MIDWAY CITY SANITARY DISTRICT
BOARD OF DIRECTORS MEETING
DISTRICT OFFICE
14451 CEDARWOOD STREET
WESTMINSTER, CA 92683

TUESDAY, NOVEMBER 17, 2026
5:30 PM

AGENDA

MISSION STATEMENT

TO PROVIDE INNOVATIVE AND COST-EFFECTIVE EXCEPTIONAL WASTEWATER AND SOLID WASTE SERVICES WITH INTEGRITY AND EXCELLENCE. WE ARE COMMITTED TO PROTECTING PUBLIC HEALTH, PRESERVING THE ENVIRONMENT, AND FOSTERING EDUCATION AND COLLABORATION. BY PRIORITIZING EXCEPTIONAL SERVICES, COMMUNITY HEALTH, AND ENVIRONMENTAL STEWARDSHIP, WE STRIVE TO BUILD A CLEANER, HEALTHIER AND MORE SUSTAINABLE FUTURE.

In accordance with California Government Code Section 54954.2, this Agenda is posted at least 72 hours prior to the meeting. All written materials relating to agenda items are available for public inspection in the office of the Board Secretary. Any matter not listed on this Agenda will be considered only as permitted by law. Members of the public may attend and participate in the meeting at any listed meeting location.

The District complies with the provisions of the Americans with Disabilities Act (ADA). Anyone needing special assistance should contact the District Secretary at (714) 893-3553 at least one business day prior to the meeting so that the District may provide appropriate accommodation.

1. **CALL TO ORDER, PLEDGE OF ALLEGIANCE AND INVOCATION**

2. **ROLL CALL AND DECLARATION OF QUORUM**

3. **PUBLIC COMMENTS**
   All persons wishing to address the Board on specific Agenda items or matters of general interest should do so at this time. As determined by the President, speakers may be deferred until the specific item is taken for discussion and remarks may be limited to three (3) minutes.

4. **PRESENTATIONS** - None

5. **APPROVAL OF THE MINUTES**

   A. Approve Minutes of the Board of Directors Regular Meeting on November 3, 2026..……..pg.4

6. REPORTS

The President, General Manager, Legal Counsel, and other staff present verbal reports on miscellaneous matters of general interest to the Directors. These reports are for information only and require no action by the Directors.

A. Report of the President
B. Report of the General Manager
C. Report of the Director of Operations & Safety
D. Report of the Director of Finance
E. Report of the Director of Services & Program Development
F. Report of the District Engineer
G. Report on the Radio Bolsa Outreach - November 4, 2026
H. Report on the Clean-up Event at Bowling Green Park - November 7, 2026

7. CONSENT CALENDAR

All matters listed under the Consent Calendar are considered routine and will be acted upon at the same time unless a separate discussion and/or action is requested by a Board Member, the public, or staff.

A. Receive and File the Register of Demands in the Amount of $982,773.32……..…....pg. 7
B. Approve and File the Treasurer's Investment Report for October 2026……..…..pg.13
C. Receive and File the 1st Quarter 2026-2027 Fiscal Year Financial & Budget Reports..pg.30
D. Approve and File Fiscal Year 2026-2027 Budget Adjustments No. 1……..…….pg.43
E. Receive and File the Engineer Report for October 2026……..…….....pg.51
F. Consider the Purchase of One (1) Chevrolet Silverado EV from National Auto Fleet Group in the Amount of $59,379.78……..pg.59
G. Approve an Amendment to Legal Agreement with Rutan and Tucker, LLP Providing for an Increased Hourly Billing Rate for Legal Counsel Services Effective January 1, 2027...pg.70

8. OLD BUSINESS – None

9. NEW BUSINESS

A. Consider and Approve the Fiscal Year 2025-2026 Independent Financial Audit Report for Midway City Sanitary District (July 1, 2025 through June 30, 2026)…….……pg.73

B. Receive and File CalPERS Valuation Report – Midway City Sanitary District …..…..…pg.140

10. INFORMATIONAL ITEMS

A. District Board Calendar.…….……..…….....pg.180

11. BOARD CONCERNS AND COMMENTS

12. GM/STAFF CONCERNS AND COMMENTS

13. GENERAL COUNSEL CONCERNS AND COMMENTS

14. CLOSED SESSION ITEMS

A. PUBLIC EMPLOYEE EMPLOYMENT / APPOINTMENT
(Government Code Section 54957(b)(1)
Title: General Manager and Interim General Manager

15. ADJOURNMENT TO TUESDAY, DECEMBER 1, 2026

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY

14451 CEDARWOOD STREET
WESTMINSTER, CA 92683

NOVEMBER 3, 2026

CALL TO ORDER
President C. Nguyen called the meeting of the Governing Board of the Midway City Sanitary District to order at 5:30 p.m., on Tuesday, November 3, 2026, at 14451 Cedarwood Street, Westminster, California.

ROLL CALL

DIRECTORS PRESENT Andrew Nguyen
Tyler Diep (*arrived at 5:43 pm*)
Chi Charlie Nguyen
Sergio Contreras

DIRECTORS ABSENT Mark Nguyen

STAFF AND GENERAL COUNSEL PRESENT
Robert Housley, CSDM, General Manager
Ashley Davies, Director of Services & Program Development
Cynthia Olsder, Executive/Board Secretary
James H. Eggart, General Counsel, Woodruff & Smart

GUESTS PRESENT None

PLEDGE OF ALLEGIANCE AND INVOCATION
Director A. Nguyen led the Pledge of Allegiance. Director S. Contreras conducted the Invocation.

ROLL CALL AND DECLARATION OF QUORUM
Executive/Board Secretary C. Olsder conducted the roll call and announced that a quorum was present.

PUBLIC COMMENTS – None

PRESENTATION – None

APPROVAL OF MINUTES

A. Approve Minutes of the Board of Directors Regular Meeting on October 20, 2026

A motion was made by Director A. Nguyen, seconded by Director C. Nguyen, to approve the Minutes of the Board of Directors Regular Meeting on October 20, 2026. The motion was approved by a 3-0 vote as follows:

AYES:	A. Nguyen, C. Nguyen, S. Contreras
NAYS:	None
ABSTAIN:	None
ABSENT:	M. Nguyen, T. Diep

REPORTS

A. **Report of the President –** None.

B. **Report of the General Manager** – None.

C. **Report of the Director of Services & Program Development**
Director of Services & Program Development A. Davies reported receiving a Certificate of Recognition from the City of Westminster for the District's sponsorship of the Fall Festival and provided an update on the final cleanup event of the year.

D. **Report on the Franchise Committee Meeting** – October 23, 2026
President C. Nguyen reported that he and Director M. Nguyen attended the meeting, during which they discussed the Over-The-Top Program, including its operations, fee structure, CR&R's contractual obligations and compliance, and related financial reports.

E. **Report on the VBS Television Outreach** – October 26, 2026
President C. Nguyen reported that he recorded a public service announcement (PSA) on the proper way to recycle household trash.

F. **Report on the District Employee Appreciation Luncheon –** October 28, 2026
Director S. Contreras reported that he attended the event along with the other four Board members.

G. **Report on the OC San Board of Directors Meeting** – October 28, 2026
Director A. Nguyen reported that he represented the District at the OC San Board of Directors meeting and shared updates regarding OC San's rate increase and preparations for the upcoming rainy season.

H. **Report on the ISDOC Quarterly Luncheon** – October 29, 2026
Director A. Nguyen reported that he attended the ISDOC Quarterly Luncheon.

CONSENT CALENDAR

A. Receive and File the Register of Demands in the Amount of $573,280.14
B. Receive and File the Minutes of the Franchise Committee Meeting on July 28, 2026
C. Receive and File the October 23, 2026 Franchise Committee Report
D. Receive and File the October 2026 Report on Contracts and Agreements Entered into by the General Manager on Behalf of the District

A motion was made by Director A. Nguyen, seconded by Director S. Contreras, to approve all items listed on the Consent Calendar. The motion was approved by a 3-0 vote as follows:

AYES:	A. Nguyen, C. Nguyen, S. Contreras
NAYS:	None
ABSTAIN:	None
ABSENT:	M. Nguyen, T. Diep

OLD BUSINESS – None

NEW BUSINESS – None

INFORMATIONAL ITEMS

A. District Board Calendar

BOARD CONCERNS AND COMMENTS – None

GENERAL MANAGER/ STAFF CONCERNS AND COMMENTS
Staff wished the Board of Directors good luck on Election Day.

GENERAL COUNSEL CONCERNS AND COMMENTS

General Counsel J. Eggart wished the Board of Directors good luck on Election Day and, with the consent of the full Board, he convened the meeting to closed session at 5:40 p.m. for consideration of the following matter identified on the Agenda Item 14A pursuant to applicable law.

CLOSED SESSION ITEMS

A. PUBLIC EMPLOYEE EMPLOYMENT / APPOINTMENT
Government Code Section 54957(b)(1)
Title: General Manager

Director T. Diep arrived at 5:43 p.m.

President C. Nguyen reconvened the open session portion of the meeting at 6:01 p.m.

General Counsel J. Eggart reported that the Board met in Closed Session as identified on Agenda Item 14A, and no reportable action was taken.

ADJOURNMENT
President C. Nguyen adjourned the meeting at 6:01 p.m. to the next Regular Board Meeting to be held at the District on Tuesday, November 17, 2026 at 5:30 p.m.

_____
Sergio Contreras, Secretary

AGENDA ITEM 7A

Date: November 17, 2026

To: Board of Directors

From: Robert Housley, General Manager

Prepared by: Mariana Sanchez, Accountant

Subject: Receive and File the Register of Demands in the Amount of $982,773.32

BACKGROUND
The laws of the State of California governing Special Districts provide that the Midway City Sanitary District Board of Directors shall review for approval all payments made by the District.

A Register of Demands is provided at each regular Midway City Sanitary District Board Meeting describing each payment made or to be made by the district during the specified period. The report is designed to communicate fiscal activity based on adopted and approved budget appropriations.

The Treasurer has duly reviewed the demands on the attached register.

FISCAL IMPACT
The total value of demand for this period is $982,773.32. This includes expenses, payroll, and payroll-related disbursements.

Sufficient funds are available to process all payments.

STAFF RECOMMENDATION
Staff recommends that the Board of Directors receive and file the register of demands in the amount of $982,773.32.

