

MIDWAY CITY SANITARY DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2024



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**MIDWAY CITY SANITARY DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2024**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	9
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	10
STATEMENT OF CASH FLOWS	11
NOTES TO FINANCIAL STATEMENTS	13
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)	36
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLAN	38
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS	40
SCHEDULE OF CONTRIBUTIONS – OPEB	41



INDEPENDENT AUDITORS' REPORT

Board of Directors
Midway City Sanitary District
Westminster, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Midway City Sanitary District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's 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 Midway City Sanitary District, as of June 30, 2024, and the changes in financial position, and its 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Auditors' 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 auditors' 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of net pension liability (asset), the schedule of contributions – defined benefit pension plan, the schedule of changes in net OPEB liability (asset) and related ratios, and the schedule of contributions – OPEB, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 October 30, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
October 30, 2024

MIDWAY CITY SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Statements

This discussion and analysis provide an introduction and a brief description of the District's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The District's financial statements include four components:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements.

The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. The District's net position may be classified as follows:

- Net Investment in Capital Assets
- Restricted Net Position
- Unrestricted Net Position

The Statement of Net Position provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses and Changes in Net Position presents information which shows how the District's net position changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The Statement of Revenues, Expenses and Changes in Net Position measures the success of the District's operations over the past year and determines whether the District has recovered its costs through service fees, franchise fees, and other charges.

The Statement of Cash Flows provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operating activities
- Noncapital financing activities
- Capital and related financing activities
- Investing activities

This statement differs from the Statement of Revenues, Expenses and Changes in Net Position because the statement accounts only for transactions that result in cash receipts or cash disbursements.

The Notes to the Financial Statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

**MIDWAY CITY SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024**

Financial Highlights

- The District's cash and cash equivalents increased by \$457,557.
- During the year, total revenues were \$ 18,376,477, while expenses totaled \$13,478,265.
- The District's net position increased by \$4,898,212.

Financial Analysis of the District

Net Position

The following is a summary of the District's statement of net position:

Midway City Sanitary District's net position for the fiscal year ended June 30, 2024 increased by \$4,898,212 over the prior fiscal year ended June 30, 2023. The table below shows that most of the change in net position is due to an increase in net capital assets of \$3,873,206.

Unrestricted net position, those assets that can be used to finance day-to-day operations, increased \$932,491 over the prior fiscal year.

	For the Year Ended <u>6/30/2024</u>	For the Year Ended <u>6/30/2023</u>	For the Year Ended <u>6/30/2022</u>	Dollar Change <u>2024 to 2023</u>
<u>Assets:</u>				
Current Assets	\$56,212,462	\$55,346,550	\$ 53,568,866	\$ 865,912
Net OPEB Asset	551,556	529,965	2,292,611	21,591
Net Pension Asset	-	-	2,768,839	-
Restricted - Cash and Investments				
Held by Pension Trust	5,340,915	4,921,961	3,988,371	418,954
Capital Assets, Net	<u>27,794,041</u>	<u>23,920,835</u>	<u>21,536,793</u>	<u>3,873,206</u>
Total Assets	<u>89,898,974</u>	<u>84,719,311</u>	<u>84,155,480</u>	<u>5,179,663</u>
<u>Deferred Outflows of Resources:</u>				
Deferred Amounts from OPEB	918,372	1,171,793	220,451	(253,421)
Deferred Amounts from Pension Plan	<u>3,092,001</u>	<u>2,134,820</u>	<u>3,032,187</u>	<u>957,181</u>
Total Deferred Outflows of Resources	<u>4,010,373</u>	<u>3,306,613</u>	<u>3,252,638</u>	<u>703,760</u>
<u>Liabilities:</u>				
Current Liabilities	1,453,071	1,026,545	753,025	426,526
Long-Term Liabilities	<u>1,136,378</u>	<u>624,135</u>	<u>53,287</u>	<u>512,243</u>
Total Liabilities	<u>2,589,449</u>	<u>1,650,680</u>	<u>806,312</u>	<u>938,769</u>
<u>Deferred Inflows of Resources:</u>				
Deferred Amounts from OPEB	552,829	707,409	1,755,522	(154,580)
Deferred Amounts from Pension Plan	<u>262,753</u>	<u>61,731</u>	<u>472,822</u>	<u>201,022</u>
Total Deferred Inflows of Resources	<u>815,582</u>	<u>769,140</u>	<u>2,228,344</u>	<u>46,442</u>
<u>Net Position:</u>				
Investment in Capital Assets	27,458,737	23,777,843	21,536,793	3,680,894
Restricted				
Restricted for Pension Benefits	4,342,388	4,310,007	6,757,210	32,381
Restricted for OPEB Benefits	551,556	529,965	2,292,611	21,591
Recycling Outreach & Education (SB 1383)	274,497	43,642	109,841	230,855
Unrestricted	<u>57,877,138</u>	<u>56,944,647</u>	<u>53,677,007</u>	<u>932,491</u>
Total Net Position	<u>\$90,504,316</u>	<u>\$85,606,104</u>	<u>\$ 84,373,462</u>	<u>\$ 4,898,212</u>

MIDWAY CITY SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Revenues, Expenses and Changes in Net Position

The following is a summary of the District's revenues, expenses and changes in net position:

The District's total revenues increased by \$2,930,124 from fiscal year 2022-2023 to 2023-2024. The majority of the increase was in investment income as a result of higher interest rates over the prior fiscal year

The District's total expenses decreased by \$580,693 from fiscal year 2022-2023 to 2023-2024. The decrease is mainly the result of increased expenditures for the District-wide CCTV sewer inspection and cleaning program, sewer system master plan, increased solid waste tonnage disposal offset by a substantial decrease in personnel and benefits expenses from the 2022-20223 fiscal year. The District received a \$1,488,751 reimbursement from the CalPERS CEPPT Trust for retirement expenses. Additional, pension expense decreased by \$2,560,982 as a result of the most recent CalPERS actuarial valuation.

