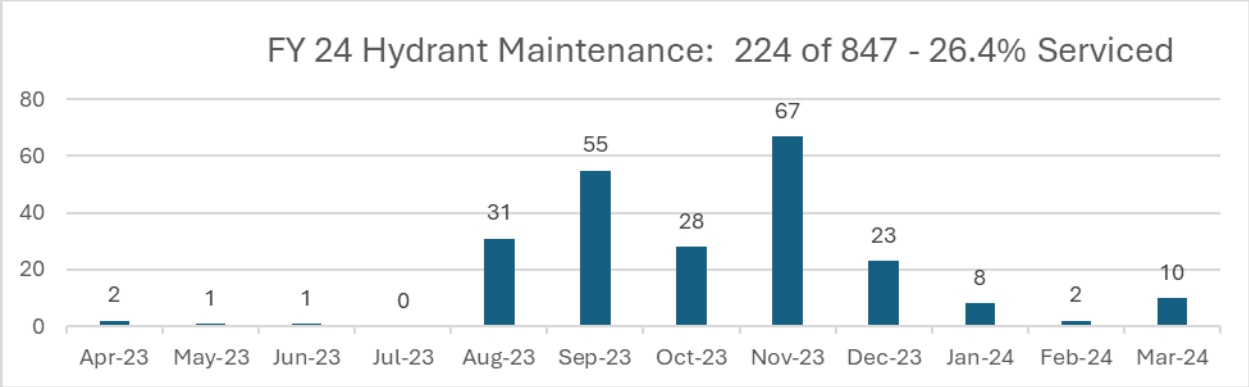
Maintenance:

- Repaired a service leak at 905 North Rd;
- Replaced 5 - meters that stopped working;
- Replaced 17 - meter registers with either a mechanical issue or weak batteries;
- Replaced 17 - meter transceiver due to weak battery;
- Repaired water main break at 3405 Beresford;
- Repaired leaking 8" gate valve at 645 Old County Road;

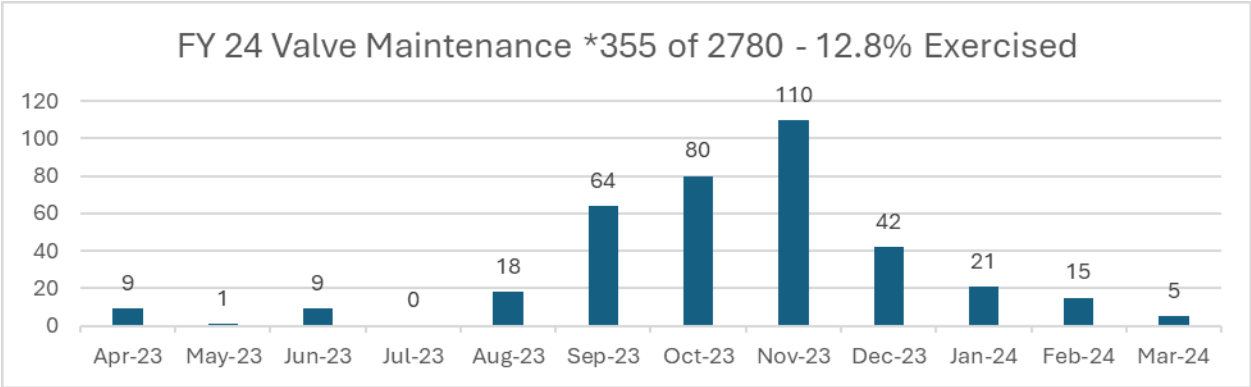
- Responded to and completed 301 USA (underground service alerts) location requests in March. Running 12-month location requests totals 3,334, an average of 277 per month;



- Hydrant maintenance visits: 10 in March;



- 5 valves exercised in March by hand. The valve turning machine remains out of service;



- Collected the requisite 44 water samples during the month from 11 sample station sites. None of the samples tested positive for total coliform; and

- Staff continue to closely monitor the water system's condition as part of normal operations. During March staff flushed 3 dead ends in the system.

System Repairs:

Date	Location	Event	Material	Installation Date	Estimated Water Loss (Gals.)
3/6	905 North Rd	3/4" Service Repair	Copper	1985	~100
3/25	3405 Beresford	6" Ring Break on Main	CIP	1956	~1,500
3/26	645 Old County Road	8" Gate Valve Leaking	DIP	1952	~20,000

Development:

Staff continues to work with developers and monitor 74 development projects:

Mixed Use Commercial/Multi-Family Residential: 14

- 1324 Old County Road; a 2- or 3-unit multi-family with ground floor retail space; currently reviewing plans;
- 1301 Shoreway Road; proposed life science building. A water supply assessment was prepared and approved;
- 2 Davis Drive; offices and research space, & fire station;
- 500-530 Harbor – information provided to developer;
- 580 Masonic – information provided to developer;
- 608 Harbor: a 103-unit multi-family development; letter of intent to serve provided;
- 1500 Ralston; conceptual development plan for Belmont-Standford campus;
- 800 Laurel Avenue; a 16-unit town home residential project (area not provided); currently reviewing plans;
- 678 Ralston; 65-unit, 100% affordable apartment complex; no contact from developer yet;
- 800 Belmont Avenue; information provided to developer;
- 803 Belmont Avenue; a 125-unit multi-family residential project (area not provided); reviewing plans;
- 601 Harbor Blvd/1421 Old County Road: proposed life science building working through entitlement process;
- Island Parkway Life Science Campus; office, research & development project; no contact from developer yet;
- 900 El Camino Real; a 37-unit multi-family residential project starting on 2nd floor with commercial lease space on 1st floor (area not provided); currently reviewing plans; and

- 642 Quarry Road – preliminary, information provided to developer.

Commercial: 16
- Reviewing Plans – 12
- Approvals Received – 2
- In Construction - 2

Residential: 44
- Plans In Review – 31 including 1 ADU (auxiliary dwelling unit)
- Plans Through Staff Approval Process – 10
- Project In Construction - 3

Administration:

- Held luncheon to celebrate Misty Malczon's 20 years of service to District;
- Spoke to a representative from Crown Castle regarding one of the cell tower leases and an interest in contract extension;
- Spoke to City of Belmont contract planner regarding the conditions of approval for a project in the Harbor Industrial Area going through the entitlement process;
- Met virtually with XiO, our SCADA system administrator, to discuss an update to their cloud platform and contract for services;
- Met with a water conservation customer out in the field to discuss their lawn be gone project;
- Staff met with Spatial Wave for additional asset management training;
- Interviewed several Maintenance Technician applicants for an open position;
- Several Ops Team attended the AWWA Conference in Millbrae;
- Continued participation in the Alternative Water Supply project now called Pure Water – Peninsula with focus on customer outreach;
- Attended staff meeting for management and supervisors;
- Attended BAWSCA Water Manager's monthly meeting in person;
- Participated in weekly call with District Engineer, and Operations Supervisor on District matters; and
- Continue to actively manage power use for pumping operations via SCADA.

MID-PENINSULA WATER DISTRICT

AGENDA ITEM NO. 9.A.3

TO: Board of Directors

FROM: Monique Madrid, Administrative Services Manager

DATE: April 25, 2024

ADMINISTRATIVE SERVICES MANAGER'S REPORT

April:

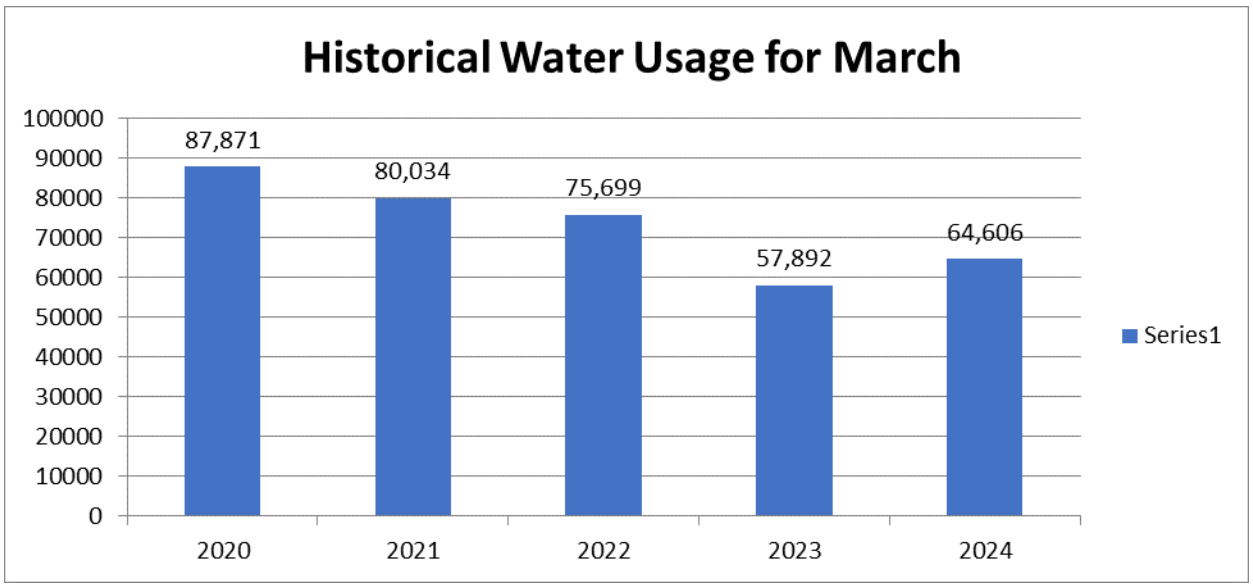
- Attend board meetings
- Participate in US Treasuries investment phone call
- Attend Management and Management/Supervisor meetings
- Attend weekly meetings with District Treasurer
- Notify 700 filers via email for them to submit their 2023 forms by April 1 through Netfile or hardcopy.
- Working with San Mateo County Clerk's Office regarding election and Conflict of Interest notices and agenda items
- Finalizing the hiring for Maintenance Technician
- Participate in interviews for the Administrative Services Manager succession position
- Attend APWA award luncheon
- Participate in the Belmont Earth Day activities
- Beginning plan for MPWD summer BBQ

Financial Management Policy (FMP):
Attended and participated in the Finance Committee meeting on April 10th. The proposed draft FMP was reviewed. The committee members had good feedback which was incorporated into the policy presented to the full board at today's meeting.