ATTACHMENTS
1. Disbursement Details for November 17, 2026

Midway City Sanitary District

Accounts Payable Expenditures, Payments, Payroll, and ACH Payment(s) Report

Prepared for Board Meeting held on November 17, 2026

Type	Num	Date	Name	Memo	Paid Amount
Check	**18009**	**11/04/2026**	**Ace Industries, Inc.**		**710.00**
Bill	INV127197	11/02/2026		2026.11 Quarterly Inspection	710.00
Check	**18010**	**11/04/2026**	**Advanced Workplace Strategies, Inc.**		**622.16**
Bill	711028	10/27/2026		Annual Renewal Fee for FMCSA Consortium Membership October 2026 - September 2027 (22 current employees)	531.30
				Random FMCSA Urine DOT Drug Test - D.SOLANO JR	48.86
				DOT Drug Test Collection Site D.SOLANO JR	32.00
				Logging of Non-AWSI Random DOT Drug Test D.SOLANO JR	5.00
				Logging of Non-AWSI Random DOT Drug Test R.Oregel	5.00
Check	**18011**	**11/04/2026**	**Alternative Fuel Solutions**		**5,889.40**
Bill	13227	10/30/2026		NG-12 Calibrate and replace ECM	5,889.40
Check	**18012**	**11/04/2026**	**AT&T (Brookhurst Lift Station)**		**1,196.76**
Bill	7145310272 10/26	10/13/2026		Brookhurst October 2026	1,196.76
Check	**18013**	**11/04/2026**	**Betts Truck Parts & Service**		**3,993.03**
Bill	05P43367	10/23/2026		NG-9 LINKAGE FOR LEVELLING VALVE (2)	61.29
Bill	05P43456	10/27/2026		1/4" TUBE X 1/8" NPT COMP MALE ELBOW DOT (10)	66.12
Bill	05P43502	10/28/2026		PLC SWIVEL MALE ELBOW DOT 1/2 X 1/4IN (10), T-BEAM ASSY. W/BUSHINGS (2)	1,992.35
				NG-9 TBEAM ASSY & FITTINGS (2)	1,873.27
Check	**18014**	**11/04/2026**	**Cameron Welding Supply**		**154.10**
Bill	1825131-00	10/21/2026		UN1956 75%AR/25% CO2, COMPRESSED 2.2 (1), UN1978 PROPANE, LIQUIFIED 2.1 (1)	154.10
Check	**18015**	**11/04/2026**	**Charles Taylor Environmental**		**5,040.00**
Bill	WO-2139931-1	10/28/2026		Asbestos and Lead Assessment at Maple Ave. Property	5,040.00
Check	**18016**	**11/04/2026**	**City Green Consulting, LLC**		**8,810.00**
Bill	1383-26-27-2	10/12/2026		SB1383 Compliance Consulting (75.25) Sept 1, 2026 - Oct 12, 2026	8,810.00
Check	**18017**	**11/04/2026**	**City of Westminster FARP**		**40.00**
Bill	212626	11/03/2026		Annual Alarm Permit Registration Fee	40.00
Check	**18018**	**11/04/2026**	**Country City Towing**		**250.00**
Bill	138339	10/30/2026		NG-12 Tow to MCSD Yard	250.00
Check	**18019**	**11/04/2026**	**CR Transfer, Inc.**		**570,240.68**
Bill	47808	07/31/2026		Tonnage Fees July 2026 (2,125.32)	197,295.08
				Tonnage Bulky Items July 2026 (40.85)	0.00
Bill	47836	07/31/2026		Tonnage Fees July 2026 (862.74)	100,345.26
				Tonnage Fees July 2026 (666.19)	0.00
Bill	47881	08/31/2026		Tonnage Fees August 2026 (1,882.97)	174,975.63
				Tonnage Bulky Items August 2026 (38.15)	0.00
Bill	47910	08/31/2026		Tonnage Fees August 2026 (839.35)	97,624.71
				Tonnage Fees August 2026 (569.82)	0.00
Check	**18020**	**11/04/2026**	**Cummins Pacific LLC**		**12,965.46**
Bill	X4-261011903	10/16/2026		NG-3 EXTENSION, IGNITION COIL (6)	1,126.48
				NG-5 EXTENSION, IGNITION COIL (6)	1,126.48
				NG-6 EXTENSION, IGNITION COIL (6)	1,126.48
				NG-12 EXTENSION, IGNITION COIL (6)	1,126.48
				NG-13 EXTENSION, IGNITION COIL (6)	1,126.48

Type	Num	Date	Name	Memo	Paid Amount
				NG-14 EXTENSION, IGNITION COIL (6)	1,126.48
				NG-15 EXTENSION, IGNITION COIL (6)	1,126.47
				NG-16 EXTENSION, IGNITION COIL (6)	1,126.47
Bill	X4-261011951	10/19/2026		KIT, SPARK PLUG (48), HOUSING, BREATHER (4), SEAL.O RING (4)	3,711.04
Bill	X4-261012045	10/21/2026		SEAL, ROCKER LEVER COVER (4)	242.60
Check	**18021**	**11/04/2026**	**Cynthia Loan Olsder**		**203.58**
Bill	10.23.26	10/23/2026		Franchise Meeting Meal - 10/23/26	194.61
				Mileage - C.Olsder	8.97
Check	**18022**	**11/04/2026**	**Daniels Tire Service**		**4,808.06**
Bill	200585730	10/23/2026		Restock Recap Tires (3)	778.03
Bill	200586399	10/30/2026		315/80R225 L Gy G289 (4)	2,165.04
Bill	200586417	10/30/2026		Restock Recap Tires (8)	1,864.99
Check	**18023**	**11/04/2026**	**Dartco Transmission Sales & Srvs.**		**8,521.13**
Bill	C290210	10/29/2026		NG-16 Transmission repairs	8,521.13
Check	**18024**	**11/04/2026**	**Driveshaftpro**		**419.38**
Bill	649433	10/22/2026		NG-18 U-JOINT KIT (2)	209.69
Bill	649458	10/27/2026		NG-9 U-JOINT KIT (2)	209.69
Check	**18025**	**11/04/2026**	**ehs International, Inc**		**1,305.00**
Bill	3-22155R	10/22/2026		Traffic Control/Flagger Safety Refresher 10/20/26 (7 attendees)	1,305.00
Check	**18026**	**11/04/2026**	**Frontier Communications**		**1,180.87**
Bill	MCSD 10/19/26	10/19/2026		714.897.5136 District Offices Oct 2026	144.28
				714.903.1863 Willow Oct 2026	345.53
				714.903.6154 Westminster Oct 2026	345.53
				714.903.6274 Hammon Oct 2026	345.53
Check	**18027**	**11/04/2026**	**GoGov, Inc.**		**2,575.00**
Bill	26-794	10/26/2026		GOEnforce Code Enforcement subscription 11/01/26 - 03/31/27	1,931.25
				GOEnforce Code Enforcement subscription 11/01/26 - 03/31/27	643.75
Check	**18028**	**11/04/2026**	**Lan Wan Enterprise, Inc.**		**4,000.00**
Bill	77920	11/01/2026		Professional Service Agreement - November 2026	4,000.00
Check	**18029**	**11/04/2026**	**Los Angeles Freightliner**		**37.25**
Bill	XA211613185:01	10/23/2026		NG-9 CONTROL VALVE ARM ASSY (1)	37.25
Check	**18030**	**11/04/2026**	**Motion and Flow Control Products, Inc.**		**571.41**
Bill	9956859	10/16/2026		FJIC Swivel Crimp Ftg. (11), TC Hyd. Hose (50 ft)	571.41
Check	**18031**	**11/04/2026**	**NVB Equipment, Inc.**		**1,518.04**
Bill	SQ23156	10/23/2026		NG-18 Air Conditioning Service & Repair	1,408.04
Bill	UQ00840A	10/27/2026		Balance due: NG-1 Fire Suppression System	110.00
Check	**18032**	**11/04/2026**	**Plumbers Depot Inc.**		**898.23**
Bill	PD-62681	10/28/2026		NG-12 Fiber Glass Poles, 24' Heavy Duty Foam Core (Set of 4)	430.86
				Leader Hose, 1" x 20', 3000PSI Tough Flex, Uni Style ** 1" Male x 1" Female Swivel Ends **	467.37
Check	**18033**	**11/04/2026**	**Pre-Paid Legal Services, Inc.**		**33.90**
Bill	155124 102526	10/25/2026		Prepaid Legal October 2026	33.90
Check	**18034**	**11/04/2026**	**Radio Bolsa Corp.**		**1,000.00**
Bill	4885	11/18/2026		PSA SB1383 10/27/26 -11/17/26 - A.Nguyen	1,000.00
Check	**18035**	**11/04/2026**	**Sierra Container Group, LLC**		**43,128.04**
Bill	13829	10/21/2026		Green 95 Gallon Roll Out Cart (702)	43,128.04

Type	Num	Date	Name	Memo	Paid Amount
Check	**18036**	**11/04/2026**	**Southern California Edison**		**1,603.25**
Bill	700472251517 102026	10/20/2026		WESTMINSTER October 2026	597.71
				BROOKHURST ST October 2026	94.61
				WILLOW LN October 2026	218.73
				HAMMON PL October 2026	692.20
Check	**18037**	**11/04/2026**	**Standard Insurance Company Life**		**1,871.36**
Bill	00141783003 11/26	11/01/2026		November 2026	656.40
				November 2026	221.52
				November 2026	297.20
				November 2026	600.24
				November 2026	96.00
Check	**18038**	**11/04/2026**	**Staples Business Credit**		**456.82**
Bill	7011896834	10/25/2026		Office Supplies October 2026	456.82
Check	**18039**	**11/04/2026**	**Stater Bros Market #27**		**980.00**
Bill	Holiday Gift Cards	11/03/2026		(5) Stater Bros Gift Cards (Less 2% Discount) for holiday party	980.00
Check	**18040**	**11/04/2026**	**TEC Of California, Inc.**		**874.21**
Bill	1589624LX1	10/16/2026	TEC Of California, Inc.	NG-15 SIX POINT SOCKET SCREW (20)	42.02
Bill	1589722L	10/16/2026	TEC Of California, Inc.	FILTER (4)	144.16
Bill	1591427L	10/27/2026	TEC Of California, Inc.	NG-4 ADB PADS & KIT (1)	118.93
Vendor Credit	CM-5038279XS	10/28/2026	TEC Of California, Inc.	Credit - Overpayment of invoice	-270.54
Bill	1592207L	10/30/2026	TEC Of California, Inc.	LUBE FILTER, SPIN-ON FULL (4), FUEL FILTER, WATER SEPARA (4), AIR FILTER, PRIMARY RADIA (4), AIR FILTER, SAFETY RADIAL (4) , AIR FILTER, PRIMARY ROUND (3)	839.64
Check	**18041**	**11/04/2026**	**Tell Steel**		**2,026.99**
Bill	59621	10/08/2026		NG-5 1/4" HR PLATE A-36 (1)	794.65
Bill	59622	10/08/2026		NG-19 1/4" HR PLATE A-36 (1)	1,232.34
Check	**18042**	**11/04/2026**	**Townsend Public Affairs, Inc.**		**4,166.00**
Bill	26252	11/01/2026		Consulting services for the month of November 2026	4,166.00
Check	**18043**	**11/04/2026**	**TSP Printing**		**1,092.81**
Bill	15721	10/22/2026		Yellow Tags 1/1 (2,750)	1,092.81
Check	**18044**	**11/04/2026**	**Underground Service Alert**		**28.20**
Bill	1020260463	10/31/2026		Yellow Tags 1/1 (2,750)	28.20
Check	**18045**	**11/04/2026**	**UniFirst Corporation**		**660.64**
Bill	2190586035	10/23/2026		October 2026	176.88
Bill	2190586048	10/23/2026		October 2026	56.19
Bill	2190586061	10/23/2026		October 2026	83.57
Bill	2190586064	10/23/2026		October 2026	13.68
Bill	2190589257	10/30/2026		October 2026	176.88
Bill	2190589267	10/30/2026		October 2026	56.19
Bill	2190589277	10/30/2026		October 2026	83.57
Bill	2190589281	10/30/2026		October 2026	13.68
Check	**18046**	**11/04/2026**	**VBS Television, Inc.**		**1,500.00**
Bill	7585	10/23/2026		PSA#7 Proper Way to Recycle - 10/27/26 - 11/26/26	1,500.00
Check	**18047**	**11/04/2026**	**VNCR**		**3,500.00**
Bill	#9 General	10/21/2026	VNCR	PSA Period 10/21/26 - 11/20/26 - MN	750.00
				PSA Period 10/21/26 - 11/20/26 - MN	750.00
Bill	CN on FOG	10/22/2026	VNCR	PSA on FOG Period 10/23/26 - 11/30/26 - CN	1,000.00
Bill	SB1383 - AN	10/27/2026	VNCR	PSA on SB1383 Period 10/27/26 - 11/03/26 - AN	1,000.00
Check Total					**$698,871.76**
ACH Payment	**1003407002**	**10/16/2026**	**CalPERS-Retirement**		**9,051.98**
Bill	09/28/26 - 10/11/26	10/11/2026		Earned Period 09/28/2026 - 10/11/2026	1,368.88
				Earned Period 09/28/2026 - 10/11/2026	2,227.61
				Earned Period 09/28/2026 - 10/11/2026	4,185.96
				Earned Period 09/28/2026 - 10/11/2026	1,269.53