	For the Year Ended <u>June 30, 2024</u>	For the Year Ended <u>June 30, 2023</u>	Dollar Change <u>2024 to 2023</u>
Operating Revenues	\$ 9,312,143	\$ 8,838,302	\$ 473,841
Nonoperating Revenues	9,064,334	6,608,051	2,456,283
Total Revenues	<u>18,376,477</u>	<u>15,446,353</u>	<u>2,930,124</u>
Operating Expenses	12,179,541	12,593,309	(413,768)
Depreciation	1,298,724	1,465,649	(166,925)
Total Expenses	<u>13,478,265</u>	<u>14,058,958</u>	<u>(580,693)</u>
Change in Net Position	4,898,212	1,387,395	3,510,817
Net Position at Beginning of Year	<u>85,606,104</u>	<u>84,373,462</u>	<u>1,232,642</u>
Prior-Period Adjustment	-	(154,753)	154,753
Net Position at Beginning of Year, as Restated	<u>85,606,104</u>	<u>84,218,709</u>	<u>1,387,395</u>
Net Position at End of Year	<u>\$ 90,504,316</u>	<u>\$ 85,606,104</u>	<u>\$ 4,898,212</u>

MIDWAY CITY SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Capital Assets

Capital assets consist of the following at June 30, 2024, and June 30, 2023, respectively:

	For the Year Ended <u>June 30, 2024</u>	For the Year Ended <u>June 30, 2023</u>	Dollar Change 2024 to 2023
Capital Assets, Not Depreciated:			
Land	\$ 92,948	\$ 92,948	\$ -
Work/Construction in Progress	-	3,670,849	(3,670,849)
Total Capital Assets, Not Depreciated	<u>92,948</u>	<u>3,763,797</u>	<u>(3,670,849)</u>
Capital Assets, Being Depreciated:			
Building and Improvements	\$ 8,147,624	\$ 906,409	\$ 7,241,215
Lift Stations	5,582,673	5,582,673	-
Gravity Lines and Force Mains	17,818,984	17,818,984	-
Resident Containers	857,689	857,689	-
Refuse CNG Station & Facilities	3,459,268	3,459,268	-
Refuse Trucks	6,377,415	5,019,135	1,358,280
Other Vehicles	1,484,807	1,452,283	32,524
Other Equipment:	860,782	1,059,021	(198,239)
Total Capital Assets, Being Depreciated	<u>44,589,242</u>	<u>36,155,462</u>	<u>8,433,780</u>
Total Accumulated Depreciation	<u>(16,888,149)</u>	<u>(15,998,424)</u>	<u>(889,725)</u>
Total Capital Assets, Being Depreciated, Net	<u>27,701,093</u>	<u>20,157,038</u>	<u>7,544,055</u>
Capital Assets, Net	<u>\$ 27,794,041</u>	<u>\$ 23,920,835</u>	<u>\$ 3,873,206</u>

The capital assets additions and deletions for the fiscal year ended June 30, 2024, increased a total of \$3,873,206, which included completion of the District Headquarters Remodel, Carport Solar Project, the purchase of three new solid waste trucks and an EUV vehicle. Additional information on the District's capital assets can be found in Note 3 of this report.

Long-Term Liabilities and Debt Administration

The District's long-term liability was \$317,739 at June 30, 2024.

	Balance <u>July 1, 2023</u>	Additions	Deletions	Balance <u>June 30, 2024</u>	Within One Year	More Than One Year
Compensated Absences	<u>\$ 264,378</u>	<u>\$ 233,249</u>	<u>\$ (179,888)</u>	<u>\$ 317,739</u>	<u>\$ 179,888</u>	<u>\$ 137,851</u>

Additional information on the District's long-term debt can be found in Note 4 of this report.

MIDWAY CITY SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Economic Factors and Next Year's Budget and Rates

RESIDENTIAL SOLID WASTE (TRASH) AND SANITARY SEWER SERVICES

On June 21, 2022, the Board of Directors adopted a five-year schedule of adjustments to fees for residential curbside solid waste (trash) collection service and sanitary sewer service. Effective July 1, 2023 the annual residential solid waste (trash) rate was \$195.69, per unit, per parcel and the residential sanitary sewer rate was \$100.41, per unit, per parcel.

Additionally, the board of Directors adopted a fee and a five-year schedule for residents wanting additional solid waste (trash) carts and services above the basic solid waste (trash) service. Effective July 1, 2022 the annual rate for additional carts and service was \$38.07, per each additional cart.

COMMERCIAL, INDUSTRIAL, BUSINESSES AND BIN SERVICES

On June 21, 2022, the Board of Directors adopted a five-year schedule of adjustments to its sanitary sewer service fees for commercial, industrial and businesses, effective July 1, 2022. As of July 1, 2023, the annual sanitary sewer rate was \$100.41, per unit, per parcel.

The District has an exclusive franchise agreement with CR&R Inc. to provide solid waste and recycling services to the District's commercial and industrial businesses, as well as bin services for multifamily residences and mobile home parks. Maximum rates are set per the franchise agreement and are adjusted annually per any increase in the Orange County landfill costs and the consumer price index. Effective July 1, 2023, these service rates increased by 5.23% for the service component and 7.45% for the landfill portion of the rate only.

Current rate information may be found online on the District's website at www.midwaycitysanitaryca.gov.

These annual user fees will assist the District in undertaking capital improvement projects, including the future replacement and refurbishment of lift (pump) stations and the upsizing and replacing of sanitary sewer pipelines in the District, the installation of an alternative energy infrastructure upgrades, updating employee facilities, District buildings and offices, and to continue to aggressively fund long-term employee benefits.

Contacting the District's Financial Manager

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Midway City Sanitary District at (714) 893-3553.

**MIDWAY CITY SANITARY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024**

CURRENT ASSETS

Cash and Cash Equivalents	\$ 54,332,668
Restricted - Cash Held by Escrow for Retentions Payable	327,780
Accounts Receivable	320,186
Taxes Receivable	164,214
Interest Receivable	575,147
Prepaid Items	492,467
Total Current Assets	56,212,462

NONCURRENT ASSETS

Capital Assets:	
Not Depreciable	92,948
Depreciable, Net	27,701,093
Restricted - Cash and Investments Held by Pension Trust	5,340,915
Net OPEB Asset	551,556
Total Noncurrent Assets	33,686,512
Total Assets	89,898,974

DEFERRED OUTFLOWS OF RESOURCES

Deferred Amounts from OPEB	918,372
Deferred Amounts from Pension Plan	3,092,001
Total Deferred Outflows of Resources	4,010,373

CURRENT LIABILITIES

Accounts Payable	870,695
Accrued Expenses	67,184
Retentions Payable	335,304
Compensated Absences, Current Portion	179,888
Total Current Liabilities	1,453,071

LONG-TERM LIABILITIES

Compensated Absences, Net of Current Portion	137,851
Net Pension Liability	998,527
Total Long-Term Liabilities	1,136,378
Total Liabilities	2,589,449

DEFERRED INFLOWS OF RESOURCES

Deferred Amounts from OPEB	552,829
Deferred Amounts from Pension Plan	262,753
Total Deferred Inflows of Resources	815,582

NET POSITION

Investment in Capital Assets	27,458,737
Restricted:	
Restricted for Pension Benefits	4,342,388
Restricted for OPEB Benefits	551,556
Recycling Outreach and Education (SB 1383)	274,497
Unrestricted	57,877,138
Total Net Position	\$ 90,504,316

See accompanying Notes to Financial Statements.