Utility Billing:

	Commercial Accounts	Residential Accounts	Multi-Family Accounts	Irrigation Accounts	Institutional Accounts	Industrial Accounts	Temporary Hydrant Accounts	Inactive Accounts	Total Accounts
January	416	7290	205	88	65	48	11	14	8137
February	414	7296	205	88	65	48	11	18	8145
March	415	7291	205	88	64	48	14	18	8143

2023	Reminder letters	Final notices	Sent to collections	Collections Amount	Shut Offs	New Payment Plans	Active Payment plans (in good standing)	Payments in default
January	367	50	0	0	7	0	5	
February	373	29	0	0	2	18	6	
March	323	40	0	0	0	2	7	1



PUBLIC SERVICE ETHICS EDUCATION (AB 1234)

Everyone is current with their Ethics training. The due dates (in alphabetical order) for certification renewal of Public Service Ethics education, required every two (2) years by AB 1234:

- Cathy M. Jordan — December 12, 2024
- Monique Madrid — March 2, 2025
- Joubin Pakpour — December 9, 2024
- Rene Ramirez — December 7, 2024
- James Ramsey — October 19, 2025
- Brian Schmidt — March 30, 2025
- Julie Sherman — March 9, 2025
- Louis Vella — December 05, 2024
- Kirk Wheeler — January 30, 2025
- Kat Wuelfing — March 22, 2025
- Matt Zucca — April 10, 2025

For compliance, training should be completed on or before the due date, and the certificate turned in to the MPWD.

Here is the link to the FPPC free online ethics training: http://localethics.fppc.ca.gov/login.aspx

SEXUAL HARASSMENT PREVENTION EDUCATION (AB 1825 FOR MANAGERS, SB 1343 FOR EMPLOYEES, AB 1661 FOR ELECTED OFFICIALS)

Everyone is current with Harassment Prevention training (required every two years). Due dates (in alphabetical order) for certification renewal of Sexual Harassment Prevention Education:

- Cathy M. Jordan — October 28, 2024
- Monique Madrid — December 28, 2024
- Joubin Pakpour — April 6, 2025
- Rene Ramirez — December 14, 2025
- James Ramsey — October 19, 2025
- Brian Schmidt — December 19, 2025
- Julie Sherman — January 31, 2026
- Louis Vella — October 25, 2025
- Kirk Wheeler — December 10, 2025
- Kat Wuelfing — November 29, 2024
- Matt Zucca — March 23, 2025

For compliance, training should be completed on or before the due date, and the certificate turned in to the MPWD.

Here is the link to the DFEH free online Sexual Harassment Prevention training: https://www.dfeh.ca.gov/shpt/

On the DFEH website, review the information on the webpage, click CONTINUE at the bottom of the page, select ENGLISH as the language, and select SUPERVISORY (2-hour course). You will be able to print, save, or screenshot your training certificate at the end of the training.

Once you have completed the training and obtained your certificate, please transmit it to Monique Madrid at moniquem@midpeninsulawater.org.

MID-PENINSULA WATER DISTRICT

AGENDA ITEM NO. 9.A.4.

DATE: April 25, 2024

TO: Board of Directors

FROM: Joubin Pakpour, PE – District Engineer

SUBJECT: Capital Project Update

Harbor Blvd Water Main Improvements (20-07)
All work is complete with the exception of closing out the County encroachment permit which is pending the resolution of conduit repair at the intersection Industrial and Harbor Blvd.

Dekoven, Lincoln, Newlands & Oak Knoll Water Main Improvements (15-09 &15-19)
Consultant submitted an addendum to modify their indemnity clause to reflect the comments received from the Division of Drinking Wate. The addendum is under review by District Counsel.

Capital Improvement Program (CIP)
Work continues in updating the capital improvement program. In-person meetings are held every two weeks. The long-term CIP will be presented at the June Board Meeting.

Old County Road Water Main Improvements (15-75)
Please see attached report.

BOARD ACTION: APPROVED:_____ DENIED:_____ POSTPONED:_____ STAFF DIRECTION:_____
UNANIMOUS____ VELLA _____ ZUCCA _____ JORDAN_____ SCHMIDT _____ WHEELER _____

MEMO

Date : April 16, 2024

To: Mid-Peninsula Water District

Attn: Kathryn Wuelfing, Rene Ramirez, Joubin Pakpour

Project Name: Old County Road Improvements Phase 1 CIP 15-75 and Ralston Avenue CIP 15-82

Reference: Progress Payment No. 05

From: Gopi Chandran, Construction Manager, 4LEAF Inc.

Construction Status

Contractor completed about 735 feet (STA 27+81 thru STA 20+46) of new 20-inch diameter pipe installation within City of San Carlos along Old County Road (OCR) from Bragatto towards Quarry Road intersection. Contractor pressure tested and brought the completed section into service after passing multiple BacT tests.

Outreach-contractor and MPWD staff have continuously identified resident, and businesses affected by temporary shutdown's and provided notices. During March 2024 service shutdown, schedules were modified to allow County of San Mateo to operate their meal prep program. Field inspector and contractor have engaged business and alleviated driveway access issues. Additional updated informational flyers were handed out.

Change Orders

Contractor submitted five (5) extra work requests, and these were evaluated, scope was negotiated, and costs reduced. Cost changes were due to working around various existing isolation valves that could not be fully shutoff and using CDF as cover on a shallower trench section. The extra work requests were processed with Change Order #05 for an amount of $11,743.99. Copy of the change order is attached.

2126 RHEEM DRIVE • PLEASANTON, CA 94588 • PHONE (925) 462-5959 • FAX (925) 462-5958

Project Schedule and Request for Payment No. 05

As of March 31, 2024, Contractor has progressed work ahead of the baseline schedule with approximately 735 feet of new 20-inch pipe and various meter services installed. Contractor has 122 of 220 Working Days remaining. Contractor has utilized all 10 of the rain days allocated in the Contract.

Enclosed, please find Progress Payment No. 05 for **$870,023.29** (value of work minus 5% retention). The work performed to date has been satisfactory and payment is recommended.

	Current Month	**Total**	
Original Contract Amount		$ 4,417,300.00	
Approved Change Orders	$ 11,743.99	$ 177,267.54	4.01%
Final Contract Amount		$ 4,594,567.54	
Previously Paid (less retention)	$ 575,510.02	$ 2,369,947.01	
Current Request (less retention)	$ **870,023.29**	$ 870,023.29	
Retention	$ 45,790.70	$ 170,524.75	
Total Value of Work Completed	$ 915,813.99	$ 3,410,495.05	74.2%
Total Remaining on Contract		$ 1,184,072.49	25.8%

Sincerely,

Gopi Chandran

Gopi Chandran
Construction Manager
4LEAF Inc.