Type	Num	Date	Name	Memo	Paid Amount
ACH Payment	**1003407001**	**10/16/2026**	**CalPERS-Retirement**		**13,848.69**
Bill	09/28/26 - 10/11/26	10/11/2026		Earned Period 09/28/2026 - 10/11/2026	2,094.27
				Earned Period 09/28/2026 - 10/11/2026	3,408.04
				Earned Period 09/28/2026 - 10/11/2026	6,404.13
				Earned Period 09/28/2026 - 10/11/2026	1,942.26
ACH Payment	**1003407003**	**10/16/2026**	**CalPERS-Retirement**		**803.70**
Bill	09/28/26 - 10/11/26	10/11/2026		Earned Period 09/28/2026 - 10/11/2026	121.54
				Earned Period 09/28/2026 - 10/11/2026	197.78
				Earned Period 09/28/2026 - 10/11/2026	371.66
				Earned Period 09/28/2026 - 10/11/2026	112.72
ACH Payment	**FY27M1041**	**10/25/2026**	**WEX Health Inc**		**102.00**
Bill	0002473154-IN	09/30/2026		Monthly HRA Admin Fee September 2026	30.00
				Monthly HRA Admin Fee September 2026	72.00
ACH Payment	**010001747714**	**10/26/2026**	**SoCalGas**		**67.07**
Bill	19380926006 101326	10/13/2026		Maint. Shop & Wash Rack - September 2026	67.07
ACH Payment		**10/26/2026**	**Nationwide**		**50.94**
		10/26/2026		Funds Transfer 457(b) Roth - N.Castro Adj.	50.94
ACH Payment	**1003418132**	**10/30/2026**	**CalPERS-Retirement**		**13,848.69**
Bill	10/12/26 - 10/25/26	10/30/2026		Earned Period 10/12/2026 - 10/25/2026	2,123.17
				Earned Period 10/12/2026 - 10/25/2026	3,455.08
				Earned Period 10/12/2026 - 10/25/2026	6,301.37
				Earned Period 10/12/2026 - 10/25/2026	1,969.07
ACH Payment	**1003418133**	**10/30/2026**	**CalPERS-Retirement**		**8,729.24**
Bill	10/12/26 - 10/25/26	10/30/2026		Earned Period 10/12/2026 - 10/25/2026	1,338.30
				Earned Period 10/12/2026 - 10/25/2026	2,177.84
				Earned Period 10/12/2026 - 10/25/2026	3,971.94
				Earned Period 10/12/2026 - 10/25/2026	1,241.16
ACH Payment	**1003418134**	**10/30/2026**	**CalPERS-Retirement**		**803.70**
Bill	10/12/26 - 10/25/26	10/30/2026		Earned Period 10/12/2026 - 10/25/2026	123.22
				Earned Period 10/12/2026 - 10/25/2026	200.51
				Earned Period 10/12/2026 - 10/25/2026	365.70
				Earned Period 10/12/2026 - 10/25/2026	114.27
ACH Payment		**11/2/2026**	**Nationwide**		**4,985.81**
		11/2/2026		Funds Transfer 457(b) Roth	4,985.81
ACH Payment		**11/2/2026**	**Nationwide**		**3,936.75**
		11/2/2026		Funds Transfer 457(b) Salary Reduction	3,936.75
ACH Payment	**1003413463**	**11/05/2026**	**CalPERS - Health Benefits**		**91,336.43**
Bill	18469016	11/01/2026		November 2026	12,505.18
				November 2026	25,923.21
				November 2026	20,903.60
				November 2026	9,449.47
				November 2026	7,347.23
				November 2026	7,668.39
				November 2026	6,873.85
				November 2026	665.50

Type	Num	Date	Name	Memo	Paid Amount
ACH Payment	**1003413468**	**11/05/2026**	**CalPERS - Health Benefits**		**8,369.18**
Bill	18469018	11/01/2026		November 2026	8,369.18
ACH Payments Total					**$155,934.18**
Payroll		**10/28/2026**		**Employee Payroll**	**118,218.83**
Payroll		**11/06/2026**		**Board Payroll**	**9,748.55**
Payroll Total					**$127,967.38**
Total Disbursements					**$982,773.32**
Transfers					
Transfer		**11/4/2026**		**Transfer to cover this weeks A/P**	**500,000.00**
Transfer		11/4/2026		Transfer to cover this weeks A/P	500,000.00
Transfers Total					**$500,000.00**

AGENDA ITEM 7B

Date: November 17, 2026

To: Board of Directors

From: Robert Housley, General Manager

Prepared by: Gordon Copley, Director of Finance

Subject: Approve and File the Treasurer's Investment Report for October 2026

BACKGROUND

Midway City Sanitary District's investment policy requires a monthly investment report, which includes all financial investments of the district and provides information on the investment type, value, and yield available for all investments. The report also provides the Board of Directors with an update on the balances of the District's various funds.

Per the State Government Code 53600 et seq., and the Midway City Sanitary District's (District) Investment Policy, the District may invest up to a maximum percentage of the entire portfolio funds in authorized financial investments.

The following table shows a summary of the District's authorized financial investments, the yield available as of the preparation of this report, the book and market value of the District's funds, the percentage of the District's pooled funds that are invested in each financial investment, and the maximum percentage (or dollar limit), allowable per the State Government Code and the District's investment policy.

MCSD's total invested cash as of October 31, 2026, is $60,974,523.96

INVESTMENT	TYPE OF INVESTMENT	MATURITY DATE	YIELD	BOOK VALUE AS OF 10/31/2026	MARKET VALUE AS OF 10/31/2026	% OF PORTFOLIO	MAXIMUM PERCENTAGE OF PORTFOLIO
FDIC Insured Accounts							
US Bank Interest Checking	Checking	Liquid	0.507%	$ 847,402.26	$ 847,402.26	1.39%	None
US Bank Money Market	Money Market	Liquid	0.507%	$ 1,010,515.18	$ 1,010,515.18	1.66%	20%
Certificate of Deposits	CD	-		$ -	$ -	0.00%	30%
Total FDIC Insured Accounts				$ 1,857,917.44	$ 1,857,917.44	3.05%	
Local Area Investment Fund (LAIF)	Pool	Liquid	3.989%	$ 52,777,875.15	$ 52,777,875.15	86.56%	$75 million
California CLASS (Prime Fund)	Pool	Liquid	3.931%	$ 2,524,955.79	$ 2,524,955.79	4.14%	30%
CalTRUST (Medium Term Fund)	Pool/Bond Fund	Liquid	3.960%	$ 1,532,350.48	$ 1,451,354.10	2.38%	30%
CAMP - 360 Day Term	Term	Liquid	3.610%	$ 1,037,947.67	$ 1,037,947.67	1.70%	30%
CAMP - 300 Day Term	Term	Liquid	4.260%	$ 1,321,572.94	$ 1,321,572.94	2.17%	30%
CAMP - Pool	Pool	Liquid	3.990%	$ 2,900.87	$ 2,900.87	0.00%	30%
TOTAL Investments				$ 61,055,520.34	$ 60,974,523.96	100.00%	

MIDWAY CITY SANITARY DISTRICT
District Investment Activities
10/31/2026

	Operating Fund 1040.10	Midway City 1040.20	Buildings Equipment & Facilities 1040.30	Lift Stations & Sewer Lines 1040.40	CNG Station & Fueling Facilities 1040.50	Vehicle Replacement 1040.60	Total LAIF Account No. 7030-005	CA CLASS Prime Fund #1050.00	CAMP Term/Pool #1100.10	CalTRUST Medium-Term #114.00
Ending Balance - Prior Month	$ 2,793,187.59	$ 2,876,658.77	$ 5,296,695.40	$ 35,953,857.46	$ 2,933,583.72	$ 4,127,033.06	$ 53,981,016.00	$ 2,497,529.44	$ 2,362,411.68	$ 1,440,901.96
Investment Income (LAIF, CalTRUST, CA CLASS)	$ 28,296.62	$ 29,142.23	$ 53,658.61	$ 364,233.53	$ 29,718.91	$ 41,809.25	$ 546,859.15	$ 8,356.75	$ 9.80	$ 4,722.90
Market Value Capital Gain/(Loss)							$ -			$ 10,452.14
Transfer from LAIF to US Bank	$ (1,750,000.00)						$ (1,750,000.00)			
Transfer from US Bank to LAIF							$ -			
Transfers LAIF to LAIF	$ -						$ -			
Transfers US Bank to California CLASS/CAMP								$ 19,069.60		
Transfers California CLASS/CAMP to US Bank										
Transfer CalTRUST to/from US Bank										$ (4,722.90)
Ending Balance - This Month	$ 1,071,484.21	$ 2,905,801.00	$ 5,350,354.01	$ 36,318,090.99	$ 2,963,302.63	$ 4,168,842.31	$ 52,777,875.15	$ 2,524,955.79	$ 2,362,421.48	$ 1,451,354.10

TOTAL LAIF, U.S. SECURITIES, CA CLASS, CalTRUST & INTEREST RECEIVABLE	$ 59,116,606.52
ADD: US BANK	
a. Checking (158301509028)	$ 847,402.26
b. Money Market (158200156913)	$ 1,010,515.18
TOTAL DISTRICT CASH ON HAND	$ 60,974,523.96