**MIDWAY CITY SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024**

OPERATING REVENUES

Service Fees	\$ 7,674,231
Franchise Fees	1,561,414
Permit, Inspection, and Connection Fees	76,498
Total Operating Revenues	9,312,143

OPERATING EXPENSES

Solid Waste Disposal	5,427,291
General Administration	3,806,591
Sewage Collection	2,945,659
Depreciation	1,298,724
Total Operating Expenses	13,478,265

OPERATING LOSS

(4,166,122)

NONOPERATING REVENUES (EXPENSES)

Property Taxes	5,533,232
Investment Income	3,200,457
Intergovernmental Revenues	274,786
Other Revenues	55,859
Total Nonoperating Revenues (Expenses)	9,064,334

CHANGE IN NET POSITION

4,898,212

Net Position - Beginning of Year, as Restated

85,606,104

NET POSITION - END OF YEAR

\$ 90,504,316

See accompanying Notes to Financial Statements.

**MIDWAY CITY SANITARY DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 9,282,160
Cash Paid to Suppliers	(6,405,116)
Cash Paid to Employees for Wages and Benefits	(5,727,358)
Other Cash Receipts	55,859
Net Cash Used by Operating Activities	<u>(2,794,455)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Property Taxes Received	5,529,618
Cash Received from Grantors	274,786
Net Cash Provided by Noncapital Financing Activities	<u>5,804,404</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Cash Paid for Acquisition of Capital Assets	<u>(5,171,930)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(5,171,930)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(418,954)
Interest Received on Investments	3,038,492
Net Cash Provided by Investing Activities	<u>2,619,538</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

457,557

Cash and Cash Equivalents - Beginning of Year

53,875,111

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 54,332,668

See accompanying Notes to Financial Statements.

**MIDWAY CITY SANITARY DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

**RECONCILIATION OF OPERATING LOSS TO
NET CASH USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (4,166,122)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	1,298,724
Other Revenues	55,859
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
(Increase) Decrease in:	
Accounts Receivable	(29,983)
Prepaid Items	(28,005)
Net OPEB Asset	(21,591)
Net Pension Asset	-
Deferred Outflows of Resources from OPEB	253,421
Deferred Outflows of Resources from Pension Plan	(957,181)
Increase (Decrease) in:	
Accounts Payable	311,408
Accrued Expenses	2,639
Compensated Absences	53,361
Net Pension Liability	386,573
Deferred Inflows of Resources from OPEB	(154,580)
Deferred Inflows of Resources from Pension Plan	201,022
Total Adjustments	1,371,667
Net Cash Used by Operating Activities	\$ (2,794,455)

**SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL
AND RELATED FINANCING AND INVESTING ACTIVITIES:**

Change in Fair Value of Investments	\$ (265,143)
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See accompanying Notes to Financial Statements.

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Midway City Sanitary District (the District) operates as authorized by the state of California. The Health and Safety Code of California (the Sanitary District Act of 1923) is the governing law. In addition, the County of Orange (the County) has determined (through the Local Agency Formation Commission) the sphere of influence of the District's boundaries. The District services areas in Westminster and the unincorporated areas of the County known as Midway City.

The District is operated by a general manager, administrative staff, and field personnel. The general manager is hired by a five-member board of directors, who are elected by the public to a four-year term.

Activities of the District include the following:

- The provisions of local sewage collection service to properties within the District.
- The maintenance and cleaning of sewage collection lines.
- The approval of plans and the inspection of the construction of sewers built within the District by developers.
- The provision for trash and solid waste collection and disposal for residences.
- The contracts with a third party for trash and solid waste collection for general, commercial, and industrial businesses.

The District owns and operates vehicles for the above purposes and also owns property on which the District office and truck facilities are located, including a garage and other buildings for the purpose of servicing and maintaining trucks and sewer lines. The District has contracted with a third party for the collection of solid waste collected in bins.

Basis of Presentation

The accounts of the District are an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all investment instruments purchased with a maturity of three months or less to be cash and cash equivalents.

Investments

Investments are stated at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

Accounts Receivable

The District extends credit to customers in the normal course of operations. Management evaluates all accounts receivable and, if it is determined that they are uncollectable, will write off the amounts as a bad debt expense using the specific-identification method. Management has evaluated the accounts and believes that all accounts receivable are fully collectible; therefore, no allowance for doubtful accounts is recorded as of June 30, 2024.

Prepaid Items

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items.

Capital Assets

Acquisitions of capital assets are recorded at cost. Contributed assets are recorded at their acquisition cost at the date of donation. Self-constructed assets are recorded at the amount of direct labor, material, and certain overhead. Additions, improvements, and other capital outlays of \$5,000 or more that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Capital Assets (Continued)

Depreciation is calculated on the straight-line method over the following estimated useful lives:

Building and Improvements	10 to 25 Years
Lift Stations	40 Years
Gravity Lines and Force Mains	75 Years
Resident Containers	10 Years
Refuse CNG Station and Facilities	5 to 25 Years
Refuse Trucks	8 Years
Other Vehicles	5 to 8 Years
Other Equipment	5 to 10 Years

Restricted Assets

Restricted assets are financial resources generated for a specific purpose, such as pension benefits. These assets are for the benefit of a specific purpose and, as such, are legally or contractually restricted by an external third-party agreement. The District's restricted assets consist of a Section 115 trust with California Public Employees' Retirement System (CalPERS) called California Employers' Pension Prefunding Trust (CEPPT) that is dedicated to pre-funding employer contributions to the defined benefit pension plan.

Also included in restricted assets are amounts accumulated for vendors regarding retentions payable for construction work performed, but not released until the conclusion of the project.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The category of deferred outflow of resources reported in the statement of net position is related to pension and other postemployment benefits. Deferred outflows on pension and other postemployment benefits are more fully discussed in Notes 6 and 7, respectively.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, which are more fully discussed in Notes 6 and 7, respectively.

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Net Position

In the statement of net position, net position is classified in the following categories:

Investment in Capital Assets

This amount consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt and capital related payables that are attributed to the acquisition, construction, or improvement of the assets. The District has no such outstanding debt.

Restricted Net Position

This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments. Amounts reported in restricted net position represent funds held in a Section 115 trust with CalPERS, called CEPPT, that are restricted for future contributions to the pension plan; amounts related to the net pension liability; amounts related to the net OPEB asset; and amounts related to SB 1383 grant funding received and not yet spent.

Unrestricted Net Position

This amount is all net position that does not meet the definition of investment in capital assets or restricted net position.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Operating Revenues and Expenses

Operating revenues, such as charges for services (service fees, franchise fees, permit, inspection and connection fees), 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.

All revenues not meeting this definition are reported as nonoperating revenues. Nonoperating revenues, such as property taxes and assessments, result from nonexchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) equal value in exchange.

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Operating Revenues and Expenses (Continued)

Operating expenses include the cost of sales and services, solid waste disposal, sewage collection, general administration expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

Property Taxes

Property taxes in California are levied in accordance with Article XIII A of the State Constitution at 1% of countywide assessed valuations. This levy is allocated pursuant to state law to the appropriate units of local government. Additional levies require two-thirds approval by the voters and are allocated directly to the specific government. Taxes and assessments are recognized as revenue based on amounts reported to the District by the County. The County acts as a collection agent for the property taxes, which are normally collected twice a year.