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2126 RHEEM DRIVE • PLEASANTON, CA 94588 • PHONE (925) 462-5959 • FAX (925) 462-5958

Mar 28, 2024 at 12:15:16 PM
1449–1507 Old County Rd
Belmont CA 94002
United States

Invoice

C2R ENGINEERING, INC
P.O. Box 1017
Mountain View, CA 94042

Date	Invoice #
4/15/2024	C6066

Bill To

3 Dairy Lane
Post Office Box 129
Belmont, CA 94002

Ship To

3 Dairy Lane
Post Office Box 129
Belmont, CA 94002

P.O. Number	Terms	Via	Project
			Job 365 - Old County Rd

Quantity	Item Code	Description	Price Each	Amount
1	Sales	PP # 005	870,023.29	870,023.29

Total $870,023.29

Please remit payment to:
P.O. Box 1017
Mountain View, CA 94042

WWW.C2RENGINEERING.COM

PROJECT NAME: Old County Rd. Improvements - Phase I CIP 15-75 & Ralston Ave. Improvements CIP 15-82, dated March 2023
PROJECT NUMBER: 365
PROGRESS PAYMENT: 005
ORG CODE: N/A
OBJECT CODE: N/A
PROJECT CODE: N/A

C2R ENGINEERING

CONTRACTOR: C2R Engineering, Inc.
ADDRESS: P.O. Box 1017
Mountain View, CA 94042
(415) 559-2841
WORK COMPLETED AS OF: March 31, 2024
DATE: April 15, 2024

		CONTRACT				THIS PAYMENT - PP5			PROJECT TO DATE		
No.	DESCRIPTION	Unit	Quantity	Unit Price	Total	% COMPLETED	QTY THIS ESTIMATE	$	% COMPLETED	QTY TO DATE	$
1.	Mobilization and Demobilization	LS	1	$210,000.00	$ 210,000.00	5%		$10,500	90%	0	$189,000.00
2.	Allowance for Encountering Groundwater in	LS	1	$100,000.00	$ 100,000.00	25%		$25,000	50%	0	$50,000.00
3.	Utility Location and Documentation	LS	1	$27,000.00	$ 27,000.00	5%		$1,350	95%	0	$25,650.00
4.	Vehicular and Pedestrian Traffic Control	LS	1	$175,000.00	$ 175,000.00	10%		$17,500	80%	0	$140,000.00
5.	Traffic Loops and Traffic Light Coordination	EA	8	$ 2,000.00	$ 16,000.00				150%	12	$24,000.00
6.	Storm Water Pollution Prevention	LS	1	$26,000.00	$ 26,000.00	10%		$2,600	80%	0	$20,800.00
7.	Shoring of Open Excavations	LS	1	$80,000.00	$ 80,000.00	10%		$8,000	80%	0	$64,000.00
8.	Abandonment of Existing Water Facilities	LS	1	$20,000.00	$ 20,000.00				30%	0	$6,000.00
9.	Temporary Water Main and Services	LS	1	$60,000.00	$ 60,000.00				100%	1	$60,000.00
10.	Cathodic Protection System	LS	1	$95,000.00	$ 95,000.00	15%		$14,250	85%	0	$80,750.00
11.	8-inch PVC Water Pipe	LF	835	$ 410.00	$ 342,350.00	8%	70	$28,700	108%	905	$371,050.00
12.	8-inch PVC Water Pipe + Removal of Existing	LF	430	$ 420.00	$ 180,600.00	3%	15	$6,300	89%	381	$160,020.00
13.	12-inch PVC Water Pipe	LF	135	$ 450.00	$ 60,750.00				18%	24	$10,800.00
14.	20-inch PVC Water Pipe + Removal of Existing	LF	1775	$ 730.00	$ 1,295,750.00	41%	735	$536,550	86%	1522	$1,111,060.00
15.	16-inch PVC Water Pipe Creek Crossing	LS	1	$100,000.00	$ 100,000.00				0%	0	$0.00
16.	8-inch Gate Valves	EA	10	$ 5,000.00	$ 50,000.00				100%	10	$50,000.00
17.	N.I.C.	EA	1	$ -	$ -				0%	0	$0.00
18.	20-inch Butterfly Valves	EA	9	$15,000.00	$ 135,000.00	11%	1	$15,000	67%	6	$90,000.00
19.	1-inch Water Service (8-inch Main)	EA	22	$ 8,000.00	$ 176,000.00	9%	2	$16,000	100%	22	$176,000.00
20.	Fire Hydrant Assembly (8-inch Main)	EA	1	$18,000.00	$ 18,000.00				100%	1	$18,000.00
21.	Fire Hydrant Assembly (12-inch Main)	EA	1	$20,000.00	$ 20,000.00				100%	1	$20,000.00
22.	Fire Service Connection (8-inch Main)	EA	2	$15,000.00	$ 30,000.00				100%	2	$30,000.00
23.	1-inch and 2-inch Combination Air- Release Valve	EA	4	$12,500.00	$ 50,000.00	25%	1	$12,500	50%	2	$25,000.00
24.	1-inch Water Service (20-inch Main)	EA	17	$ 9,500.00	$ 161,500.00	24%	4	$38,000	24%	4	$38,000.00
25.	1.5-inch & 2-inch Water Service (20-inch Main)	EA	3	$10,500.00	$ 31,500.00	33%	1	$10,500	33%	1	$10,500.00
26.	Fire Hydrant Assembly (20-inch Main)	EA	4	$22,500.00	$ 90,000.00	100%	4	$90,000	100%	4	$90,000.00
27.	Fire Service Connection (20-inch Main)	EA	6	$15,000.00	$ 90,000.00	33%	2	$30,000	33%	2	$30,000.00
28.	6-inch Blowoff Assembly	EA	1	$15,500.00	$ 15,500.00				0%	0	$0.00
29.	20-inch CCP Water Main Connection	LS	1	$35,000.00	$ 35,000.00				100%	1	$35,000.00
30.	Emergency Bypass Lateral Assembly	EA	1	$30,000.00	$ 30,000.00	20%		$6,000	100%	1	$30,000.00
31.	Pipe Access Vault (20-inch Main)	EA	1	$55,000.00	$ 55,000.00				100%	1	$55,000.00
32.	Concrete Driveway and Sidewalk	SF	1375	$ 30.00	$ 41,250.00	26%	363	$10,890	75%	1027	$30,810.00
33.	Concrete Curb and Gutter Replacement	LF	350	$ 110.00	$ 38,500.00	20%	71	$7,810	53%	187	$20,570.00
34.	AC Pavement Replacement	SF	16660	$ 15.00	$ 249,900.00	0.2%	28	$420	46%	7635	$114,517.50
35.	Slurry Seal	SF	110000	$ 0.87	$ 95,700.00				0%	0	$0.00
36.	Traffic Striping and Markers	LS	1	$135,000.00	$ 135,000.00				0%	0	$0.00
37.	Site Restoration	LS	1	$81,000.00	$ 81,000.00	20%		$16,200	70%	0	$56,700.00
Change Orders											
001	Change Order # 001	LS	1	$41,665.68	$ 41,665.68				100%	0	$41,665.68
002	Change Order # 002	LS	1	$29,527.93	$ 29,527.93				100%	0	$29,527.93
003	Change Order # 003	LS	1	$38,899.93	$ 38,899.93				100%	0	$38,899.93
004	Change Order # 004	LS	1	$55,430.01	$ 55,430.01				100%	0	$55,430.01
005	Change Order # 005	LS	1	$11,743.99	$ 11,743.99	100%		$11,743.99	100%	0	$11,743.99
		TOTAL			**$ 4,594,567.54**	**TOTAL PP5**		**$ 915,813.99**	**PROJECT TO DATE**		**$ 3,410,495.04**

Retention (5%) $ (45,790.70) ***Retention (5%)*** $ (170,524.75)

TOTAL PP5	**$ 870,023.29**	**PROJECT TO DATE**	**$ 3,239,970.29**

Notes PP 4:
- Bid Item 14: STA 27+81 thru STA 20+46 = 735'

C2R Engineering, Inc. ***CO # 005***

PROJECT: Old County Road Improvements and Ralston

DEWR # or PCO #	Date	Description	Total
034	3/7/2024	Installation of 2 x 22 degree bends at approx STA 34+92 for 6" bypass assembly. The bends were needed as	$ 2,980.71
035	3/20/2024	Excavating, hand digging and exposing leaking existing 8" pipe at tie-in location on Quarry Rd. Install 8" cap and concrete in place	$ 1,144.42
036	3/20/2024	Crews had to work overtime to complete the 8" tie in on Quarry Rd.	$ 2,415.66
037	3/21/2024	Installation of 6 cuyds of sand slurry over new 8" pipe at Quarry Rd connection per RFI 12	$ 3,421.26
038	3/22/2024	Crews had to work overtime to complete the 6" and 4" fire service tie ins at STA and STA.	$ 1,781.94
		TOTAL	**$ 11,743.99**

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MID-PENINSULA WATER DISTRICT

Mid-Peninsula Water District
Old County Road Water Main Improvements Phase 1

Change Order No. 05
C2R Engineering Inc.
MARCH 31, 2024

Item No. 1 – Installation of (2) additional 22-degree bends at approximately STA 34+92 for 6-inch bypass assembly.

On 3/7/24, Due to unknown, unmarked pipes existing where new 6-inch blow off was placed per plans, C2R needed to install an additional (2) 6-inch 22-degree MJ elbows to avoid pipes in ground at STA 34+90.

Contractor backup document: DEWR #034, 3/7/24

Total Cost of Item:	$2,980.71
Total increase of Working Days:	0 days

Item No. 2 – Excavating by hand and exposing existing leaking 8-inch water main at POC, STA 28+00 on Quarry Rd. Installing 8-inch hard cap with concrete thrust block.

On 3/20/24, C2R needed to excavate, by hand to expose existing leaking 8" pipe at tie-in location on Quarry Rd. Install 8" cap and concrete in place.

Contractor backup document: DEWR #035, 3/20/24

Total Cost of Item No:	$1,144.42
Total increase of Working Days:	0 days

Item No. 3 – Crew working overtime to complete 8-inch tie in on Quarry Rd due to request from local business to start later than scheduled and also leaking isolation valves.