CERTIFICATION

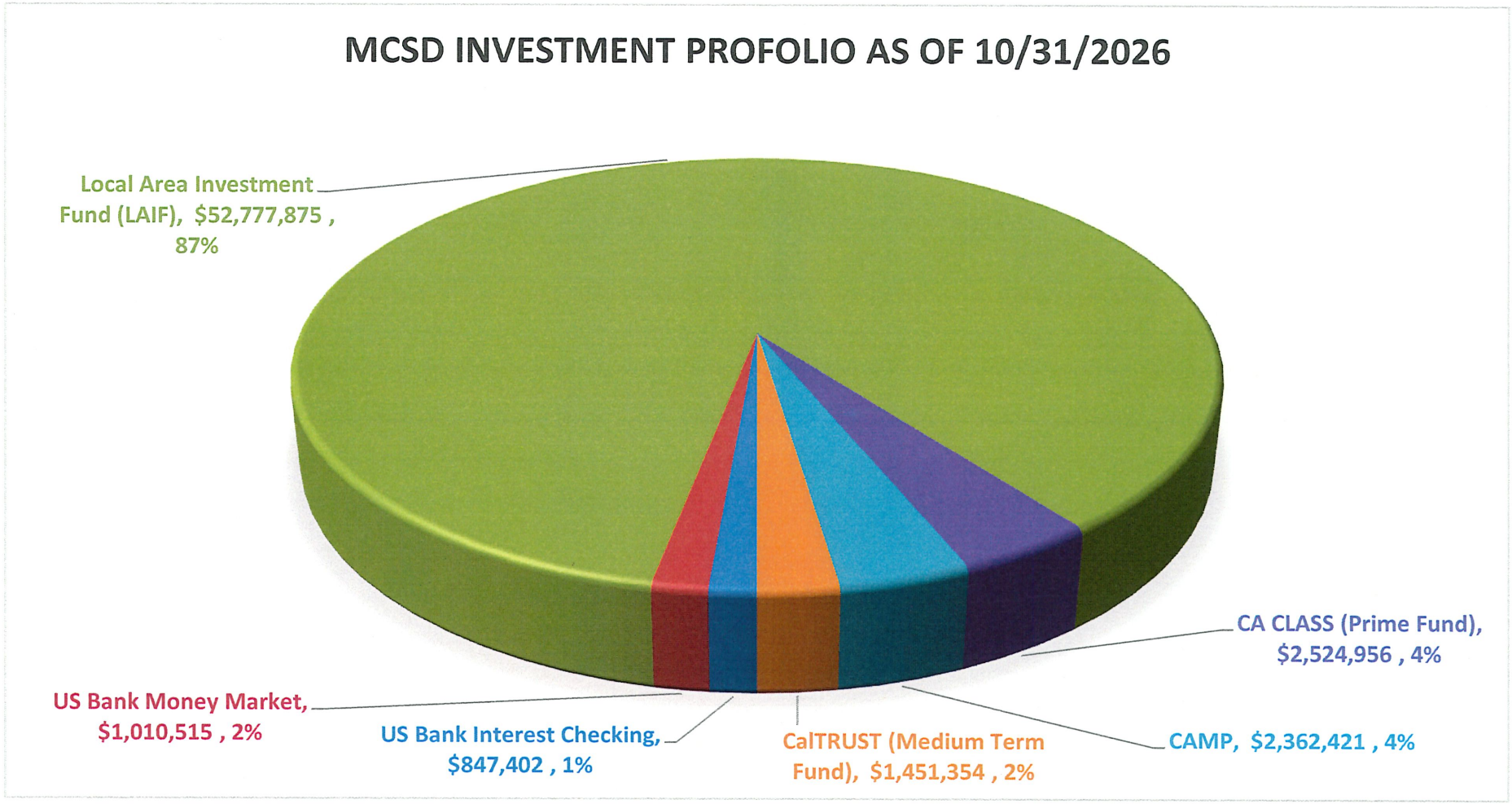
I certify that (1) all investment actions executed since the last report have been made in full compliance with the District's Investment Policy and, (2) the District will meet its expenditure obligations for the next six months as required by California Government Code Sections 53646(b)(2) and (3), respectively.

Prepared & Submitted by
Gordon Copley, Director of Finance

11/10/2026
Dated

Tyler Diep, Board Treasurer

11-11-2026
Dated


MCSD INVESTMENT PROFOLIO AS OF 10/31/2026
Local Area Investment Fund (LAIF), $52,777,875 , 87%
CA CLASS (Prime Fund), $2,524,956 , 4%
US Bank Money Market, $1,010,515 , 2%
US Bank Interest Checking, $847,402 , 1%
CalTRUST (Medium Term Fund), $1,451,354 , 2%
CAMP, $2,362,421 , 4%

Official website of the State of California

State of California
Office of the
State Treasurer

LAIF Monthly Statements

LAIF Monthly Statement

MIDWAY CITY SANITARY DISTRICT
GENERAL MANAGER
14451 CEDARWOOD STREET
WESTMINSTER, CA 92683

LAIF Account #: 70-30-005
October 2026 Statement

Effective Date	TXN Date	TXN Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
10/8/2026	10/7/2026	RW	1807798	1768512	GORDON COPLEY	-750,000.00
10/15/2026	10/14/2026	QRD	1809098	N/A	SYSTEM	546,859.15
10/21/2026	10/20/2026	RW	1810596	1771271	GORDON COPLEY	-1,000,000.00

Account Summary

Beginning Balance:	53,981,016.00
Total Deposit:	546,859.15
Total Withdrawal:	-1,750,000.00
Ending Balance:	52,777,875.15

State of California
Office of the State Treasurer

PMIA Average Monthly Effective Yields

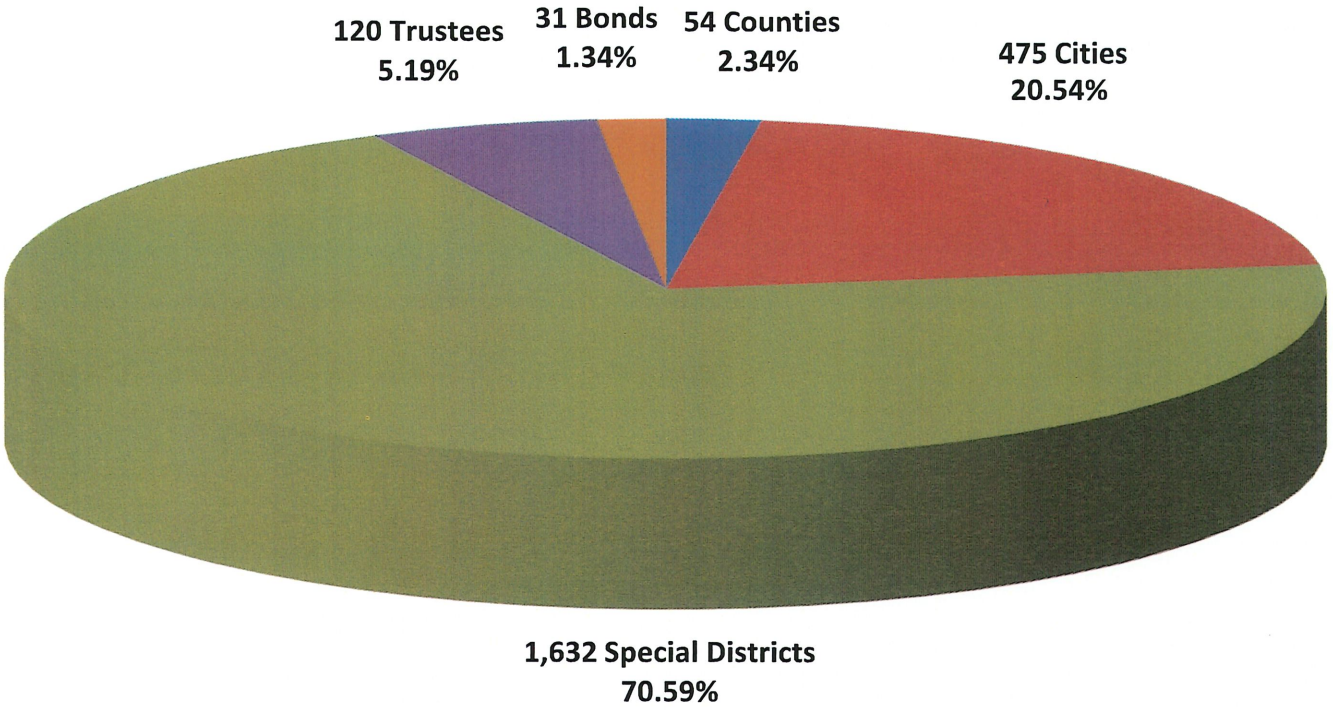
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2026	3.931	3.871	3.826	3.811	3.81	3.816	3.84	3.863	3.908	3.989		
2025	4.366	4.333	4.313	4.281	4.272	4.269	4.258	4.251	4.212	4.15	4.096	4.025
2024	4.012	4.122	4.232	4.272	4.332	4.48	4.516	4.579	4.575	4.518	4.477	4.434
2023	2.425	2.624	2.831	2.87	2.993	3.167	3.305	3.434	3.534	3.67	3.843	3.929
2022	0.234	0.278	0.365	0.523	0.684	0.861	1.09	1.276	1.513	1.772	2.007	2.173
2021	0.458	0.407	0.357	0.339	0.315	0.262	0.221	0.221	0.206	0.203	0.203	0.212
2020	1.967	1.912	1.787	1.648	1.363	1.217	0.92	0.784	0.685	0.62	0.576	0.54
2019	2.355	2.392	2.436	2.445	2.449	2.428	2.379	2.341	2.28	2.19	2.103	2.043
2018	1.35	1.412	1.524	1.661	1.755	1.854	1.944	1.998	2.063	2.144	2.208	2.291
2017	0.751	0.777	0.821	0.884	0.925	0.978	1.051	1.084	1.111	1.143	1.172	1.239
2016	0.446	0.467	0.506	0.525	0.552	0.576	0.588	0.614	0.634	0.654	0.678	0.719
2015	0.262	0.266	0.278	0.283	0.29	0.299	0.32	0.33	0.337	0.357	0.374	0.4
2014	0.244	0.236	0.236	0.233	0.228	0.228	0.244	0.26	0.246	0.261	0.261	0.267
2013	0.3	0.286	0.285	0.264	0.245	0.244	0.267	0.271	0.257	0.266	0.263	0.264
2012	0.385	0.389	0.383	0.367	0.363	0.358	0.363	0.377	0.348	0.34	0.324	0.326
2011	0.538	0.512	0.5	0.588	0.413	0.448	0.381	0.408	0.378	0.385	0.401	0.382
2010	0.558	0.577	0.547	0.588	0.56	0.528	0.531	0.513	0.5	0.48	0.454	0.462
2009	2.046	1.869	1.822	1.607	1.53	1.377	1.035	0.925	0.75	0.646	0.611	0.569
2008	4.62	4.161	3.777	3.4	3.072	2.894	2.787	2.779	2.774	2.709	2.568	2.353
2007	5.156	5.181	5.214	5.222	5.248	5.25	5.255	5.253	5.231	5.137	4.962	4.801
2006	3.955	4.043	4.142	4.305	4.563	4.7	4.849	4.946	5.023	5.098	5.125	5.129
2005	2.264	2.368	2.542	2.724	2.856	2.967	3.083	3.179	3.324	3.458	3.636	3.808
2004	1.528	1.44	1.474	1.445	1.426	1.469	1.604	1.672	1.771	1.89	2.003	2.134
2003	2.103	1.945	1.904	1.858	1.769	1.697	1.653	1.632	1.635	1.596	1.572	1.545
2002	3.068	2.967	2.861	2.845	2.74	2.687	2.714	2.594	2.604	2.487	2.301	2.201
2001	6.372	6.169	5.976	5.76	5.328	4.958	4.635	4.502	4.288	3.785	3.526	3.261
2000	5.76	5.824	5.851	6.014	6.19	6.349	6.443	6.505	6.502	6.517	6.538	6.535
1999	5.265	5.21	5.136	5.119	5.086	5.095	5.178	5.225	5.274	5.391	5.484	5.639
1998	5.742	5.72	5.68	5.672	5.673	5.671	5.652	5.652	5.639	5.557	5.492	5.374
1997	5.583	5.575	5.58	5.612	5.634	5.667	5.679	5.69	5.707	5.705	5.715	5.744
1996	5.698	5.643	5.557	5.538	5.502	5.548	5.587	5.566	5.601	5.601	5.599	5.574
1995	5.612	5.779	5.934	5.96	6.008	5.997	5.972	5.91	5.832	5.784	5.805	5.748
1994	4.359	4.176	4.248	4.333	4.434	4.623	4.823	4.989	5.106	5.243	5.38	5.528
1993	4.678	4.649	4.624	4.605	4.427	4.554	4.438	4.472	4.43	4.38	4.365	4.384
1992	6.122	5.863	5.68	5.692	5.379	5.323	5.235	4.958	4.76	4.73	4.659	4.647
1991	8.164	8.002	7.775	7.666	7.374	7.169	7.098	7.072	6.859	6.719	6.591	6.318
1990	8.571	8.538	8.506	8.497	8.531	8.538	8.517	8.382	8.333	8.321	8.269	8.279
1989	8.698	8.77	8.87	8.992	9.227	9.204	9.056	8.833	8.801	8.771	8.685	8.645
1988	8.078	8.05	7.945	7.94	7.815	7.929	8.089	8.245	8.341	8.397	8.467	8.563
1987	7.365	7.157	7.205	7.044	7.294	7.289	7.464	7.562	7.712	7.825	8.121	8.071
1986	9.252	9.09	8.958	8.621	8.369	8.225	8.141	7.844	7.512	7.586	7.432	7.439
1985	10.579	10.289	10.118	10.025	10.18	9.743	9.656	9.417	9.572	9.482	9.488	9.371
1984	10.312	10.28	10.382	10.594	10.843	11.119	11.355	11.557	11.597	11.681	11.474	11.024