The property tax calendar is as follows:

Lien Date	January 1
Levy Date	July 1
Due Dates	First Installment – November 1 Second Installment – March 1
Delinquent Dates	First Installment – December 10 Second Installment – April 10

Compensated Absences

The District permits its employees to accumulate vacation and sick leave. The maximum amount of accumulated vacation allowed for represented employees is 30 days. For non-represented employees, there is no maximum amount of vacation days allowed to accrue. The maximum amount of accumulated sick leave allowed is 24 days for both represented and non-represented employees. Any sick time in excess of the maximum is paid to the employee with the first regular payment of wages during the month of December at a rate of 100%. At retirement, all vacation and sick leave accumulated are paid to the employee. At termination, all vacation and 50% of the sick leave accumulated are paid to the employee.

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) plan and additions to/deductions from the plan's 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.

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB asset and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the District's OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

Cash and Investments

Cash and investments as of June 30, 2024, are classified in the financial statements as follows:

Cash and Cash Equivalents	\$ 54,332,668
Restricted - Cash Held by Escrow for Retentions Payable	327,780
Restricted - Cash and Investments Held by Pension Trust	5,340,915
Total Cash and Investments	<u>\$ 60,001,363</u>

Cash and investments as of June 30, 2024, consist of the following:

Cash on Hand	\$ 300
Deposits with Financial Institutions	573,998
Investments	54,086,150
Restricted:	
Investments Held by Pension Trust - CEPPT	5,340,915
Total Cash and Investments	<u>\$ 60,001,363</u>

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 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 (District's Investment Policy shown when more restrictive). The table also identifies certain provisions of the California Government Code (or the District's Investment Policy, when more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of funds within the pension trust that are governed by the agreement between the District and trustee, rather than the general provisions of the California Government Code or the District's Investment Policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Quality Requirements</u>
U.S. Government-Sponsored Agency Securities	5 Years	\$2,000,000	None
Certificates of Deposit	1 Year	30% or \$1,000,00	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
California CLASS	N/A	None	None
CalTRUST Investment Pool	N/A	None	None

N/A - Not Applicable

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2024.

LAIF	Less than One Year
CalTRUST Investment Pool - Medium-Term Fund	\$ 50,609,467
California CLASS	1,454,340
Restricted - Held by Pension Trust:	2,022,343
CEPPT - Mutual Funds	5,340,915
Total investments	<u>\$ 59,427,065</u>

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Generally, 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. Investments with the CalTRUST Investment Pool are rated AA by Standard and Poor's, California CLASS was rated AA Af by Fitch, while investments with LAIF and CEPPT are not rated.

Concentration of Credit Risk

Concentration of credit is the risk of loss attributed to the magnitude of the District's investment in a single issue.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District holds no investments in any one issuer (other than external investment pools) that represent 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker-dealer), the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. 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, government investment pools, or Section 115 trusts (such as LAIF, CalTRUST Investment Pool, California CLASS or CEPPT).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Any deposits in excess of depository insurance limits at the end of the year are collateralized by securities held at the depository financial institution's trust department. As of June 30, 2024, all the District's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investment in State Investment Pool

The District is a voluntary participant in LAIF, which is regulated by the California Government Code 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 prorate 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.

Investment in CalTRUST Investment Pool

CalTRUST is a joint powers agency authority created by local public agencies to provide a convenient method for local public agencies to pool their assets for investment purposes. CalTRUST is governed by a board of trustees made up of experienced local agency treasurers and investment officers. The board of trustees sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. CalTRUST maintains and administers five pooled accounts within the program: Money Market, Short-Term, Medium-Term, Liquidity Fund, and Government Fund. The funds permit daily transactions, with liquidity ranging from same day to two days, and with no limit on the amount of funds that may be invested. All CalTRUST accounts comply with the limits and restrictions placed on local agency investments by the California Government Code. There is no maximum investment limit. 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 percentage interest of the fair value provided by CalTRUST for the CalTRUST accounts (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CalTRUST.

Investment in Cooperative Liquid Assets Securities System

The District is a voluntary participant in the California Cooperative Liquid Assets Securities System (California CLASS), a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is overseen and governed by a Board of Trustees, which consists of four members who are public agency finance professionals. The fund is audited annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Restricted Cash and Investments – Pension Trust

The District established a Section 115 trust account with CalPERS entitled CEPPT to hold assets that are legally restricted for use in administering the District’s pension plan. Trust account holders can selection one of two strategy options for investments. The District selected the CEPPT asset allocation Strategy 1 portfolio, which seeks to provide capital appreciation and income consistent with its strategic asset allocation. The CEPPT Strategy 1 portfolio is invested in various asset classes that are passively managed to an index. CalPERS periodically adjusts the composition of the portfolio in order to match the target allocations. Generally, equities are intended to help build the value of the portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds. Compared with CEPPT Strategy 2, this portfolio has a higher allocation to equities than bonds. The CEPPT Strategy 1 portfolio consists of the following asset classes and corresponding benchmarks:

Asset Class	Target Allocation	Target Range	Benchmark
Global Equity	37 %	+/- 5%	MSCI All Country World Index IMI (net)
Fixed Income	44	+/- 5%	Bloomberg US Aggregate Bond Index
Treasury Inflation-Protected Securities (TIPS)	5	+/- 3%	Bloomberg US TIPS Index, Series L
Real Estate Investment Trusts (REITs)	14	+/- 5%	FTSE EPRA/NAREIT Developed Index (Net)
Cash	-	+/- 2%	91 Day Treasury Bill
Total	<u>100 %</u>		

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The District’s investment in LAIF, CalTRUST Investment Pool, California CLASS and Pension Trust – CEPPT are not subject to the fair value hierarchy.

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 CAPITAL ASSETS

Capital assets consist of the following at June 30, 2024:

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024
Capital Assets, Not Depreciated:				
Land	\$ 92,948	\$ -	\$ -	\$ 92,948
Work/Construction in Progress	3,670,849	3,570,366	(7,241,215)	-
Total Capital Assets, Not Depreciated	<u>3,763,797</u>	<u>3,570,366</u>	<u>(7,241,215)</u>	<u>92,948</u>
Capital Assets, Being Depreciated:				
Building and Improvements	906,409	7,241,215	-	8,147,624
Lift Stations	5,582,673	-	-	5,582,673
Gravity Lines and Force Mains	17,818,984	-	-	17,818,984
Resident Containers	857,689	-	-	857,689
Refuse CNG Station & Facilities	3,459,268	-	-	3,459,268
Refuse Trucks	5,019,135	1,358,280	-	6,377,415
Other Vehicles	1,452,283	32,524	-	1,484,807
Other Equipment	1,059,021	210,760	(408,999)	860,782
Total Capital Assets, Being Depreciated	<u>36,155,462</u>	<u>8,842,779</u>	<u>(408,999)</u>	<u>44,589,242</u>
Less Accumulated Depreciation for:				
Building and Improvements	(889,247)	(66,555)	-	(955,802)
Lift Stations	(2,071,431)	(189,550)	-	(2,260,981)
Gravity Lines and Force Mains	(5,634,505)	(237,586)	-	(5,872,091)
Resident Containers	(400,255)	(85,769)	-	(486,024)
Refuse CNG Station & Facilities	(1,250,313)	(179,665)	-	(1,429,978)
Refuse Trucks	(3,872,490)	(331,705)	-	(4,204,195)
Other Vehicles	(1,034,794)	(141,583)	-	(1,176,377)
Other Equipment	(845,389)	(66,311)	408,999	(502,701)
Total Accumulated Depreciation	<u>(15,998,424)</u>	<u>(1,298,724)</u>	<u>408,999</u>	<u>(16,888,149)</u>
Total Capital Assets, Being Depreciated, Net	<u>20,157,038</u>	<u>7,544,055</u>	<u>-</u>	<u>27,701,093</u>
Capital Assets, Net	<u>\$ 23,920,835</u>	<u>\$ 11,114,421</u>	<u>\$ (7,241,215)</u>	<u>\$ 27,794,041</u>

NOTE 4 LONG-TERM LIABILITIES

Long-term liabilities consist of the following at June 30, 2024:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year	Due in More Than One Year
Compensated Absences	<u>\$ 264,378</u>	<u>\$ 233,249</u>	<u>\$ (179,888)</u>	<u>\$ 317,739</u>	<u>\$ 179,888</u>	<u>\$ 137,851</u>

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5 DESIGNATIONS OF NET POSITION

The designated balances of unrestricted net position established by the board of directors as of June 30, 2024, are as follows:

Vehicle Replacement	\$ 2,328,957
Lift (Pump) Station and Sewer Lines	30,948,299
Orange County, Midway City Reserve	2,117,443
Buildings, Equipment, and Facilities	3,073,607
Clean Natural Gas Fueling Facilities	2,022,786
Emergencies and Contingencies	1,454,340
Operating	12,051,930
Total Designations	53,997,362
Undesignated Net Position	3,879,776
Total Unrestricted Net Position	\$ 57,877,138

NOTE 6 DEFINED BENEFIT PENSION PLAN

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plan, which is a cost-sharing multiple employer defined benefit pension plan administered by CalPERS. Benefit provisions under this plan are established by state statute and District 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, which is equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Cost of living adjustments the plan are applied as specified by the Public Employees' Retirement Law.

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

Plan provisions and benefits in effect at June 30, 2023 (measurement date), are summarized as follows:

	Miscellaneous		
	Tier I Prior to July 1, 2009	Tier II On or After July 1, 2009	Tier III - PEPRA On or After January 1, 2013
Hire Date	July 1, 2009	July 1, 2009	January 1, 2013
Benefit Formula	3.0%@60	2%@55	2%@62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50 - 67	50 - 67	52 - 67
Monthly Benefits, as a % of Eligible Compensation	2.0% to 3.0%	1.426% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rates	8.00%	7.00%	6.75%
Required Employer Contribution Rates:			
Normal Cost Rate	17.260%	12.470%	7.680%
Payment of Unfunded Liability	\$ -	\$ -	\$ -

Contributions

Section 20814(c) of CalPERS law requires that employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS's annual actuarial valuation process. 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. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

Pension Liability, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of fiscal year ended June 30, 2024, the District reported a net pension liability for its proportionate share of the net pension liability of the pension plan as follows:

	Proportionate Share of the Net Pension Liability
Miscellaneous	<u>\$ 998,527</u>

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liability, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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 pension plan was measured as of June 30, 2023. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the pension plan as of the measurement dates ended June 30, 2022 and 2023, was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2022	0.01308%
Proportion - June 30, 2023	0.01997%
Change - Increase (Decrease)	<u>0.00689%</u>

For the year ended June 30, 2024, the District recognized a pension expense of \$1,421,110. At fiscal year ended June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 1,790,699	\$ -
Differences Between Actual and Expected Experience	51,010	(7,913)
Changes in Assumptions	60,286	-
Changes in Employer's Proportion and Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	1,028,336	(254,840)
Net Differences Between Projected and Actual Earnings on Plan Investments	161,670	-
Total	<u>\$ 3,092,001</u>	<u>\$ (262,753)</u>

An amount of \$1,790,699 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liability, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 618,782
2026	365,867
2027	49,261
2028	4,639
2029	-
Thereafter	-

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with standard update procedures used to roll forward the total pension liability to June 30, 2023. The total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	(1)
Mortality Rate Table	(2)
Postretirement Benefit Increase	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Preretirement and Postretirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

(3) The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return (a) (b)
Global Equity - Cap-weighted	30.00 %	4.45%
Global Equity - Non-Cap-weighted	12.00	3.84%
Private Equity	13.00	7.28%
Treasury	5.00	0.27%
Mortgage-backed Securities	5.00	0.50%
Investment Grade Corporates	10.00	1.56%
High Yield	5.00	2.27%
Emerging Market Debt	5.00	2.48%
Private Debt	5.00	3.57%
Real Assets	15.00	3.21%
Leverage	(5.00)	-0.59%
Total	100.00 %	

(a) An expected inflation of 2.3% used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members would be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these 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.

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The following presents the District's proportionate share of the net pension liability (asset) for the pension plan, calculated using the discount rate for the plan, as well as what the District's proportionate share of the net pension liability (asset) 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:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Net Pension Liability (Asset)	\$ 3,742,061	\$ 998,527	\$ (1,259,638)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued CalPERS financial report.

Payable to the Pension Plan

At June 30, 2024, the District had \$-0- of contributions payable to the pension plan as required for the year ended June 30, 2024.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The District, through an agent multiple employer defined benefit plan, provides retiree medical (including prescription drug benefits) coverage to eligible retirees and their eligible dependents through the CalPERS Health Program. The District pays the monthly premium for the retired employee, the employee's spouse, and any surviving spouse, subject to a maximum per retiree and spouse. The monthly cap for 2024 and 2023 was \$1,875. The District's contribution will continue for the lifetime of the retiree and any surviving eligible spouse. Eligibility for retiree medical benefits is based on age, service, and the receipt of monthly pension payments from CalPERS.

Employees Covered

As of the June 30, 2023, actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Inactive Employees or Beneficiaries Currently		
Receiving Benefits		21
Inactive Employees Entitled but not Receiving Benefits		8
Active Employees		32
Total		61

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Contributions

The plan and its contribution requirements are established by District policy and may be amended by the board of directors. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2024, the District's contributions included implied subsidy of \$54,292. Retiree premium health payments of \$193,796 was reimbursed by the trust. Due to the funded status of this plan, the actuarially determined contribution did not result in any payments needed for the trust.

Net OPEB Liability (Asset)

The District's net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation dated June 30, 2023.

Actuarial Assumptions.