On 3/20/24, Due to site conditions due to leaking existing isolation valves that could not be shutoff in-time, business accommodations throughout the day that caused the start to be extended from 8 am to 11 am, and public safety fire services that needed to be back online at the end of the day, causing C2R to work late.

Contractor backup document: DEWR #036, 3/20/24

Total Cost of Item No:	$2,415.66
Total increase of Working Days:	0 days

Item No. 4 – Installation of 6 cyd cement sand slurry over 8-inch pipe on Quarry Rd. per RFI 12.

On 3/21/24, Due to shallow trench (23-inches of cover) for 8-inch main on Quarry Rd. C2R was required to place CDF into the 8-inch water main trench from 20-inch main to POC. The gas line was also in conflict. If C2R didn't install pipe on same day while waiting for RFI response, they would have requested additional compensation due to differing site condition. The trench was

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initially backfill and then re-excavated to place cement slurry. Cost was also reduced after negotiations.

Contractor backup document: DEWR #037, 3/21/24

Total Cost of Item No:	$3,421.26
Total increase of Working Days:	0 days

Item No. 5 – Crew worked overtime to complete 6-inch and 4-inch fire service tie ins at STA 31+02, and STA 30+82 due to leaking isolation valves.

On 3/22/24, Due to site conditions caused by isolation valves that were leaking and for safety fire services needed to be back online at the end of the day, causing C2R to work late.

Contractor backup document: DEWR #038, 3/22/24

Total Cost of Item No:	$1,781.94
Total increase of Working Days:	0 days

Total Cost of Change Order #5:	**$11,743.99**
Overall Increase of Working Days for Change Order:	**0**

Original Contract Amount		**$4,417,300.00**
Previous Change Orders (#01)	**$41,665.68**	
Previous Change Orders (#02)	**$29,527.92**	
Previous Change Order (#03)	**$38,899.93**	
Previous Change Order (#04)	**$55,430.02**	
Current Change Order (#05)	**$11,743.99**	
Subtotal Change Order (s)	**$177,267.54**	
Percentage (over base contract)	**4.01%**	
Revised Contract Amount (including this Change Order)		**$4,594,567.54**

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MID-PENINSULA WATER DISTRICT

Other Terms in Effect

This Change Order fully resolves all costs and time issues related to the work described above, including any indirect effects or the effect of this Change Order on any other work performed by Contractor. This Change Order does not modify, waive, or supersede any provision of the contract and only to the extent explicitly stated in this Change Order.

Prepared by:

DocuSigned by:
Gopi Chandran
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4/15/2024

Gopi Chandran
Construction Manager
4LEAF Inc.

Reviewed/Approved by:

DocuSigned by:
16E20204128F4AE...

4/15/2024

Rene Ramirez
Operations Manager
Mid-Peninsula Water District

Reviewed/Approved by:

6A52E332D449452
Joubin Pakpour
DocuSigned By: Joubin Pakpour

4/15/2024

Joubin Pakpour,P.E.
District Engineer
Mid-Peninsula Water District

Reviewed/Approved by:

DocuSigned by:
Kathryn Wuelfing
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4/15/2024

Kathryn Wuelfing
General Manager
Mid-Peninsula Water District

Reviewed/Approved by:

DocuSigned by:
Trevor Connolly
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4/15/2024

Trevor Connolly
Owner
C2R Engineering Inc.

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PROJECT: Old County Road Improvements and Ralston Avenue Improvements
OWNER: Mid-Peninsula Water District
COMPLETION DATE: 3/7/2024 DEWR DEWR # 034
CONTRACTOR: C2R Engineering, Inc. Page No.: 1 OF 1

DESCRIPTION: Installation of 2 x 22 degree bends at approx STA 34+92 for 6" bypass assembly. The bends were needed as there was a conflict with an existing unknown 24" steel line.

A. CONTRACT WORK PERFORMED

B. EQUIPMENT

No.	DESCRIPTION	ACTUAL	PAY	RATE	AMOUNT
2	Crew Truck - GMC 3500 (3175 (7000) to 5443 (12000) Code 00-06) - Page 34 Caltrans	2	2	$ 28.65	$ 114.60
1	JD 60 Excavator (Based on Caltrans, closer description is PC 150-3 page 10)	2	2	$ 79.07	$ 158.14
1	Jumping jack whacker (113 Code 250 Page 4)	2	2	$ 9.89	$ 19.78
1	Bobtail dump truck - Over 65.3T (Code 18-22 Page 34)	2	2	$ 88.38	$ 176.76
1	Skid steer Bobcat 853 (Page 32)- W Loader Code A	2	2	$ 36.47	$ 72.94
1	CAT 450E Backhoe (page 18) with breaker (addittion Attachment Air Tools Code 60)			$ 83.88	$ -
1	Bomag roller			$ 27.00	$ -
1	PC138 Komatsu Excavator Code 05-23 Page 10)			$ 83.05	$ -
1	JD 35 Excavator (Based on Caltrans, closer description is JD 350C page 27)			$ 46.72	
1	Shoring (DP Nicoli)				$ -
	COST OF EQUIPMENT - B				**$ 542.22**

C. MATERIALS

No.	DESCRIPTION PER PLANS	Unit No.	Unit	UNIT COST	AMOUNT
1	Pace supply	1.00	Ls	$ 550.00	$ 550.00
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -
	COST OF MATERIAL & WORK - C				**$ 550.00**

D. SUBCONTRACTORS (WORK done by Specialists)

No.	DESCRIPTION	Unit No.	Unit	UNIT COST	AMOUNT
1	CTK Trucking	2.00	Hr	$ 130.00	$ 260.00
	COST OF SUBCONTRACTORS & WORK - D				**$ 260.00**

TOTAL COST & 15% MARK-UP B (Equipment)	$ 623.55
TOTAL COST & 15% MARK-UP C (Material)	$ 632.50
TOTAL COST & 15% MARK-UP D (Subcontractor)	$ 299.00
TOTAL COST A & B & C (Incl. Markup)	$ 1,555.05

E. DIARY AND REMARKS

New and Unforseen Work [ ] None [X] Yes, Describe:

F. LABOR

P.R.	Employee Type	HOURS		RATE	EXT. AMOUNT
1	Foreman	O.T		$ 120.25	$ -
	Declan Sheedy	Reg	2	$ 91.14	$ 182.28
		Reg Night		$ 94.14	$ -
4	Laborer	O.T		$ 86.40	$ -
		Reg	2	$ 67.12	$ 691.23
		Reg Night		$ 70.12	$ -
1	Operator				$ -
	Juan Gonzalez	O.T		$ 119.50	$ -
		Reg	2	$ 90.64	$ 181.28
		Reg Night		$ 93.64	$ -
				SUBTOTAL	**$ 1,054.79**
				9% Labor Surcharge	$ 94.93
				TOTAL COST OF LABOR - F	$ 1,149.72
				24% MarkUp Labor	$ 275.93
				TOTAL COST OF LABOR (After Mark-Up)- F	$ 1,425.65

	Reg	Reg Night	OT
FERNANDO ROMO	$ 69.81	$ 72.81	$ 90.44
EDGAR GONZALEZ	$ 66.81	$ 69.81	$ 85.94
ARTEMIO ROMO	$ 66.81	$ 69.81	$ 85.94
SAL GONZALEZ	$ 65.06	$ 68.06	$ 83.31

SUBTOTAL (TOTAL COST OF: B+C+ D+ E + F) $ 2,980.71

TOTAL THIS REPORT **$ 2,980.71**

CERTIFIED CORRECT

ee attached Sheet) DATE: 11/16/23

ee attached Sheet) DATE

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PROJECT: Old County Road Improvements and Ralston Avenue Improvements
OWNER: Mid-Peninsula Water District
COMPLETION DATE: 3/20/2024 DEWR DEWR # 035
CONTRACTOR: C2R Engineering, Inc. Page No.: 1 OF 1

DESCRIPTION: Excavating, hand digging and exposing leaking existing 8" pipe at tie-in location on Quarry Rd. Install 8" cap and concrete in place

A. CONTRACT WORK PERFORMED

B. EQUIPMENT

No.	DESCRIPTION	ACTUAL	PAY	RATE	AMOUNT
1	Crew Truck - GMC 3500 (3175 (7000) to 5443 (12000) Code 00-06) - Page 34 Caltrans	1	1	$ 28.65	$ 28.65
1	JD 60 Excavator (Based on Caltrans, closer description is PC 150-3 page 10)	1	1	$ 79.07	$ 79.07
1	Jumping jack whacker (113 Code 250 Page 4)			$ 9.89	$ -
1	Bobtail dump truck - Over 65.3T (Code 18-22 Page 34)	1	1	$ 88.38	$ 88.38
1	Skid steer Bobcat 853 (Page 32)- W Loader Code A	1	1	$ 36.47	$ 36.47
1	CAT 450E Backhoe (page 18) with breaker (addittion Attachment Air Tools Code 60)			$ 83.88	$ -
1	Generator and pump	1	1	$ 19.90	$ 19.90
1	Trench plate	1	1	$ 85.00	$ 85.00
1	Multi Blade Saw (Code 20-33)	1	1	$ 15.24	$ 15.24
1	JD 35 Excavator (Based on Caltrans, closer description is JD 350C page 27)			$ 46.72	$ -
	COST OF EQUIPMENT - B				**$ 352.71**