LAIF PIMA Rates

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1983	10.251	9.887	9.688	9.868	9.527	9.6	9.879	10.076	10.202	10.182	10.164	10.227
1982	11.683	12.044	11.835	11.773	12.27	11.994	12.235	11.909	11.151	11.111	10.704	10.401
1981	10.987	11.686	11.13	11.475	12.179	11.442	12.346	12.844	12.059	12.397	11.887	11.484
1980	10.98	11.251	11.49	11.48	12.017	11.798	10.206	9.87	9.945	10.056	10.426	10.961
1979	8.777	8.904	8.82	9.082	9.046	9.224	9.202	9.528	9.259	9.814	10.223	10.218
1978	6.92	7.05	7.14	7.27	7.386	7.569	7.652	7.821	7.871	8.11	8.286	8.769
1977	5.77	5.66	5.66	5.65	5.76	5.85	5.93	6.05	6.09	6.09	6.61	6.73

LOCAL AGENCY INVESTMENT FUND

Participation as of 10/31/2026
2,312 Agencies



Percentages may not total 100% due to rounding.

California CLASS

Summary Statement

October 31, 2026

Investor ID: CA-01-0164

0000153-0000727 PDFT 255542

Midway City Sanitary District
14451 Cedarwood Street
Westminster, CA 92708

California CLASS

California CLASS

Average Monthly Yield: 3.9309%

		Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
CA-01-0164-0001	Operating Funds	2,491,209.35	0.00	0.00	8,316.99	76,813.78	2,491,745.93	2,499,526.34
CA-01-0164-0002	CalRecycle SB 1383 Grant Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CA-01-0164-0003	Sewer (Wastewater) Capacity Fee	6,320.09	19,069.60	0.00	39.76	85.95	12,474.14	25,429.45
TOTAL		**2,497,529.44**	**19,069.60**	**0.00**	**8,356.75**	**76,899.73**	**2,504,220.07**	**2,524,955.79**

Account Number: CA-01-0164-0003

Sewer (Wastewater) Capacity Fee

Account Summary

Average Monthly Yield: 3.9309%

	Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
California CLASS	6,320.09	19,069.60	0.00	39.76	85.95	12,474.14	25,429.45

Transaction Activity

Transaction Date	Transaction Description	Contributions	Withdrawals	Balance	Transaction Number
10/01/2026	Beginning Balance			6,320.09	
10/22/2026	Contribution	19,069.60			24117
10/31/2026	Income Dividend Reinvestment	39.76			
10/31/2026	Ending Balance			25,429.45	


Fund Info Detail
CACLASS
As Of Date: 11/09/2026
NAV
$1.00
Shares:
1,734,686,897.780
Fund Balance:
$1,734,509,248.49
Dividend Rate:
0.000107529000
Daily Yield:
3.9248%
7-Day Yield:
3.9435%
30-Day Yield:
3.9450%
CLOSE

CalTRUST
50 Iron Point Circle, Suite 140
Folsom, CA 95630
www.caltrust.org
Email: admin@caltrust.org
Fax: 402-963-9094
Phone: 833-CALTRUST (225-8787)

Investment Account Summary

10/01/2026 through 10/31/2026

SUMMARY OF INVESTMENTS

Fund	Account Number	Total Shares Owned	Net Asset Value per Share on Oct 31 ($)	Value on Oct 31 ($)	Average Cost Amount ($)	Cumulative Change in Value ($)
MIDWAY CITY SANITARY DISTRICT	**20100007910**					
CalTRUST Medium Term Fund	20100007910	149,316.265	9.72	1,451,354.10	1,532,350.47	(80,996.37)
	Portfolios Total value as of 10/31/2026			**1,451,354.10**		

DETAIL OF TRANSACTION ACTIVITY

Activity Description	Activity Date	Amount ($)	Amount in Shares	Balance in Shares	Price per Share ($)	Balance ($)	Average Cost Amt ($)	Realized Gain/(Loss) ($)
CalTRUST Medium Term Fund			**MIDWAY CITY SANITARY DISTRICT**				**Account Number: 20100007910**	
Beginning Balance	10/01/2026			149,316.265	9.65	1,440,901.96		
Accrual Income Div Cash	**10/30/2026**	**4,722.90**	**0.000**	**149,316.265**	**9.72**	**1,451,354.10**	**0.00**	**0.00**
Change in Value						10,452.14		
Closing Balance as of	**Oct 31**			**149,316.265**	**9.72**	**1,451,354.10**		

Please note that this information should not be construed as tax advice and it is recommended that you consult with a tax professional regarding your account.

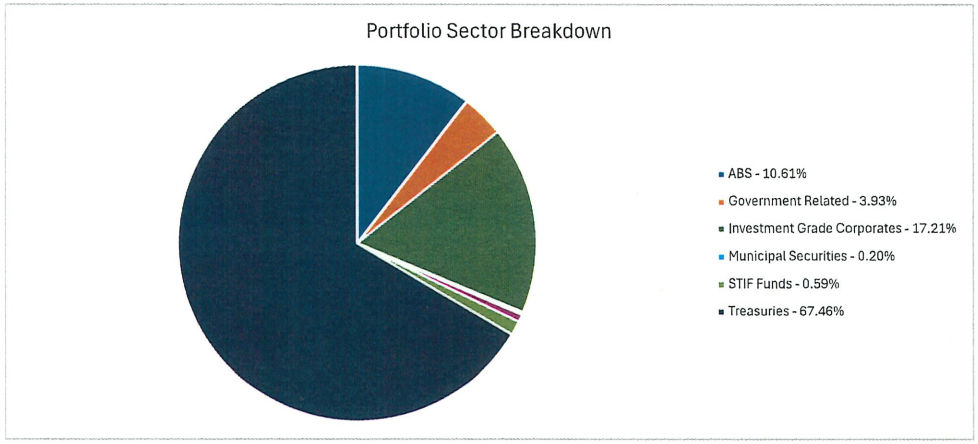
CALTRUST
A PUBLIC AGENCY

CalTRUST Medium Term Fund
Month End Portfolio Statistics
October 31, 2026

	CalTRUST Medium Term	BofAML 1-3 Corp & Gov't, A Rated and Above
Net Assets	$1,371,962,226.42	N/A
NAV per Share	$9.72	N/A
30 Day SEC Yield	4.70%	N/A
Distribution Yield	3.96%	N/A
Yield to Maturity	4.67%	N/A
Period Net Total Return	1.02%	0.90%
Spread Duration	0.44%	N/A
Effective Duration	2.10 yrs	N/A
Average Maturity	2.34 yrs	N/A
Weighted Average Life	2.32 yrs	N/A

	CalTRUST Medium Term Net Total Return	CalTRUST Medium Term Yield	BofAML 1-3 Corp & Gov't, A Rated and Above
One Month	1.02%	0.34%	0.90%
Three Month	0.54%	1.00%	0.60%
Six Month	0.60%	1.99%	1.02%
One Year*	1.93%	3.98%	2.40%
Two Year*	3.44%	4.06%	3.74%
Three Year*	4.39%	4.09%	4.59%
Five Year*	2.26%	3.30%	2.36%
Ten Year*	2.00%	2.39%	2.11%
Since Inception*	2.11%	2.24%	2.39%

*Annualized



Rated AA-f by S&P Global Ratings

Midway City Sanitary District
CalTRUST Summary

CalTRUST - Medium-Term Fund

	Investment + '+'	Dividends '+'	Distribution of Dividend (-)	Capital Gain or Loss (-)	Balance
Investment May-2020	$ 750,000.00	432.90		1,460.57	$ 751,893.47
June-2020		857.56		730.70	$ 753,481.73
July-2020		765.26		731.54	$ 754,978.53
August-2020		745.40		-	$ 755,723.93
September-2020		677.57		(733.01)	$ 755,668.49
October-2020		621.72		(733.66)	$ 755,556.55
November-2020		476.58		-	$ 756,033.13
December-2020		439.21			$ 756,472.34
January-2021		387.68			$ 756,860.02
February-2021		342.73		(1,471.06)	$ 755,731.69
March-2021		354.98		(735.87)	$ 755,350.80
April-2021		251.06			$ 755,601.86
May-2021	$ 750,000.00	316.74		736.45	$ 1,506,655.05
June-2021		473.98		(1,467.04)	$ 1,505,661.99
July-2021		415.67		1,467.51	$ 1,507,545.17
August-2021		390.03		0.01	$ 1,507,935.21
September-2021		370.72		(1,468.29)	$ 1,506,837.64
October-2021		396.41		(5,874.61)	$ 1,501,359.44
November-2021		461.36		(1,469.04)	$ 1,500,351.76
December-2021		516.64		(2,938.98)	$ 1,497,929.42
January-2022		598.08		(10,289.99)	$ 1,488,237.51
February-2022		610.05		(7,352.96)	$ 1,481,494.60
March-2022		836.34		(20,596.74)	$ 1,461,734.20
April-2022		1,028.38		(8,832.23)	$ 1,453,930.35
May-2022		1,290.86		5,892.32	$ 1,461,113.53
June-2021		1,354.72		(8,846.29)	$ 1,453,621.96
July-2022		1,518.86		5,903.03	$ 1,461,043.85
August-2022		1,986.06		(11,818.35)	$ 1,451,211.56
September-2022		2,166.97		(20,710.46)	$ 1,432,668.07
October-2022		2,438.11		(4,444.68)	$ 1,430,661.50
November-2022		2,709.46		8,904.53	$ 1,442,275.49
December-2022		2,890.90		1,486.88	$ 1,446,653.27
January-2023		3,227.48		8,939.16	$ 1,458,819.91
February-2023		3,447.06	(3,447.06)	(13,438.46)	$ 1,445,381.45
March-2023		4,147.17	(4,147.17)	14,931.62	$ 1,460,313.07
April-2023		3,791.32	(3,791.32)	1,493.16	$ 1,461,806.23
May-2023		4,482.39	(4,482.39)	(7,465.81)	$ 1,454,340.42
June-2023		4,090.56	(4,090.56)	(8,958.97)	$ 1,445,381.45
July-2023		4,246.18	(4,246.18)	1,493.16	$ 1,446,874.61
August-2023		4,455.68	(4,455.68)	-	$ 1,446,874.61
September-2023		4,286.72	(4,286.72)	(7,465.82)	$ 1,439,408.79
October-2023		4,795.72	(4,795.72)	(1,493.16)	$ 1,437,915.63
November-2023		4,603.47	(4,603.47)	14,931.63	$ 1,452,847.26
December-2023		4,484.90	(4,484.90)	13,438.46	$ 1,466,285.72