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal Cost Method, Level Percent of Pay
Actuarial Assumptions:	
Discount Rate and Expected Long-Term:	
Investment Rate of Return	6.00%
Inflation	2.50%
Projected Salary Increase	3.00% per Year
Health Care Cost Trend Rates	6.5% in 2025 decreasing to 3.9% by 2075 and later
Termination and Service Retirement Rates	CalPERS Experience Study Report Issued November 2021
Mortality	Derived from CalPERS Experience Study; improvement using MacLeod Watts Scale 2022

The actuarial assumptions used in the June 30, 2023 valuation were based on a standard set of assumptions that the actuary has used for similar valuations, and modified as appropriate for the District.

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Long-Term Expected Rate of Return

The expected long-term return on trust assets was derived from information published by CalPERS for CERBT Strategy 1. CalPERS determined its return using a building-block method and best-estimate ranges of expected future real rates of return for each major asset class (expected returns, net of OPEB plan investment expense and inflation). The target allocation and best estimates of geometric real rates of return published by CalPERS for each major class are split for years 1-5 and years 6-20, which is summarized in the following table as of June 30, 2023. The returns in years 6-20 were assuming to continue in later years.

Major Asset Classification	Target Allocation	Years 1-5			Years 6-20		
		General Inflation Rate Assumption	1-5 Year Expected Real Rate of Return	Compound Return Years 1-5	General Inflation Rate Assumption	6-20 Year Expected Real Rate of Return	Compound Return Years 6-20
Global Equity	49.00%	2.40%	4.40%	6.80%	2.30%	4.50%	6.80%
Fixed Income	23.00%	2.40%	-1.00%	1.40%	2.30%	2.20%	4.50%
Global Real Estate (REITs)	20.00%	2.40%	3.00%	5.40%	2.30%	3.90%	6.20%
Treasury Inflation Protected Securities	5.00%	2.40%	-1.80%	0.60%	2.30%	1.30%	3.60%
Commodities	3.00%	2.40%	0.80%	3.20%	2.30%	1.20%	3.50%
Total	<u>100.00%</u>						
Volatility	12.10%		weighted	5.10%		weighted	6.30%

To derive the expected future trust return specifically for the District, the CalPERS' future return expectations were first adjusted to align with the 2.5% general inflation assumption. Then applying the plan specific benefit payments to CalPERS' bifurcated return expectations, the single equivalent long-term rate of return was determined to be 6.15%. The District is less optimistic about the future expected returns and approved 6.00% as the assumed asset return and discount rate to determine the OPEB liability in the plan for both plan funding and financial reporting purposes.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that the District's contributions would be made at rates equal to the actuarially determined contribution rates. Based on these 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.

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Changes of Assumptions

The following were the changes in assumptions or method from the measurement date June 30, 2022 to June 30, 2023:

- Long term expected rate of return and discount rate was decreased from 6.15% to 6.00%, reflecting current expected trust return information provided by CalPERS applied to the projected annual benefit cashflows and incorporating a 15 basis point margin for potential adverse return.
- Updated demographic assumptions from those in the 2019 CalPERS experience study to those recommended in the CalPERS 2021 Experience Study report issued November 2021. The mortality improvement scale was updated from MacLeod Watts Scale 2020 to MacLeod Watts Scale 2022, reflecting continued updates in available information (see Appendices).
- Updated the base healthcare trend scale from Getzen Model 2021_b to Getzen Model 2023, as published by the Society of Actuaries
- Following a review of recent and historical retiree participation elections, the following changes were made to participation rates:
 - Future retirees: Increased from 95% to 100% for coverage prior to age 65 and decreased from 95% to 90% for coverage after age 65.
 - Current retirees under 65: We decreased assumed participation on reaching age 65 from 100% to 90% to continue coverage for the remainder of the retiree's lifetime.

Changes in the Net OPEB Liability (Asset)

The changes in the net OPEB liability (asset) are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance - June 30, 2022			
(Measurement Date)	\$5,597,772	\$6,127,737	\$ (529,965)
Changes for the Year:			
Service Cost	202,087	-	202,087
Interest on the Total OPEB Liability	350,112	-	350,112
Differences Between Actual and Expected Experience	108,993	-	108,993
Changes in Assumptions	(77,148)	-	(77,148)
Contribution - Employer	-	213,949	(213,949)
Net Investment Income	-	393,466	(393,466)
Administrative Expenses	-	(1,780)	1,780
Benefit Payments	(213,949)	(213,949)	-
Net Changes	<u>370,095</u>	<u>391,686</u>	<u>(21,591)</u>
Balance - June 30, 2023			
(Measurement Date)	<u>\$ 5,967,867</u>	<u>\$ 6,519,423</u>	<u>\$ (551,556)</u>

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability (Asset)	\$ 221,437	\$ (551,556)	\$ (1,191,705)

Sensitivity of the Net OPEB Liability (Asset) to Changes in Health-Care Cost Trend Rates

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

	1% Decrease (5.50%) Decreasing to 2.90%	Current Health Care Cost Trend Rates (6.50%) Decreasing to 3.90%	1% Increase (7.50%) Decreasing to 4.90%
Net OPEB Liability (Asset)	\$ (1,272,576)	\$ (551,556)	\$ 336,442

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

For the year ended June 30, 2024, the District recognized OPEB income of \$131,542. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 54,292	\$ -
Differences Between Actual and Expected Experience	93,288	(475,288)
Changes in Assumptions	364,234	(77,541)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	406,558	-
Total	\$ 918,372	\$ (552,829)

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
(Continued)**

An amount of \$54,292 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ (51,658)
2026	11,927
2027	282,555
2028	18,682
2029	45,434
Thereafter	4,311

Payable to the OPEB Plan

At June 30, 2024, the District had no outstanding amount of contributions to the OPEB plan as required for the year ended June 30, 2024.

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss relating to torts, theft, damage, and destruction of assets, errors and omissions, and natural disasters. Beginning in July 2013, the District began participation in an insurance pool through the Special District Risk Management Authority (SDRMA). SDRMA is a nonprofit public agency formed under California Government Code Sections 6500 et seq. SDRMA is governed by a board composed of members from participating agencies. The mission of SDRMA is to provide renewable, efficiently priced risk financing and risk management services through a financially sound pool. The District pays an annual premium for commercial insurance covering general liability, property, automobile, personal liability for board members, employment practices, workers' compensation, and various other claims. Accordingly, the District retains no risk of loss. Separate financial statements of SDRMA may be obtained at the Special District Risk Management Authority, 1112 "I" Street, Suite 300, Sacramento, California 95814.

At June 30, 2024, the District's insurance coverages were as follows:

Property Loss – Building and business personal property insured for a total property value of \$10,808,737 with a \$1,000 deductible per occurrence limited to insurable value and subject to various per occurrence and/or aggregate sublimits as noted in the policy.

General Liability – Insured up to \$10,000,000 per occurrence with a \$500 deductible per occurrence.