C. MATERIALS

No.	DESCRIPTION PER PLANS	Unit No.	Unit	UNIT COST	AMOUNT
1	Materials Pace supply	1.00	ls	$ 250.00	$ 250.00
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -
	COST OF MATERIAL & WORK - C				**$ 250.00**

D. SUBCONTRACTORS (WORK done by Specialists)

No.	DESCRIPTION	Unit No.	Unit	UNIT COST	AMOUNT
					$ -
	COST OF SUBCONTRACTORS & WORK - D				**$ -**

TOTAL COST & 15% MARK-UP B (Equipment)	$ 405.62
TOTAL COST & 15% MARK-UP C (Material)	$ 287.50
TOTAL COST & 15% MARK-UP D (Subcontractor)	$ -
TOTAL COST A & B & C (Incl. Markup)	$ 693.12

E. DIARY AND REMARKS

New and Unforseen Work [ ] None [X] Yes, Describe:

F. LABOR

P.R.	Employee Type	HOURS		RATE	EXT. AMOUNT
1	Foreman	O.T			$ -
		Reg			$ -
		Reg Night	1	$ 94.14	$ 94.14
2	Laborer	O.T		$ 90.81	$ -
		Reg			$ -
		Reg Night	1	$ 73.06	$ 146.12
1	Operator				$ -
	Juan Gonzalez	O.T		$ 119.50	$ -
		Reg			$ -
		Reg Night	1	$ 93.64	$ 93.64
				SUBTOTAL	**$ 333.90**
				9% Labor Surcharge	$ 30.05
				TOTAL COST OF LABOR - F	$ 363.95
				24% MarkUp Labor	$ 87.35
				TOTAL COST OF LABOR (After Mark-Up)- F	$ 451.30

	Reg	Reg Night	OT
SHANE CONNOLLY	$ 73.56	$ 76.56	$ 96.06
FERNANDO ROMO	$ 69.81	$ 72.81	$ 90.44
EDGAR GONZALEZ	$ 66.81	$ 69.81	$ 85.94

SUBTOTAL (TOTAL COST OF: B+C+ D+ E + F) $ 1,144.42

TOTAL THIS REPORT **$ 1,144.42**

CERTIFIED CORRECT
Trevor Connolly
ee attached Sheet) DATE: 03/22/2024

ee attached Sheet) DATE

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PROJECT: Old County Road Improvements and Ralston Avenue Improvements
OWNER: Mid-Peninsula Water District
COMPLETION DATE: 3/20/2024 DEWR DEWR # 036
CONTRACTOR: C2R Engineering, Inc. Page No.: 1 OF 1

DESCRIPTION: Crews had to work overtime to complete the 8" tie in on Quarry Rd. Initially the existing 8" line was scheduled to be turned off at 8am however, due to complains and customer requests as meals are prepared and distributed within the County of San Mateo. It was decided to accomodate the requests and the 8" shutdown was scheduled for 11am (it took 1 hour and 45 mins to shutdown the existing 8" water mainline. Overtime work was required to complete the work

A. CONTRACT WORK PERFORMED

E. DIARY AND REMARKS

New and Unforseen Work [ ] None [X] Yes, Describe:

B. EQUIPMENT

No.	DESCRIPTION	ACTUAL	PAY	RATE	AMOUNT
1	Crew Truck - GMC 3500 (3175 (7000) to 5443 (12000) Code 00-06) - Page 34 Caltrans	2.5	2.5	$ 28.65	$ 71.63
1	JD 60 Excavator (Based on Caltrans, closer description is PC 150-3 page 10)	2.5	2.5	$ 79.07	$ 197.68
1	Jumping jack whacker (113 Code 250 Page 4)	2.5	2.5	$ 9.89	$ 24.73
1	Bobtail dump truck - Over 65.3T (Code 18-22 Page 34)	2.5	2.5	$ 88.38	$ 220.95
1	Skid steer Bobcat 853 (Page 32)- W Loader Code A	2.5	2.5	$ 36.47	$ 91.18
1	CAT 450E Backhoe (page 18) with breaker (addittion Attachment Air Tools Code 60)			$ 83.88	$ -
1	Generator and pump	2.5	2.5	$ 19.90	$ 49.75
1	Trench plate	3	3	$ 85.00	$ 255.00
1	Multi Blade Saw (Code 20-33)	2.5	2.5	$ 15.24	$ 38.10
1	JD 35 Excavator (Based on Caltrans, closer description is JD 350C page 27)			$ 46.72	$ -
	COST OF EQUIPMENT - B				**$ 949.00**

F. LABOR

P.R.	Employee Type	HOURS		RATE	EXT. AMOUNT
1	Foreman	O.T			$ -
		Reg			$ -
		Reg Night		$ 94.14	$ -
3	Laborer	O.T	2.5	$ 90.81	$ 681.08
		Reg			$ -
		Reg Night		$ 73.06	$ -
1	Operator				$ -
	Juan Gonzalez	O.T	2.5	$ 119.50	$ 298.74
		Reg			$ -
		Reg Night		$ 93.64	$ -
				SUBTOTAL	**$ 979.81**
				9% Labor Surcharge	$ 88.18
				TOTAL COST OF LABOR - F	$ 1,068.00
				24% MarkUp Labor	$ 256.32
				TOTAL COST OF LABOR (After Mark-Up)- F	$ 1,324.31

	Reg	Reg Night	OT
SHANE CONNOLLY	$ 73.56	$ 76.56	$ 96.06
FERNANDO ROMO	$ 69.81	$ 72.81	$ 90.44
EDGAR GONZALEZ	$ 66.81	$ 69.81	$ 85.94

C. MATERIALS

No.	DESCRIPTION PER PLANS	Unit No.	Unit	UNIT COST	AMOUNT
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -
	COST OF MATERIAL & WORK - C				**$ -**

SUBTOTAL (TOTAL COST OF: B+C+ D+ E + F) $ 2,415.66

D. SUBCONTRACTORS (WORK done by Specialists)

No.	DESCRIPTION	Unit No.	Unit	UNIT COST	AMOUNT
					$ -
	COST OF SUBCONTRACTORS & WORK - D				**$ -**

TOTAL THIS REPORT **$ 2,415.66**

CERTIFIED CORRECT

Trevor Connolly

ee attached Sheet) DATE: 3/22/2024

TOTAL COST & 15% MARK-UP B (Equipment)	$ 1,091.35
TOTAL COST & 15% MARK-UP C (Material)	$ -
TOTAL COST & 15% MARK-UP D (Subcontractor)	$ -
TOTAL COST A & B & C (Incl. Markup)	$ 1,091.35

ee attached Sheet) DATE

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PROJECT: Old County Road Improvements and Ralston Avenue Improvements
OWNER: Mid-Peninsula Water District
COMPLETION DATE: 3/21/2024 DEWR DEWR # 037
CONTRACTOR: C2R Engineering, Inc. Page No.: 1 OF 1

DESCRIPTION: Installation of 6 cuyds of sand slurry over new 8" pipe at Quarry Rd connection per RFI 12

A. CONTRACT WORK PERFORMED

B. EQUIPMENT

No.	DESCRIPTION	ACTUAL	PAY	RATE	AMOUNT
1	Crew Truck - GMC 3500 (3175 (7000) to 5443 (12000) Code 00-06) - Page 34 Caltrans	2.5	2.5	$ 28.65	$ 71.63
1	JD 60 Excavator (Based on Caltrans, closer description is PC 150-3 page 10)	2.5	2.5	$ 79.07	$ 197.68
1	Jumping jack whacker (113 Code 250 Page 4)			$ 9.89	$ -
1	Bobtail dump truck - Over 65.3T (Code 18-22 Page 34)	2.5	2.5	$ 88.38	$ 220.95
1	Skid steer Bobcat 853 (Page 32)- W Loader Code A	2.5	2.5	$ 36.47	$ 91.18
1	CAT 450E Backhoe (page 18) with breaker (addittion Attachment Air Tools Code 60)			$ 83.88	$ -
1	Generator and pump			$ 19.90	$ -
1	Trench plate	2.5	2.5	$ 85.00	$ 212.50
1	Multi Blade Saw (Code 20-33)			$ 15.24	$ -
1	JD 35 Excavator (Based on Caltrans, closer description is JD 350C page 27)			$ 46.72	$ -
	COST OF EQUIPMENT - B				**$ 793.93**

C. MATERIALS

No.	DESCRIPTION PER PLANS	Unit No.	Unit	UNIT COST	AMOUNT
1	Graniterock	6.00	Cuyds	$ 200.00	$ 1,200.00
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -
	COST OF MATERIAL & WORK - C				**$ 1,200.00**

D. SUBCONTRACTORS (WORK done by Specialists)

No.	DESCRIPTION	Unit No.	Unit	UNIT COST	AMOUNT
					$ -
	COST OF SUBCONTRACTORS & WORK - D				**$ -**

TOTAL COST & 15% MARK-UP B (Equipment)	$ 913.01
TOTAL COST & 15% MARK-UP C (Material)	$ 1,380.00
TOTAL COST & 15% MARK-UP D (Subcontractor)	$ -
TOTAL COST A & B & C (Incl. Markup)	$ 2,293.01