CalTRUST - Medium-Term Fund

	Investment +	Dividends	Distribution of	Capital Gain or	Balance
January-2024		5,122.63	(5,122.63)	-	$ 1,466,285.72
February-2024		4,548.47	(4,548.47)	(10,452.14)	$ 1,455,833.58
March-2024		4,411.96	(4,411.96)	1,493.17	$ 1,457,326.75
April-2024		5,220.49	(5,220.49)	(11,945.30)	$ 1,445,381.45
May-2024		5,169.07	(5,169.07)	4,479.48	$ 1,449,860.93
June-2024		4,750.35	(4,750.35)	4,479.49	$ 1,454,340.42
July-2024		5,625.28	(5,625.28)	11,945.30	$ 1,466,285.72
August-2024		5,081.59	(5,081.59)	10,452.14	$ 1,476,737.86
September-2024		5,221.50	(5,221.50)	7,465.81	$ 1,484,203.67
October-2024		5,247.57	(5,247.57)	(16,424.79)	$ 1,467,778.88
November-2024		4,915.90	(4,915.90)	-	$ 1,467,778.88
December-2024		5,365.69	(5,365.69)	(4,479.48)	$ 1,463,299.40
January-2025		5,123.29	(5,123.29)	-	$ 1,463,299.40
February-2025		4,722.77	(4,722.77)	8,958.97	$ 1,472,258.37
March-2025		5,195.71	(5,195.71)	1,493.17	$ 1,473,751.54
April-2025		4,982.65	(4,982.65)	7,465.81	$ 1,481,217.35
May-2025		4,905.43	(4,905.43)	(8,958.98)	$ 1,472,258.37
June-2025		5,026.16	(5,026.16)	5,972.65	$ 1,478,231.02
July-2025		5,003.20	(5,003.20)	(5,972.65)	$ 1,472,258.37
August-2025		4,636.69	(4,636.69)	8,958.98	$ 1,481,217.35
September-2025		5,156.56	(5,156.56)	-	$ 1,481,217.35
October-2025		4,985.07	(4,985.07)	(1,493.16)	$ 1,479,724.19
November-2025		4,525.25	(4,525.25)	2,986.32	$ 1,482,710.51
December-2025		5,255.86	(5,255.86)	-	$ 1,482,710.51
January-2026		4,739.10	(4,739.10)	(1,493.16)	$ 1,481,217.35
February-2026		4,407.87	(4,407.87)	4,479.49	$ 1,485,696.84
March-2026		5,051.71	(5,051.71)	(13,438.47)	$ 1,472,258.37
April-2026		4,701.03	(4,701.03)	(1,493.16)	$ 1,470,765.21
May-2026		4,534.44	(4,534.44)	(4,479.49)	$ 1,466,285.72
June-2026		4,534.44	(4,534.44)	(2,986.32)	$ 1,463,299.40
July-2026		4,826.54	(4,826.54)	(5,972.65)	$ 1,457,326.75
August-2026		4,805.61	(4,805.61)	-	$ 1,457,326.75
September-2026		4,699.69	(4,699.69)	(16,424.79)	$ 1,440,901.96
October-2026		4,722.90	(4,722.90)	10,452.14	$ 1,451,354.10
	$ 1,500,000.00	$ 246,404.11	$ (214,053.64)	$ (80,996.37)	$ 1,451,354.10

Customer Service
PO Box 11813
Harrisburg, PA 17108-1813

ACCOUNT STATEMENT

Midway City Sanitary District

For the Month Ending
October 31, 2026

Client Management Team

Kyle Tanaka
Assistant Program Administrator
633 W 5th St., 25th Floor
Los Angeles, CA 90071
213-500-8694
tanakak@pfmam.com

Jeremy King
Key Account Manager
213 Market Street
Harrisburg, PA 17101-2141
1-800-729-7665
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Rachael Miller
Client Consultant
213 Market Street
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1-800-729-7665
millerr@pfmam.com

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Cover/Disclosures
Summary Statement
Individual Accounts

Accounts included in Statement

4044-001	Midway City Sanitary District

Important Messages

CAMP will be closed on 11/11/2026 for Veterans Day.
CAMP will be closed on 11/26/2026 for Thanksgiving Day.

MIDWAY CITY SANITARY DISTRICT
Midway City Sanitary District
MARIANA SANCHEZ
14451 CEDARWOOD ST
WESTMINSTER, CA 92683

Online Access www.camponline.com **Customer Service** 1-800-729-7665

Account Statement - Transaction Summary

For the Month Ending **October 31, 2026**

Midway City Sanitary District - Midway City Sanitary District - 4044-001

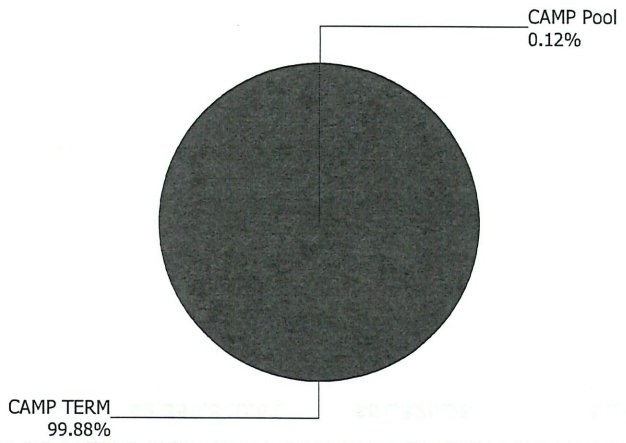
CAMP Pool	
Opening Market Value	2,891.07
Purchases	9.80
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	**$2,900.87**
Cash Dividends and Income	9.80

CAMP TERM	
Opening Market Value	2,359,520.61
Purchases	0.00
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	**$2,359,520.61**
Cash Dividends and Income	0.00

Asset Summary

	October 31, 2026	September 30, 2026
CAMP Pool	2,900.87	2,891.07
CAMP TERM	2,359,520.61	2,359,520.61
Total	**$2,362,421.48**	**$2,362,411.68**

Asset Allocation



Account Statement

For the Month Ending **October 31, 2026**

Midway City Sanitary District - Midway City Sanitary District - 4044-001

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					
Opening Balance					**2,891.07**
10/30/26	11/02/26	Accrual Income Div Reinvestment - Distributions	1.00	9.80	2,900.87
Closing Balance					**2,900.87**

	Month of October	Fiscal YTD July-October
Opening Balance	2,891.07	2,863.45
Purchases	9.80	37.42
Redemptions (Excl. Checks)	0.00	0.00
Check Disbursements	0.00	0.00
Closing Balance	**2,900.87**	**2,900.87**
Cash Dividends and Income	9.80	37.42

Closing Balance	2,900.87
Average Monthly Balance	2,891.70
Monthly Distribution Yield	3.99%

AGENDA ITEM 7C

Date: November 17, 2026

To: Board of Directors

From: Robert Housley, General Manager

Prepared by: Gordon Copley, Director of Finance

Subject: Receive and File the 1st Quarter 2026-2027 Fiscal Year Financial and Budget Reports

BACKGROUND
Quarterly, the Midway City Sanitary District legislative body reviews its financial and budget reports. The reports were prepared by the Finance Department and reviewed by the General Manager and Department Heads.

DISCUSSION
The 1st quarter financial and budget reports are in line with approved budgeted items and in accordance with District policies and procedures.

FISCAL IMPACT
Informational report only. No fiscal impact.

STAFF RECOMMENDATION
Staff recommends that the Board of Directors receive and file the 1st quarter financial and budget reports.

ATTACHMENTS
1. Statement of Net Assets (pg. 31)
2. Statement of Revenue Expenses and Changes in Net Position (pg. 34)
3. Budget vs. Actual (pg.37)

Midway City Sanitary District
Statement of Net Assets
As of Sep 30, 2026

	Total		
	As of Sep 30, 2026	As of Sep 30, 2025 (PY)	$ Change (PY)
Assets			
Current Assets			
Bank Accounts			
1000.00 Cash in Checking - US 9028	317,208.43	301,775.53	15,432.90
1020.00 Money Market - US 6913	554,902.93	550,347.77	4,555.16
1030.00 Petty Cash	300.00	300.00	0.00
1035.00 HRA Reserve Fund - WEX	67,002.22	52,233.75	14,768.47
1037.00 Escrow Account - CBB 4618	0.00	0.00	0.00
1040.00 Local Agency Investment Fund	0.00	0.00	0.00
1040.10 Operating	2,793,187.59	1,974,594.28	818,593.31
1040.20 Midway City	2,876,658.77	2,762,052.59	114,606.18
1040.25 Midway City Special Fund	0.00	0.00	0.00
Total for 1040.20 Midway City	**$2,876,658.77**	**$2,762,052.59**	**$114,606.18**
1040.30 Buildings, Equip & Facilities	5,296,695.40	4,600,919.17	695,776.23
1040.40 Lift Stations & Sewer Lines	35,953,857.46	34,664,850.19	1,289,007.27
1040.50 CNG Station & Facilties	2,933,583.72	2,816,709.65	116,874.07
1040.60 Vehicle Replacement	4,127,033.06	3,477,856.22	649,176.84
1040.70 Emergencies & Contingencies	$0.00	$0.00	$0.00
1040.80 LAIF Market Gain/(Loss)	$0.00	$0.00	$0.00
Total for 1040.00 Local Agency Investment Fund	**$53,981,016.00**	**$50,296,982.10**	**$3,684,033.90**
1050.00 California CLASS	118,906.38	25,891.99	93,014.39
1050.10 Prime Fund Account, Operating	2,372,349.16	2,372,349.16	$0.00
1050.20 CalRecycle SB 1383 Grant Funds	$0.00	$0.00	$0.00
1050.30 Wastewater Capacity Fee Reserve	25,343.50		25,343.50
Total for 1050.00 California CLASS	**$2,516,599.04**	**$2,398,241.15**	**$118,357.89**
1060.00 U.S. Treasury Securities	$0.00	$0.00	$0.00
1070.00 CalTRUST			
1070.10 CalTRUST Medium-Term Fund	1,532,350.48	1,532,350.48	$0.00
1070.20 CalTRUST Market Gain/(Loss)	-91,448.52	-51,133.13	-40,315.39
Total for 1070.00 CalTRUST	**$1,440,901.96**	**$1,481,217.35**	**-$40,315.39**
1090.00 115 Trust Fund, Restricted			
1090.10 CEPPT Trust Related to Pensions	4,101,744.00	4,101,744.00	$0.00
1090.20 CEPPT Trust Market Gain/(Loss)	1,496,570.77	1,548,476.15	-51,905.38
Total for 1090.00 115 Trust Fund, Restricted	**$5,598,314.77**	**$5,650,220.15**	**-$51,905.38**
1100.00 CAMP			
1100.10 CAMP Pool Program	2,891.07	464.01	2,427.06
1100.20 CAMP Term Program	2,359,520.61	2,277,788.09	81,732.52
Total for 1100.00 CAMP	**$2,362,411.68**	**$2,278,252.10**	**$84,159.58**
Total Bank Accounts	**$66,838,657.03**	**$63,009,569.90**	**$3,829,087.13**
Accounts Receivable			
2000.00 Accounts Receivable	1,246.96	812.84	434.12
Total Accounts Receivable	**$1,246.96**	**$812.84**	**$434.12**