**MIDWAY CITY SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 RISK MANAGEMENT (CONTINUED)

Personal Liability for Board Members – Insured up to \$500,000 per occurrence with a \$500 deductible per occurrence.

Employment Practices – Insured up to \$10,000,000 per occurrence with no deductible.

Employee Benefits – Insured up to \$10,000,000 per occurrence with no deductible.

Employee and Public Official Dishonesty – Insured up to \$1,000,000 per occurrence with no deductible.

Auto – Insured up to \$10,000,000 per occurrence with a \$1,000 deductible per occurrence.

Auto Physical Damage – Insured for a total property value of \$7,778,437 with a \$1,000 deductible per occurrence.

Uninsured/Underinsured Motorists – Insured up to \$1,000,000 per accident with no deductible.

Public Officials' and Directors' Errors – Insured up to \$10,000,000 per occurrence with no deductible.

Trailer – Insured for a total property value of \$29,045 with a \$250 deductible per occurrence.

Boiler and Machinery – Insured up to \$100,000,000 per occurrence with a \$1,000 deductible per occurrence limited to insurable value.

Workers' Compensation – Insured up to the statutory limits with no deductible.

Cyber – Insured up to \$2,000,000 per occurrence with a \$50,000 deductible per occurrence limited to insurable value.

Pollution – Insured up to \$2,000,000 per occurrence with a \$250,000 deductible per occurrence limited to insurable value.

There were no instances in the past three years where a settlement exceeded the District's coverage, and no reduction in insurance coverage has occurred.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Litigation

There are potential lawsuits in which the District may be involved. The District's management and legal counsel estimate that potential claims against the District, not covered by insurance, resulting from such litigation would not materially affect the operations or financial condition of the District.

REQUIRED SUPPLEMENTARY INFORMATION

**MIDWAY CITY SANITARY DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST TEN FISCAL YEARS***

Fiscal Year-End	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Measurement Period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Plan's Proportion of the Net Pension Liability (Asset)	0.01997%	0.01308%	-0.14582%	-0.00172%	0.00147%
Plan's Proportionate Share of the Net Pension Liability (Asset)	\$ 998,527	\$ 611,954	\$ (2,768,839)	\$ (72,379)	\$ 150,820
Plan's Covered Payroll	\$ 2,214,503	\$ 1,978,586	\$ 1,977,383	\$ 1,892,394	\$ 1,898,709
Plan's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	45.09%	30.93%	-140.03%	-3.82%	7.94%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability (Asset)	95.08%	96.88%	115.34%	100.42%	75.26%

NOTES TO SCHEDULE

Benefit 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 the Long-Term Expected Rate of Return Should be Determined Net of Pension Plan Investment Expense but Without Reduction for Pension Plan Administrative Expense. The Discount Rate of 7.50% Used for the June 30, 2014 Measurement Date was Net of Administrative Expenses. The Discount Rate of 7.65% Used for the June 30, 2015 Measurement Date is Without Reduction of Pension Plan Administrative Expense.

From Fiscal Year June 30, 2016 to June 30, 2017:

There Were no Changes in Assumptions.

From Fiscal Year June 30, 2017 to June 30, 2018:

The Discount Rate was Reduced from 7.65% to 7.15%.

From Fiscal Year June 30, 2018 to June 30, 2019:

Inflation was Reduced from 2.75% to 2.50%.

From Fiscal Year June 30, 2019 to June 30, 2022:

There Were no Significant Changes in Assumptions.

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

The discount rate and long-term rate of return decreased from 7.15% to 6.90% and the inflation rate decreased from 2.50% to 2.30%.

From Fiscal Year June 30, 2023 to June 30, 2024:

There Were no Significant Changes in Assumptions.

**MIDWAY CITY SANITARY DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (CONTINUED)
LAST TEN FISCAL YEARS***

Fiscal Year-End	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's Proportion of the Net Pension Liability (Asset)	-0.02800%	0.00143%	0.02076%	0.03315%	0.03680%
Plan's Proportionate Share of the Net Pension Liability (Asset)	\$ (27,430)	\$ 142,113	\$ 1,796,294	\$ 909,464	\$ 2,289,839
Plan's Covered Payroll	\$ 1,707,287	\$ 1,610,995	\$ 1,550,911	\$ 1,528,172	\$ 1,463,364
Plan's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	-1.61%	8.82%	115.82%	59.51%	156.48%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability (Asset)	75.26%	73.31%	115.82%	93.24%	489.23%

NOTES TO SCHEDULE

Benefit 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 the Long-Term Expected Rate of Return Should be Determined Net of Pension Plan Investment Expense but Without Reduction for Pension Plan Administrative Expense. The Discount Rate of 7.50% Used for the June 30, 2014 Measurement Date was Net of Administrative Expenses. The Discount Rate of 7.65% Used for the June 30, 2015 Measurement Date is Without Reduction of Pension Plan Administrative Expense.

From Fiscal Year June 30, 2016 to June 30, 2017:

There Were no Changes in Assumptions.

From Fiscal Year June 30, 2017 to June 30, 2018:

The Discount Rate was Reduced from 7.65% to 7.15%.

From Fiscal Year June 30, 2018 to June 30, 2019:

Inflation was Reduced from 2.75% to 2.50%.

From Fiscal Year June 30, 2019 to June 30, 2022:

There Were no Significant Changes in Assumptions.

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

The discount rate and long-term rate of return decreased from 7.15% to 6.90% and the inflation rate decreased from 2.50% to 2.30%.

From Fiscal Year June 30, 2023 to June 30, 2024:

There Were no Significant Changes in Assumptions.

**MIDWAY CITY SANITARY DISTRICT
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLAN
LAST TEN FISCAL YEARS***

Fiscal Year-End	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
			(a)		
Contractually Required Contribution (Actuarially Determined)	\$ 301,948	\$ 269,778	\$ 255,160	\$ 257,924	\$ 726,722
Contributions in Relation to the Actuarially Determined Contributions	<u>(1,790,699)</u>	<u>(269,778)</u>	<u>(255,160)</u>	<u>(413,927)</u>	<u>(726,722)</u>
Contribution Deficiency (Excess)	(1,488,751)	-	-	(156,003)	-
Covered Payroll	\$ 2,568,816	\$ 2,214,503	1,978,586	1,977,383	1,892,394
Contributions as a Percentage of Covered Payroll	69.71%	12.18%	12.90%	20.93%	38.40%

NOTES TO SCHEDULE

Valuation Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
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Methods and Assumptions

Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry Age	Entry Age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Market Value	Market Value	Market Value
Inflation	2.300%	2.300%	2.500%	2.500%	2.625%
Salary Increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	6.90% (3)	6.90% (3)	7.00% (3)	7.00% (3)	7.25% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(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 Years (2%@55 and 2%@60), 52 Years (2%@62)

(5) Mortality Assumptions are Based on Mortality Rates Resulting from the Most Recent CalPERS Experience Study Adopted by the CalPERS Board.