E. DIARY AND REMARKS

New and Unforseen Work [ ] None [X] Yes, Describe:

F. LABOR

P.R.	Employee Type	HOURS		RATE	EXT. AMOUNT
1	Foreman	O.T			$ -
		Reg			$ -
		Reg Night	2.5	$ 94.14	$ 235.35
2	Laborer	O.T		$ 90.81	$ -
		Reg			$ -
		Reg Night	2.5	$ 73.06	$ 365.30
1	Operator				$ -
	Juan Gonzalez	O.T		$ 119.50	$ -
		Reg			$ -
		Reg Night	2.5	$ 93.64	$ 234.10
				SUBTOTAL	**$ 834.75**
				9% Labor Surcharge	$ 75.13
				TOTAL COST OF LABOR - F	$ 909.88
				24% MarkUp Labor	$ 218.37
				TOTAL COST OF LABOR (After Mark-Up)- F	$ 1,128.25

	Reg	Reg Night	OT
SHANE CONNOLLY	$ 73.56	$ 76.56	$ 96.06
FERNANDO ROMO	$ 69.81	$ 72.81	$ 90.44
EDGAR GONZALEZ	$ 66.81	$ 69.81	$ 85.94

SUBTOTAL (TOTAL COST OF: B+C+ D+ E + F) $ 3,421.26

TOTAL THIS REPORT **$ 3,421.26**

CERTIFIED CORRECT

_____ DATE: 11/16/23
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PROJECT: Old County Road Improvements and Ralston Avenue Improvements
OWNER: Mid-Peninsula Water District
COMPLETION DATE: 3/22/2024 DEWR DEWR # 038
CONTRACTOR: C2R Engineering, Inc. Page No.: 1 OF 1

DESCRIPTION: Crews had to work overtime to complete the 6" and 4" fire service tie ins at STA and STA. The existing valves were difficult for the District to fully close so the tie-ins took extra time and efforts to complete. Overtime work was required to complete the work and assist the District

A. CONTRACT WORK PERFORMED

B. EQUIPMENT

No.	DESCRIPTION	ACTUAL	PAY	RATE	AMOUNT
1	Crew Truck - GMC 3500 (3175 (7000) to 5443 (12000) Code 00-06) - Page 34 Caltrans	1.5	1.5	$ 28.65	$ 42.98
1	JD 60 Excavator (Based on Caltrans, closer description is PC 150-3 page 10)	1.5	1.5	$ 79.07	$ 118.61
1	Jumping jack whacker (113 Code 250 Page 4)	1.5	1.5	$ 9.89	$ 14.84
1	Bobtail dump truck - Over 65.3T (Code 18-22 Page 34)	1.5	1.5	$ 88.38	$ 132.57
1	Skid steer Bobcat 853 (Page 32)- W Loader Code A	1.5	1.5	$ 36.47	$ 54.71
1	CAT 450E Backhoe (page 18) with breaker (addittion Attachment Air Tools Code 60)			$ 83.88	$ -
1	Generator and pump	1.5	1.5	$ 19.90	$ 29.85
1	Trench plate			$ 85.00	$ -
1	Multi Blade Saw (Code 20-33)	1.5	1.5	$ 15.24	$ 22.86
1	JD 35 Excavator (Based on Caltrans, closer description is JD 350C page 27)	1.5	1.5	$ 46.72	$ 70.08
	COST OF EQUIPMENT - B				**$ 486.48**

C. MATERIALS

No.	DESCRIPTION PER PLANS	Unit No.	Unit	UNIT COST	AMOUNT
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -
					$ -
	COST OF MATERIAL & WORK - C				**$ -**

D. SUBCONTRACTORS (WORK done by Specialists)

No.	DESCRIPTION	Unit No.	Unit	UNIT COST	AMOUNT
					$ -
	COST OF SUBCONTRACTORS & WORK - D				**$ -**

TOTAL COST & 15% MARK-UP B (Equipment)	$ 559.45	ee attached Sheet)
TOTAL COST & 15% MARK-UP C (Material)	$ -	
TOTAL COST & 15% MARK-UP D (Subcontractor)	$ -	
TOTAL COST A & B & C (Incl. Markup)	$ 559.45	ee attached Sheet)

E. DIARY AND REMARKS

New and Unforseen Work [ ] None [X] Yes, Describe:

F. LABOR

P.R.	Employee Type	HOURS		RATE	EXT. AMOUNT
1	Foreman	O.T	1.5	120.25	$ 180.38
		Reg			$ -
		Reg Night		$ 94.14	$ -
4	Laborer	O.T	1.5	$ 90.81	$ 544.86
		Reg			$ -
		Reg Night		$ 73.06	$ -
1	Operator				$ -
	Miguel Almanza	O.T	1.5	$ 119.50	$ 179.24
		Reg			$ -
		Reg Night		$ 93.64	$ -
				SUBTOTAL	**$ 904.48**
				9% Labor Surcharge	$ 81.40
				TOTAL COST OF LABOR - F	$ 985.88
				24% MarkUp Labor	$ 236.61
				TOTAL COST OF LABOR (After Mark-Up)- F	$ 1,222.49

	Reg	Reg Night	OT
SHANE CONNOLLY	$ 73.56	$ 76.56	$ 96.06
FERNANDO ROMO	$ 69.81	$ 72.81	$ 90.44
EDGAR GONZALEZ	$ 66.81	$ 69.81	$ 85.94

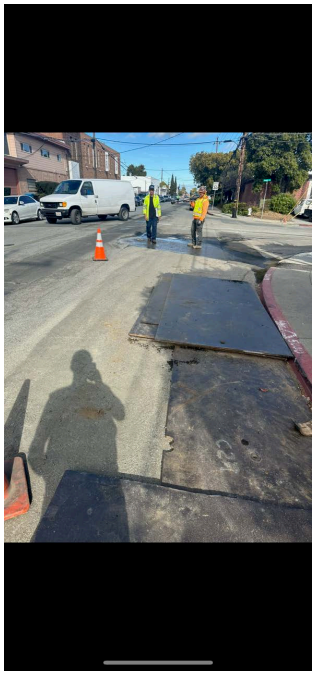
SUBTOTAL (TOTAL COST OF: B+C+ D+ E + F) $ 1,781.94