	As of Sep 30, 2026	As of Sep 30, 2025 (PY)	$ Change (PY)
Other Current Assets			
2005.00 Accrued Receivables	$0.00	117,273.06	-117,273.06
2010.00 Taxes Receivable	$0.00	$0.00	$0.00
2015.00 Interest Receivable	551,558.84	564,021.39	-12,462.55
2020.00 Undeposited Funds	$0.00	$0.00	$0.00
2600.00 Inventory	$0.00	$0.00	$0.00
2600.10 Parts Inventory	115,322.61	129,562.71	-14,240.10
2600.20 Pump Inventory	385,090.90	329,195.65	55,895.25
Total for 2600.00 Inventory	**$500,413.51**	**$458,758.36**	**$41,655.15**
2700.00 Prepaid Items			
2700.10 Property & Liability Insurance	$0.00	$0.00	$0.00
2700.20 Workers' Compensation Insurance	$0.00	$0.00	$0.00
2700.30 Prepaid Expense	20,300.00	$0.00	20,300.00
2700.50 Property Deposit	$0.00		$0.00
Total for 2700.00 Prepaid Items	**$20,300.00**	**$0.00**	**$20,300.00**
Total Other Current Assets	**$1,072,272.35**	**$1,140,052.81**	**-$67,780.46**
Total Current Assets	**$67,912,176.34**	**$64,150,435.55**	**$3,761,740.79**
Fixed Assets			
3500.00 Land	1,929,777.96	92,948.00	1,836,829.96
3502.00 Easements	145,000.00		145,000.00
3510.00 Construction Work In Progress	$0.00	$0.00	$0.00
3500.03 WIP Technology	38,216.14	51,475.92	-13,259.78
3500.04 WIP Solar Project	$0.00	$0.00	$0.00
3500.10 WIP Sewer Line Infrastructure	558,077.35	106,396.00	451,681.35
3510.01 WIP Office Furniture	$0.00	$0.00	$0.00
3510.02 WIP Board Room Furniture	12,355.43	$0.00	12,355.43
Total for 3510.00 Construction Work In Progress	**$608,648.92**	**$157,871.92**	**$450,777.00**
3520.00 Buildings & Improvements	8,147,624.20	8,147,624.20	$0.00
3530.00 Lift Stations	5,582,673.12	5,582,673.12	$0.00
3540.00 Gravity Lines & Force Mains	17,818,984.25	17,818,984.25	$0.00
3550.00 Resident Containers	857,689.02	857,689.02	$0.00
3560.00 CNG Station & Facilities	3,459,268.18	3,459,268.18	$0.00
3570.00 Solid Waste Trash Trucks	6,604,192.16	6,455,857.26	148,334.90
3580.00 Other Vehicles			
3580.10 Administration Vehicles	93,879.28	63,387.30	30,491.98
3580.20 Solid Waste Vehicles	217,195.83	217,195.83	$0.00
3580.30 Sewer Trucks & Vehicles	1,101,365.10	1,101,365.10	$0.00
Total for 3580.00 Other Vehicles	**$1,412,440.21**	**$1,381,948.23**	**$30,491.98**
3590.00 Other Equipment			
3590.10 Office Furniture & Equipment	373,733.08	314,137.16	59,595.92
3590.20 Garage Facilities	88,726.39	88,726.39	$0.00
3590.30 Garage Equipment & Vehicles	183,958.15	203,772.92	-19,814.77
3590.40 Solid Waste Equipment - Other	58,325.84	58,325.84	$0.00
3590.50 Sewer Equipment - Other	405,712.74	389,283.35	16,429.39
Total for 3590.00 Other Equipment	**$1,110,456.20**	**$1,054,245.66**	**$56,210.54**

	As of Sep 30, 2026	As of Sep 30, 2025 (PY)	$ Change (PY)
3600.00 Accumlated Depreciation			
3600.10 Accumulated Depreciation Admin	-2,547,666.62	-2,118,122.19	-429,544.43
3600.20 Accumulated Depreciation Garage	-43,281.04	-37,059.90	-6,221.14
3600.30 Accum Depreciation Solid Waste	-6,820,947.52	-6,098,669.82	-722,277.70
3600.40 Accumulated Depreciation Sewer	-10,571,768.93	-9,853,640.68	-718,128.25
Total for 3600.00 Accumlated Depreciation	**-$19,983,664.11**	**-$18,107,492.59**	**-$1,876,171.52**
Total Fixed Assets	**$27,693,090.11**	**$26,901,617.25**	**$791,472.86**
Other Assets			
3700.00 Long-Term Investments	$0.00	$0.00	$0.00
6500.00 Deferred Outflows from Pension	1,324,330.00	2,147,625.00	-823,295.00
6510.00 Deferred Outflows from OPEB	596,262.00	762,017.00	-165,755.00
Total Other Assets	**$1,920,592.00**	**$2,909,642.00**	**-$989,050.00**
Total Assets	**$97,525,858.45**	**$93,961,694.80**	**$3,564,163.65**
Liabilities and Equity			
Liabilities			
Current Liabilities			
Accounts Payable			
5000.00 Accounts Payable	1,112,271.33	463,596.75	648,674.58
5002.00 Retentions Payable	$0.00	$0.00	$0.00
Total Accounts Payable	**$1,112,271.33**	**$463,596.75**	**$648,674.58**
Credit Cards			
5005.00 US Bank Cal Card	$0.00	11,957.71	-11,957.71
Total Credit Cards	**$0.00**	**$11,957.71**	**-$11,957.71**
Other Current Liabilities			
5010.00 Accrued Expenses	872,354.57	$0.00	872,354.57
5010.10 Payroll	114,483.95	$0.00	114,483.95
5010.20 457(b) Deferred Compensation	10,546.06	$0.00	10,546.06
5010.30 OC San CFC Charge	-5,288.71	0.10	-5,288.81
5010.40 Group Insurance	$0.00	16.95	-16.95
Total for 5010.00 Accrued Expenses	**$992,095.87**	**$17.05**	**$992,078.82**
Total Other Current Liabilities	**$992,095.87**	**$17.05**	**$992,078.82**
Total Current Liabilities	**$2,104,367.20**	**$475,571.51**	**$1,628,795.69**
Long-term Liabilities			
6020.00 Compensated Absences	439,698.01	$0.00	439,698.01
6520.00 Deferred Inflows from Pension	768,137.00	1,002,126.00	-233,989.00
6530.00 Deferred Inflows from OPEB	821,430.00	486,286.00	335,144.00
6540.00 Net Pension Liability	-2,038,439.00	-666,210.00	-1,372,229.00
6550.00 Net OPEB Liability	-1,004,873.00	-551,475.00	-453,398.00
Total Long-term Liabilities	**-$1,014,046.99**	**$270,727.00**	**-$1,284,773.99**
Total Liabilities	**$1,090,320.21**	**$746,298.51**	**$344,021.70**
Equity			
4100.00 Restricted	104,469.46	181,446.33	-76,976.87
4400.00 Equity	$0.00	$0.00	$0.00
4000.00 Net Position	100,871,091.09	94,652,973.24	6,218,117.85
Net Income	-4,540,022.31	-1,619,023.28	-2,920,999.03
Total Equity	**$96,435,538.24**	**$93,215,396.29**	**$3,220,141.95**
Total Liabilities and Equity	**$97,525,858.45**	**$93,961,694.80**	**$3,564,163.65**

Midway City Sanitary District
Statement of Revenues, Expenses and Changes in Net Position
July-September, 2026

	Total		
	Jul 1 - Sep 30 2026	Jul 1 - Sep 30 2025 (PY)	$ Change (PY)
Income			
7000.00 Operating Revenues			
7010.00 Trash & Sewer Collection Fees	0.10	-1,246.09	1,246.19
7020.00 Add'l Container & Service Fees	10,421.76	3,415.19	7,006.57
7030.00 Franchise Fees	249,274.15	371,639.01	-122,364.86
7040.00 Plan Check & Inspection Fees	44,660.90	76,475.00	-31,814.10
7050.00 Connection Fees	4,662.52	15,181.08	-10,518.56
7060.00 Sewer (Wastewater) Capacity Fee	19,069.60		19,069.60
Total for 7000.00 Operating Revenues	**$328,089.03**	**$465,464.19**	**-$137,375.16**
8000.00 Non-Operating Revenues			
8010.00 Property Tax Secured	$0.00	$0.00	$0.00
8020.00 Property Tax Unsecured	26,705.72	21,732.62	4,973.10
8030.00 Property Tax Supplemental	4,393.22	2,241.34	2,151.88
8050.00 Public Utility & Reg. Railroad	$0.00	$0.00	$0.00
8060.00 Pass-thru County of Orange	$0.00	$0.00	$0.00
8080.00 Investment Income	484,543.52	770,209.30	-285,665.78
8100.00 Other Revenue			
8100.10 Mattress Recycling	3,735.84	2,670.96	1,064.88
8100.20 Scrap Metals & Recycables	2,687.97	1,928.29	759.68
8100.40 CalRecycle Curbside Program	$0.00		$0.00
8100.50 Renewable Fuel RINS/LCFS	13,738.83	-36.76	13,775.59
8100.60 Waste Disposal Agreement	$0.00	$0.00	$0.00
8100.80 Miscellaneous Other Revenue	1,062.15	1,828.98	-766.83
Total for 8100.00 Other Revenue	**$21,224.79**	**$6,391.47**	**$14,833.32**
Total for 8000.00 Non-Operating Revenues	**$536,867.25**	**$800,574.73**	**-$263,707.48**
Total Income	**$864,956.28**	**$1,266,038.92**	**-$401,082.64**
Gross Profit	**$864,956.28**	**$1,266,038.92**	**-$401,082.64**
Expenses			
7500.00 Personnel & Benefits			
7510.00 Salaries & Wages	1,096,303.98	329,554.59	766,749.39
7520.00 Medicare	15,572.49	10,480.56	5,091.93
7530.00 CalPERS Retirement	99,161.57	99,719.48	-557.91
7535.00 CalPERS CEPPT Trust Reimb	$0.00		$0.00
7550.00 Group Insurance			
7550.10 Health Benefits	229,155.13	212,023.60	17,131.53
7550.20 Health Reimbursement Agreement	8,637.80	270.00	8,367.80
7550.30 Life & AD&D	5,318.32	5,038.08	280.24
7550.40 Dental Benefits	9,354.56	9,421.77	-67.21
7550.50 Vision Benefits	907.85	890.33	17.52
Total for 7550.00 Group Insurance	**$253,373.66**	**$227,643.78**	**$25,729.88**
7560.00 Group Insurance Retirees	63,857.92	54,161.79	9,696.13
7565.00 CalPERS OPEB Trust Reimb	$0.00		$0.00
7570.00 Workers' Compensation	179,279.20	160,382.02	18,897.18
7575.00 Uniforms & Laundry Service	4,694.06	6,317.72	-1,623.66
7580.00 Employee Reimbursements	1,964.27	1,018.63	945.64
Total for 7500.00 Personnel & Benefits	**$1,714,207.15**	**$889,278.57**	**$824,928.58**
7600.00 Operating Expenses			
7610.00 Board Meeting Expenses	2,708.26	5,215.88	-2,507.62