(a) Column includes corrections for restatement identified in fiscal year 2022-2023.

**MIDWAY CITY SANITARY DISTRICT
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLAN (CONTINUED)
LAST TEN FISCAL YEARS***

Fiscal Year-End	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution (Actuarially Determined)	\$ 317,793	\$ 266,724	\$ 255,432	\$ 241,905	\$ 235,999
Contributions in Relation to the Actuarially Determined Contributions	<u>(317,793)</u>	<u>(266,724)</u>	<u>(2,123,730)</u>	<u>(241,905)</u>	<u>(1,935,999)</u>
Contribution Deficiency (Excess)	-	-	(1,868,298)	-	(1,700,000)
Covered Payroll	1,898,709	1,707,287	1,610,995	1,550,911	1,528,172
Contributions as a Percentage of Covered Payroll	16.74%	15.62%	131.83%	15.60%	126.69%

NOTES TO SCHEDULE

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions

Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(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 Years (2%@55 and 2%@60), 52 Years (2%@62)

(5) Mortality Assumptions are Based on Mortality Rates Resulting from the Most Recent CalPERS Experience Study Adopted by the CalPERS Board.

(a) Column includes corrections for restatement identified in fiscal year 2022-2023.

**MIDWAY CITY SANITARY DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS***

Fiscal Year-End	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability:							
Service Cost	\$ 202,087	\$ 171,620	\$ 181,650	\$ 175,932	\$ 167,394	\$ 162,126	\$ 157,023
Interest on Total OPEB Liability	350,112	333,422	339,606	317,915	351,202	329,262	307,649
Differences between Actual and Expected Experience	108,993	-	(577,952)	-	(781,423)	-	-
Changes of Assumptions	(77,148)	406,611	144,567	-	(57,184)	-	-
Benefit Payments	(213,949)	(163,678)	(175,237)	(181,215)	(182,104)	(161,138)	(138,039)
Net Change in Total OPEB Liability	370,095	747,975	(87,366)	312,632	(502,115)	330,250	326,633
Total OPEB Liability - Beginning of Year	5,597,772	4,849,797	4,937,163	4,624,531	5,126,646	4,796,396	4,469,763
Total OPEB Liability - End of Year (a)	5,967,867	5,597,772	4,849,797	4,937,163	4,624,531	5,126,646	4,796,396
Plan Fiduciary Net Position:							
Contributions - Employer	213,949	97,558	38,567	181,215	182,104	1,567,225	6,972
Net Investment Income	393,466	(946,753)	1,560,478	195,303	321,380	299,068	350,153
Administrative Expenses	(1,780)	(1,798)	(2,145)	(2,700)	(1,116)	(2,060)	(1,771)
Other Expenses	-	-	-	-	-	(4,643)	-
Benefit Payments	(213,949)	(163,678)	(175,237)	(181,215)	(182,104)	(161,138)	(138,039)
Net Change in Plan Fiduciary Net Position	391,686	(1,014,671)	1,421,663	192,603	320,264	1,698,452	217,315
Plan Fiduciary Net Position - Beginning of Year	6,127,737	7,142,408	5,720,745	5,528,142	5,207,878	3,509,426	3,292,111
Plan Fiduciary Net Position - End of Year (b)	6,519,423	6,127,737	7,142,408	5,720,745	5,528,142	5,207,878	3,509,426
Net OPEB Liability (Asset) - Ending (a)-(b)	\$ (551,556)	\$ (529,965)	\$ (2,292,611)	\$ (783,582)	\$ (903,611)	\$ (81,232)	\$ 1,286,970
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	109.24%	109.47%	147.27%	115.87%	119.54%	101.58%	73.17%
Covered - Employee Payroll	\$ 2,598,271	\$ 2,310,720	\$ 2,265,018	\$ 2,219,965	\$ 2,004,990	\$ 1,707,287	\$ 1,610,995
Net OPEB Liability (Asset) as Percentage of Covered - Employee Payroll	-21.23%	-22.94%	-101.22%	-35.30%	-45.07%	-4.76%	79.89%

NOTES TO SCHEDULE

Benefit Changes:

There Were no Changes in Benefits.

Changes in Assumptions:

From Measurement Date June 30, 2017 to June 30, 2018: None.

From Measurement Date June 30, 2018 to June 30, 2019:

The Probabilities of Retirement, Termination, and Mortality Have Been Changed from the 2014 CalPERS OPEB Assumptions Model to the 2017 CalPERS OPEB Assumptions Model.

From Measurement Date June 30, 2019 to June 30, 2020: None.

From Measurement Date June 30, 2020 to June 30, 2021: Inflation rate decreased from 2.75% to 2.50% and salary increases changed from 3.25% to 3.00%.

From Measurement Date June 30, 2021 to June 30, 2022: Discount rate decreased from 6.75% to 6.15%.

From Measurement Date June 30, 2022 to June 30, 2023: Discount rate decreased from 6.15% to 6.00%.

* Fiscal Year 2018 Was the First Year of Implementation; Therefore, Only Seven Years Are Shown.

**MIDWAY CITY SANITARY DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
LAST TEN FISCAL YEARS***

Fiscal Year-End	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Actuarially Determined Contribution	\$ 231,595	\$ 58,057	\$ 52,539	\$ 138,060	\$ 136,307	\$ 176,711	\$ 256,997
Contributions in Relation to the Actuarially Determined Contributions	(54,292)	(213,949)	(97,558)	(38,567)	(181,215)	(182,104)	(1,579,105)
Contribution Deficiency (Excess)	177,303	(155,892)	(45,019)	99,493	(44,908)	(5,393)	(1,322,108)
Covered - Employee Payroll	2,568,816	2,598,271	2,310,720	2,265,018	2,219,965	2,004,990	1,707,287
Contributions as a Percentage of Covered - Employee Payroll	2.11%	8.23%	4.22%	1.70%	8.16%	9.08%	92.49%

NOTES TO SCHEDULE

Valuation Date	6/30/2022	6/30/2021	6/30/2021	6/30/2019	6/30/2019	6/30/2017	6/30/2017
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	Entry age normal
Amortization Method	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay
Asset Valuation Method	Market	Market	Market	Market	Market	Market	Market
Inflation	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Salary Increases	3.00%	3.00%	3.00%	3.25%	3.25%	3.25%	3.25%
Discount Rate and Investment Rate of Return	6.00%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
Mortality	(c)	(c)	(c)	(b)	(b)	(a)	(a)

(a) 2014 CalPERS Experience Study; Improvement Using MacLeod Watts Scale 2017

(b) 2017 CalPERS Experience Study; Improvement Using MacLeod Watts Scale 2018

(c) 2017 CalPERS Experience Study; Improvement Using MacLeod Watts Scale 2020

* Fiscal Year 2018 Was the First Year of Implementation; Therefore, Only Seven Years Are Shown.



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