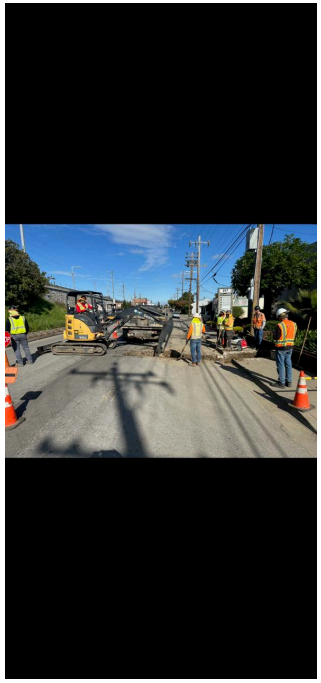
TOTAL THIS REPORT **$ 1,781.94**

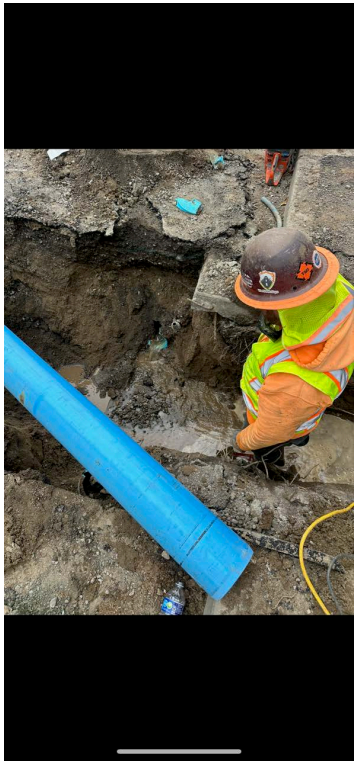
CERTIFIED CORRECT

DATE: 11/16/23

DATE







MID-PENINSULA WATER DISTRICT

TO: Board of Directors

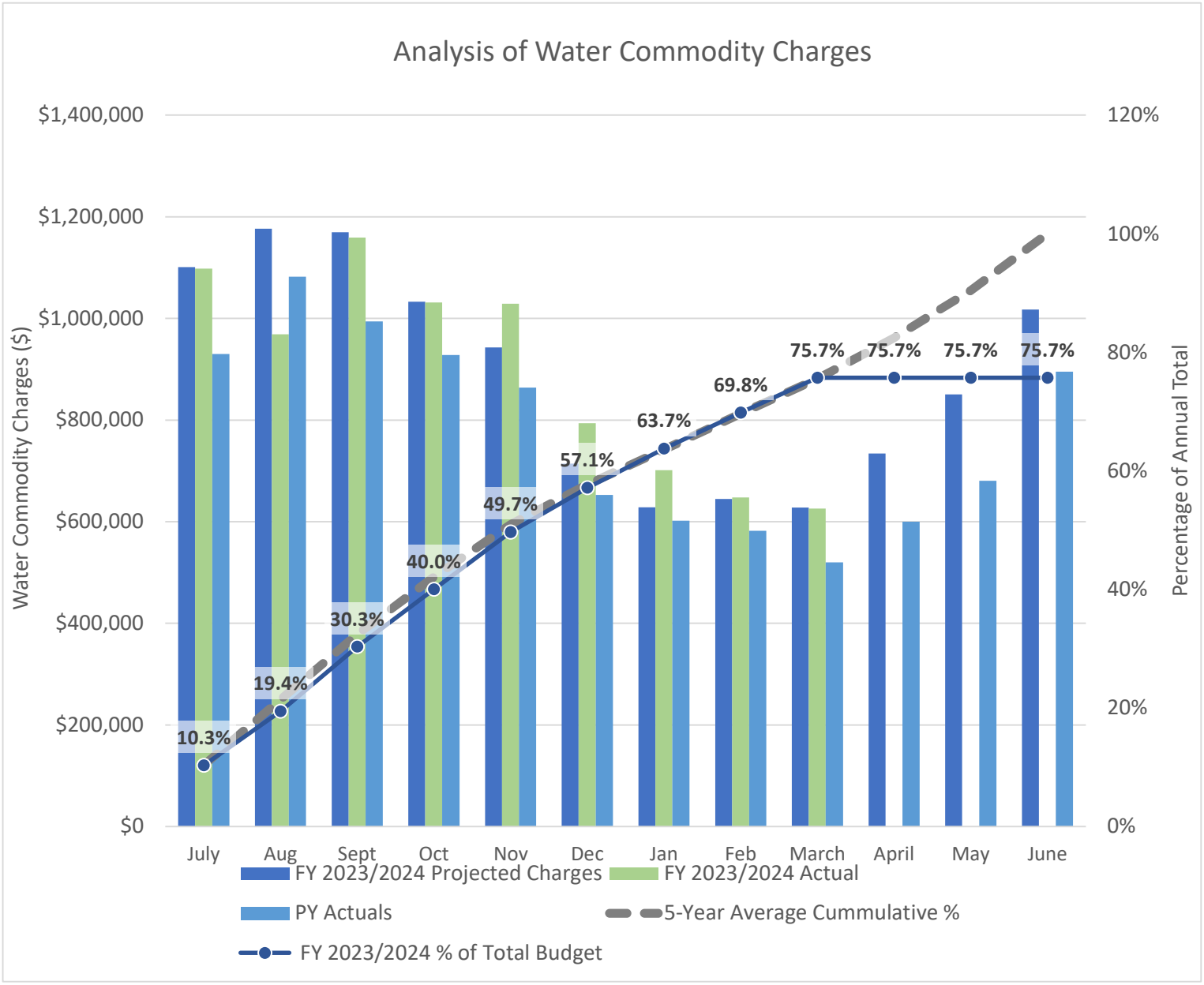
FROM: James W Ramsey, CPA, District Treasurer

DATE: April 25, 2024

Budget Performance and Financial Position Report
March, 2024

Please find the enclosed fiscal year 2023/2024 (FY 23/24) unaudited monthly budget report for the period of July 1-March 31, 2024 and Statement of Financial Position as of March 31, 2024. The following highlights significant activity through and as of March 31, 2024:

- The net surplus from operations is $3,944,638, an increase of $783,000 as compared to the same period last year. The primary changes stem from a decrease of water system capacity charges collected as of February 28, 2023 of $1,494,657, offset by an increase of $899,635 in water commodity charges as compared to last year. The most significant changes in expenditures for the same period are primarily from salaries and benefits, which are down $542,944 as compared to last year. Remaining changes are spread among other categories.
- Water Commodity Charges totaled $8,053,989. While this is 75.7% of budget and exceeds the Target percentage of 75%, it is approximately $899,635 more than last year at this point in time.
- Fixed System Charges were $2,398,324, which is 75% of budget.
- The Total Interest Revenue from all sources is $605,082, which is 88.3% of the amended budget. This is primarily due to unrealized gains on investments of $218,344 as of March 31, 2024. When adjusted for that, total interest revenue is 56.5% of budget.
- Total Operating Revenue is $10,615,309, which is 75.5% of budget. Total Non-Operating Revenue is $1,735,770, which is 73.8% of the amended budget. The primary driver is the receipt of insurance proceeds of $539,706 received on February 21, 2024.
- Total Revenue is $12,351,079, which is 75.3% of budget.
- Combined Salaries & Wages and Payroll Taxes & Benefits is $2,154,609, which is 66.1% of the amended budget.
- Purchased Water is $4,257,065 which is 70.4% of budget. Purchased Water cost for the year ended June 30, 2023 was $5,470,727.
- Total Operating Expenditures were $8,406,441, which is 60.9% of budget.
- Unrestricted Cash & Cash Equivalents is $18,815,848, which is an increase of $2,279,928 from February 2023.
- Unrestricted Net Position was $19,559,074 with Total Net Position of $43,935,059.



	5-Year Average Cummulative %	Expected Monthly Percentage	PY Actuals	FY 2023/2024 Projected Charges	FY 2023/2024 Actual	FY 2023/2024 % of Total Budget
July	10.3%	10.3%	930,097	1,100,593	1,098,097	10.3%
August	21.4%	11.1%	1,081,784	1,176,612	968,623	19.4%
September	32.4%	11.0%	994,336	1,169,744	1,159,108	30.3%
October	42.1%	9.7%	927,981	1,033,065	1,030,999	40.0%
November	51.0%	8.9%	863,636	943,154	1,028,758	49.7%
December	57.7%	6.7%	652,337	714,378	793,729	57.1%
January	63.6%	5.9%	601,942	628,095	701,568	63.7%
February	69.6%	6.1%	582,169	644,568	647,539	69.8%
March	75.5%	5.9%	520,072	627,683	625,568	75.7%
April	82.4%	6.9%	599,820	734,076	-	75.7%
May	90.4%	8.0%	680,227	850,508	-	75.7%
June	100.0%	9.6%	894,965	1,017,524	-	75.7%
TOTAL		100.0%	9,329,366	10,640,000	8,053,989	

MID-PENINSULA WATER DISTRICT
STATEMENT OF NET POSITION
AS OF MARCH 31, 2024 AND 2023

	AS OF 3/31/2024	AS OF 3/31/2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 6,496,218	$ 7,392,579
Investments	12,319,630	9,143,341
Accounts receivable	2,315,831	784,941
Prepaid expenses and other assets	329,738	173,658
Total Current Assets	21,461,417	17,494,519
Restricted cash with fiscal agent	1,156,863	6,453,105
Lease receivable	1,099,275	1,214,420
Construction in progress	13,025,993	8,493,652
Capital assets, net	24,810,793	23,152,416
Net OPEB asset	135,246	169,365
TOTAL ASSETS	$ 61,689,587	$ 56,977,477
Deferred Outflows of Resources		
Pension related deferred outflows	$ 1,898,626	$ 1,917,307
OPEB related deferred outflows	291,399	-
Total Deferred Outflows	$ 2,190,025	$ 1,917,307
LIABILITIES		
Current Liabilities		
Accounts payable	$ 659,886	$ 84,129
Accrued expenses	-	11,240
COP Interest Payable	-	218,466
Customer Deposits	-	24,000
Unearned revenues	89,452	-
Current portion of long-term debt	144,419	420,000
Total Current Liabilities	893,757	757,835
Noncurrent Liabilities		
Compensated absenses	198,259	321,254
Lease liability	84,816	-
SBITA Liability	4,854	-
Long-term portion of Certificates of Participation	16,697,510	16,705,331
Net pension liability	271,173	(1,356,634)
Total Noncurrent Liabilities	17,256,612	15,669,951
TOTAL LIABILITIES	18,150,369	16,427,786
Deferred Inflows of Resources		
Pension related deferred inflows	844,115	2,888,758
Lease receivable related deferred inflows	950,069	-
Total Deferred Inflows	1,794,184	2,888,758
NET POSITION		
Net investment in capital assets	$ 24,375,985	$ 29,460,857
Unrestricted	19,559,074	10,117,383
TOTAL NET POSITION	$ 43,935,059	$ 39,578,240

MID-PENINSULA WATER DISTRICT
MONTHLY BUDGET REPORT-OPERATIONS
FOR THE 9 MONTHS ENDED MARCH 31, 2024
SUMMARY

			Target	75.00%
DESCRIPTION	**APPROVED AMENDED FY 2023-24 BUDGET**	**ACTUALS 7/1/2023-3/31/2024**	**REMAINING BALANCE/ (OVER BUDGET)**	**Y-T-D % OF BUDGET**
OPERATING REVENUE				
WATER COMMODITY CHARGES	10,640,000	8,053,989	2,586,011	75.7%
FIXED SYSTEM CHARGES	3,197,000	2,398,324	798,676	75.0%
FIRE SERVICE CHARGES	18,000	13,153	4,848	73.1%
MISC CUSTOMER ACCOUNT FEES	109,700	71,890	37,810	65.5%
SERVICE LINE & INSTALLATION CHARGES	60,000	50,200	9,800	83.7%
MISCELLANEOUS OPERATING	30,000	27,754	2,246	92.5%
TOTAL OPERATING REVENUE (SOURCES)	**14,054,700**	**10,615,309**	**3,439,391**	**75.5%**
WATER SYSTEM CAPACITY CHARGES	60,000	-	60,000	-
WATER DEMAND OFFSET CHARGES	15,000	-	15,000	-
PROPERTY TAX REVENUE	545,000	421,019	123,981	77.3%
LEASE OF PHYSICAL PROPERTY	198,000	148,970	49,030	75.2%
MISCELLANEOUS NON-OPERATING	844,000	557,898	286,102	66.1%
INTEREST REVENUE - PARS	41,000	27,365	13,635	66.7%
INTEREST REVENUE - LAIF	200,000	119,270	80,730	59.6%
INTEREST REVENUE - COP	182,000	142,041	39,959	78.0%
INTEREST REVENUE - US TREASURIES	262,000	316,406	(54,406)	120.8%
LANDSCAPE PERMIT REVENUE	4,000	2,800	1,200	70.0%
TOTAL NON-OPERATING REVENUE (SOURCES)	**2,351,000**	**1,735,770**	**615,230**	**73.8%**
TOTAL REVENUE (SOURCES)	**16,405,700**	**12,351,079**	**4,054,621**	**75.3%**
OPERATING EXPENDITURES (USES)				
SALARIES & WAGES	2,311,000	1,286,849	1,024,151	55.7%
PAYROLL TAXES & BENEFITS	949,500	867,760	81,740	91.4%
PURCHASED WATER	6,048,000	4,257,065	1,790,935	70.4%
OUTREACH & EDUCATION	80,000	21,566	58,434	27.0%
M&R - OPS SYSTEM	620,000	262,020	357,980	42.3%
M&R - FACILITIES & EQUIPMENT	235,000	106,252	128,748	45.2%
SYSTEM SURVEYS	-	-	-	-
ADMINISTRATION & EQUIPMENT	619,000	308,801	310,199	49.9%
MEMBERSHIP & GOV FEES	345,000	221,882	123,118	64.3%
BAD DEBT & CLAIMS	10,000	-	10,000	-
UTILITIES	474,000	318,749	155,251	67.2%
PROFESSIONAL SERVICES	1,034,000	460,097	573,903	44.5%
TRAINING/TRAVEL & RECRUITMENT	49,000	23,002	25,998	46.9%
DEBT SERVICE	1,040,000	272,397	767,603	26.2%
TOTAL OPERATING EXPENDITURES (USES)	**13,814,500**	**8,406,441**	**5,408,059**	**60.9%**
NET SOURCES OVER/(UNDER) USES	**2,591,200**	**3,944,638**		
TOTAL OPERATING EXPENDITURES	**13,814,500**	**8,406,441**	**5,408,059**	**60.9%**
DEPRECIATION EXPENSE	**1,100,000**	**825,000**	**275,000**	**75.0%**
TOTAL EXPENSES	**14,914,500**	**9,231,441**	**5,683,059**	**61.9%**
NET SURPLUS/LOSS	**1,491,200**	**3,119,638**	**(275,000)**	**209.2%**
TRANSFER (TO)/FROM WORKING CAPITAL RESERVES	**(1,491,200)**	**(3,119,638)**	**275,000**	**209.2%**
NET TRANSFERS TO CAPITAL	**-**		**-**	
DEBT SERVICE COVERAGE	**1.95**	**11.20**		

MID-PENINSULA WATER DISTRICT
INVESTMENT & RESERVES REPORT
AS OF MARCH 31, 2024

Local Agency Investment Fund (LAIF)	BALANCE @ 2/29/2024	FY 23/24 INTEREST EARNED	FY 23/24 UNREALIZED GAIN/(LOSS)	FY 23/24 AVERAGE RATE OF RETURN	Mar., 2024 RATE OF RETURN
Capital Reserves	$ 1,500,000				
Working Capital Reserves (Operating)	1,500,000				
Unrestricted Cash Reserves	511,734	$ 119,270			
TOTAL LAIF	3,511,734	119,270		3.787%	4.012%
Bank Of New York (BNY) Mellon					
Sweep Account	672,934	23,633			
Fiscal Agent Project Funding Account	(19,216)	118,408			
TOTAL BNY	653,719	142,041		5.232%	5.250%
Zions Bank					
Cash Equivalents	14,914			4.994%	5.000%
Fixed Income	12,337,481		218,344	2.208%	2.170%
TOTAL ZIONS BANK	12,352,394	100,173 #	218,344 &		
Wells Fargo Bank					
Checking	2,985,676	-			
TOTAL WELLS FARGO	2,985,676	-		N/A	N/A
Petty Cash Funds	600	-		N/A	N/A
TOTAL ALL ACCOUNTS	$ 19,504,123	$ 361,484	$ 218,344		

Reserve Funds	Minimum Target	6/30/2023 Balance	FY 2023/2024 Additions (Reductions)	FY 2023/2024 Interest	3/31/2024 Ending Balance
Capital Reserves	$ 1,500,000	$ 1,500,000	$ -	$ -	$ 1,500,000
Working Capital Reserves (Operating)	1,500,000	1,500,000	-	-	1,500,000
Restricted Cash Reserves	-	5,681,089	(5,169,411)	142,041	653,719
Unrestricted Cash Reserves	-	13,312,863	(13,238,916)	437,787	511,734
TOTAL	$ 3,000,000	$ 21,993,952	$ (18,408,327)	$ 579,828	$ 15,523,930

	March 31, 2024	March 31, 2023	June 30, 2023	
Quick Ratio*	23.64	22.86	7.22	Does not include investment in Zions Bank
Current Ratio*	24.01	23.08	15.30	

*Cash with Fiscal Agent was not included in the Quick and Current Ratio calculations. The quick ratio includes only the most liquid liquid assets, whereas the current ratio includes all current asests other than Investment in Zions Bank.
#Zions Bank statements only report total interest.
&Reported as Zion Interest Revenue on Budget reports.
Per California Government Code Section 53600et. Seq., specifically Se. 53646 and Sec. 53607, this investment report summarizes all investment related activity in the current period. Mid-Peninsula Water District's (MPWD) funds are currently invested with Zions Bank and LAIF and their individual investment transactions are not reportable under the Government code. The MPWD's investment policy has taken a prudent investment course, in compliance with the "Prudent Inestor's Policy" to protect public funds.

MID-PENINSULA WATER DISTRICT
MONTHLY BUDGET REPORT-CAPITAL
FOR THE 8 MONTHS ENDED MARCH 31, 2024

		APPROVED FY 2023/24 BUDGET	ACTUALS 7/1/23-3/31/2024	REMAINING BALANCE (OVER BUDGET)	Y-T-D % OF BUDGET
FUNDING SOURCES					
COP FUNDS*		$ 4,500,000	$ 4,656,733	$ (156,733)	103.5%
TRANSFER FROM OPERATING SURPLUS		973,000	-	973,000	0.0%
CAPITAL RESERVES		1,500,000	-	1,500,000	0.0%
GENERAL RESERVES		1,503,946	-	1,503,946	0.0%
	TOTAL FUNDING SOURCES	8,476,946	4,656,733	3,820,213	54.9%
EXPENDITURES					
CAPITAL IMPROVEMENT PROGRAM (CIP) PROJECTS					
PROJECT NUMBER	**PROJECT DESCRIPTION**				
15-75A	Old County Road Improvements	$ 4,952,011	$ 2,189,872	$ 2,762,139	44.2%
20-07	Harbor Bouevard Water Main Replacement	2,127,837	2,091,743	36,094	98.3%
21-01	Dekoven Tank Utilization Project (Lincoln, Newlands and Oak Knoll WMRs	210,000	168,691	41,309	80.3%
20-01	Hastings Drive Service Connection Replacements	197,799	197,799	-	100.0%
15-88	Vine Street (Zone 5) Improvements	8,628	5,082	3,546	58.9%
15-29	Belmont Canyon Road Water Main	-	3,477	(3,477)	0.0%
15-40	Hastings Drive Water Main Replacement	-	69	(69)	0.0%
24-07	Folger Drive Property Improvements	75,000	-	75,000	0.0%
20-09	Dairy Lane Operations Center Rehabilitation – Phase 1	67,000	-	67,000	0.0%
	TOTAL CIP EXPENDITURES	7,638,275	4,656,733	2,981,542	61.0%
CAPITAL OUTLAY					
	Payroll Module - Springbrook	75,000	-	75,000	0.0%
	Trucks	60,000	-	60,000	0.0%
	Surveillance Equipment for Tanks	40,000	-	40,000	0.0%
	Miscellaneous Equipment	30,000	-	30,000	0.0%
	TOTAL CAPITAL OUTLAY EXPENDITURES	205,000	-	205,000	
	TOTAL EXPENDITURES	7,843,275	4,656,733	3,186,542	59.4%
NET FUNDING SOURCES LESS EXPENDITURES		$ 633,671	$ -	$ 633,671	