7620.00 Operating & Office Expenses	14,910.41	18,188.90	-3,278.49
7625.00 LAFCO	22,789.14	25,718.55	-2,929.41
7630.00 Services & Supplies			
7630.10 Alarm Services	804.00	1,154.00	-350.00
7630.30 GPS Services	29,841.16	29,841.16	$0.00
7630.40 Janitorial Services & Supplies	3,139.18		3,139.18
7630.50 Landscape Services	1,500.00		1,500.00
7630.60 Payroll Services	8,480.71	6,840.86	1,639.85
7630.70 Postage & Postage Machine	732.70	643.23	89.47
7630.80 Wash & Detail Fleet & Vehicles	2,510.00		2,510.00
Total for 7630.00 Services & Supplies	**$47,007.75**	**$38,479.25**	**$8,528.50**
7635.00 Printing & Publications		2,803.94	-2,803.94
7640.00 Permits Fees Testing & Taxes	1,349.00	1,305.00	44.00
7645.00 Memberships Dues & Subscrptions	2,369.60	2,193.66	175.94
7650.00 Education Training & Travel Exp	10,911.06	14,559.12	-3,648.06
7660.00 Employee Awards & Recognition	2,434.61	6,884.33	-4,449.72
7665.00 Medical Exams & Testing	618.86	1,068.99	-450.13
7670.00 Property & Liability Insurance	632,500.81	580,719.63	51,781.18
7675.00 Claims Expenses	1,000.00	81,998.20	-80,998.20
7680.00 Gasoline & Diesel Fuel	1,248.38	2,348.59	-1,100.21
7685.00 Tonnage Disposal Fees			
7685.10 Trash (Black Cart)	1,125,235.44	411,849.69	713,385.75
7685.20 Recycables (Blue Cart)	$0.00	$0.00	$0.00
7685.30 Organics (Green Cart)	619,473.92	287,927.13	331,546.79
Total for 7685.00 Tonnage Disposal Fees	**$1,744,709.36**	**$699,776.82**	**$1,044,932.54**
7690.00 Containers/Carts			
7690.10 Black Carts	46,092.37		46,092.37
7690.20 Blue Carts	46,148.98	43,211.51	2,937.47
Total for 7690.00 Containers/Carts	**$92,241.35**	**$43,211.51**	**$49,029.84**
7695.00 Tools & Equipment	18,159.25	11,514.95	6,644.30
Total for 7600.00 Operating Expenses	**$2,594,957.84**	**$1,535,987.32**	**$1,058,970.52**

7700.00 Repairs & Maintenance			
7700.05 Buildings & Facilities	4,801.10	103.16	4,697.94
7700.10 CNG Facilities	8,380.38	12,471.20	-4,090.82
7700.15 Vehicles	1,174.55	1,994.35	-819.80
7700.20 Trash Trucks	46,761.03	59,803.60	-13,042.57
7700.25 Vactor Trucks	8,697.28	2,179.38	6,517.90
7700.30 Tires	20,471.15	33,653.08	-13,181.93
7700.35 Restock Parts	50,973.76	43,428.84	7,544.92
7700.40 Lift Station No. 1 Willow	3,755.00		3,755.00
7700.50 Lift Station No. 3 Westminster		3,604.03	-3,604.03
7700.55 Lift Station No. 4 Brookhurst		2,406.22	-2,406.22
7700.60 Lift Station Maintenance	14,047.33	3,048.09	10,999.24
7700.65 Manholes	24,298.72	14,126.43	10,172.29
7700.75 CCTV Inspection & Cleaning	5,675.00	1,500.00	4,175.00
7700.80 Generators	6,819.96		6,819.96
7700.85 Hazardous Waste Used/Mixed Oil	2,606.55	1,054.00	1,552.55
7700.95 Other Repairs & Maintenance	77.25		77.25
Total for 7700.00 Repairs & Maintenance	**$198,539.06**	**$179,372.38**	**$19,166.68**
7725.00 Professional & Tech Services			
7725.10 Audit & Financial Services	12,000.00	12,000.00	$0.00
7725.15 Property Tax Collection Costs	66.77		66.77
7725.20 Engineering & Consulting	129,902.12	1,662.50	128,239.62
7725.30 Legal Services Personnel	1,820.00	1,044.00	776.00
7725.40 Legal Services General Counsel	62,513.80	42,671.70	19,842.10
7725.50 Information Technology	54,036.75	23,909.46	30,127.29
7725.60 Lobbying & Grant Services	12,498.00		12,498.00
7725.70 Prof & Consulting Services	22,691.33	25,980.00	-3,288.67
7725.80 SCADA System	450.00		450.00
7725.90 Temporary Personnel	817.97	15,730.58	-14,912.61
Total for 7725.00 Professional & Tech Services	**$296,796.74**	**$122,998.24**	**$173,798.50**
7750.00 Community Outreach & Programs			
7750.05 Community & District Events	6,598.13	7,536.63	-938.50
7750.10 District Calendar	49,154.42	45,799.21	3,355.21
7750.20 Media & Program Development	13,040.00	15,150.00	-2,110.00
7750.25 Clean-up Events	18,617.36	6,596.01	12,021.35
7750.30 Organics, Compost & SB1383 Exp	42,933.47	11,915.00	31,018.47
Total for 7750.00 Community Outreach & Programs	**$130,343.38**	**$86,996.85**	**$43,346.53**
7800.00 Utilities			
7800.10 Electricity	36,213.65	27,892.83	8,320.82
7800.20 Natural Gas	26,296.25	26,575.21	-278.96
7800.40 Phone & Internet	13,126.39	11,417.75	1,708.64
7800.50 Mobile Phone	3,613.98	3,543.74	70.24
7800.60 Television	326.46	312.27	14.19
7800.70 Underground Service Alerts	82.75	84.00	-1.25
7800.80 Water & Sewer	849.94	603.04	246.90
Total for 7800.00 Utilities	**$80,509.42**	**$70,428.84**	**$10,080.58**
7900.00 Depreciation & Amortization	389,625.00		389,625.00
Total Expenses	**$5,404,978.59**	**$2,885,062.20**	**$2,519,916.39**
Net Operating Income	**-$4,540,022.31**	**-$1,619,023.28**	**-$2,920,999.03**
Net Income	**-$4,540,022.31**	**-$1,619,023.28**	**-$2,920,999.03**

MIDWAY CITY SANITARY DISTRICT
BUDGET vs. ACTUAL
Q1 FY 2026-2027

		FY 2026-27 ACTUAL	FY 2026-27 BUDGET	PERCENT of BUDGET
SUMMARY				
1	**REVENUES**			
2	Trash & Sewer Collection Fees	10,422	**8,803,400**	**0.1%**
3	Franchise Fees	249,274	**1,497,100**	**16.7%**
4	Property Taxes	31,099	**1,859,000**	**1.7%**
5	Pass-Thru Property Tax Funds	-	**4,000,000**	**0.0%**
6	Investment Income	484,544	**2,562,700**	**18.9%**
7	Other Revenue Sources	70,548	**774,700**	**9.1%**
8	**TOTAL REVENUES**	**$ 845,887**	**$ 19,496,900**	**4.3%**
9	**EXPENSES**			
10	Salaries and Wages	1,096,304	**3,987,000**	**27.5%**
11	Benefits	611,245	**2,020,300**	**30.3%**
12	Tonnage Fees	1,744,709	**3,332,800**	**52.3%**
13	Repairs and Maintenance	198,539	**779,000**	**25.5%**
14	Depreciation & Amortization Expense	389,625	**1,558,500**	**25.0%**
15	Other Operating Expenses	1,364,556	**5,112,300**	**26.7%**
16	**TOTAL EXPENSES**	**$ 5,404,979**	**$ 16,789,900**	**32.2%**
17	Net Resources Over/(Under) Expenses	(4,559,092)	**2,707,000**	
18	**ACTUAL/BUDGET**	**$ 845,887**	**$ 19,496,900**	

		FY 2026-27 ACTUAL	FY 2026-27 BUDGET	PERCENT of BUDGET
REVENUES				
1	**OPERATING REVENUES**			
2	Trash & Sewer Collection Fees	10,422	**8,803,400**	**0.1%**
3	Additional Container & Service Fees	-	**25,200**	**0.0%**
4	Franchise Fees	249,274	**1,497,100**	**16.7%**
5	Sewer Plan Check & Inspection Fees	44,661	**160,000**	**27.9%**
6	Sewer Connection Fees	4,663	**20,000**	**23.3%**
7	Sewer Capacity Fee Revenue	19,070	**296,000**	**6.4%**
8	**OPERATING REVENUES**	**$ 328,089**	**$ 10,801,700**	**3.0%**
9	**NON-OPERATING REVENUES**			
10	Property Tax Secured	-	**1,685,600**	**0.0%**
11	Property Tax Unsecured	26,706	**46,900**	**56.9%**
12	Property Tax Supplemental	4,393	**31,100**	**14.1%**
13	Homeowner's Property Tax Relief	-	**6,100**	**0.0%**
14	Public Utility Tax & Reg. Railroad	-	**66,300**	**0.0%**
15	Pass thru Property Taxes County of Orange	-	**0**	**0.0%**
16	Pass thru Property Taxes City of Westminster	-	**4,000,000**	**0.0%**
17	Investment Income	484,544	**2,562,700**	**18.9%**
18	Interest on Undistributed Taxes	-	**23,000**	**0.0%**
19	Other Revenue	21,225	**248,500**	**8.5%**
20	Gain/(Loss) on Disposal of Capital Assets	-	**25,000**	**0.0%**
24	**NON-OPERATING REVENUES**	**$ 536,867**	**$ 8,695,200**	**6.2%**
25	**TOTAL REVENUES**	**$ 864,956**	**$ 19,496,900**	**4.4%**

MIDWAY CITY SANITARY DISTRICT
BUDGET vs. ACTUAL
Q1 FY 2026-2027

		FY 2026-27 ACTUAL	FY 2026-27 BUDGET	PERCENT of BUDGET
BOARD OF DIRECTORS				
26	Directors' Fees (salaries)	31,050	**124,300**	**25.0%**
27	Medicare	449	**1,800**	**24.9%**
28	Group Insurance	29,662	**126,500**	**23.4%**
29	Workers' Compensation Insurance	723	**600**	**120.6%**
30	Uniforms & Laundry Service		**-**	**0.0%**
31	Election Costs		**184,800**	**0.0%**
32	Board Meeting Expenses	2,682	**15,000**	**17.9%**
33	Operating & Office Expenses	325	**7,100**	**4.6%**
34	Services & Supplies	1,211	**5,000**	**24.2%**
35	Board Development & Travel Expenses	3,240	**40,000**	**8.1%**
36	Information Technology	51	**20,600**	**0.2%**
37	**TOTAL BOARD OF DIRECTORS**	**$ 69,393**	**$ 525,700**	**13.2%**

		FY 2026-27 ACTUAL	FY 2026-27 BUDGET	PERCENT of BUDGET
ADMINISTRATION				
38	Salaries & Wages	454,513	**1,525,600**	**29.8%**
39	Medicare	6,460	**23,200**	**27.8%**
40	CalPERS Retirement	44,754	**174,500**	**25.6%**
41	CalPERS CEPPT/GASB 68 Retirement	-	**173,000**	**0.0%**
42	Group Insurance	71,676	**247,100**	**29.0%**
43	Group Insurance Retirees	20,619	**130,000**	**15.9%**
44	CalPERS OPEB Trust Reimbursement	-	**(130,000)**	**0.0%**
45	Workers' Compensation Insurance	9,481	**8,000**	**118.5%**
46	Uniforms & Laundry Services	260	**4,000**	**6.5%**
47	Employee Reimbursements	667	**6,000**	**11.1%**
48	Unemployment Benefits	-	**-**	**0.0%**
49	Operating & Office Expenses	8,705	**43,500**	**20.0%**
50	Local Govt. Formation Commission (LAFCO)	22,789	**22,800**	**100.0%**
51	Services & Supplies	14,222	**50,000**	**28.4%**
52	Printing & Publications	-	**4,000**	**0.0%**
53	Permits Fees Testing & Taxes	948	**3,500**	**27.1%**
54	Membership Dues & Subscriptions	1,870	**21,300**	**8.8%**
55	Education, Training, & Travel Expenses	4,302	**65,500**	**6.6%**
56	Employee Awards Incentives & Recognition	2,435	**55,000**	**4.4%**
57	Medical Exams & Testing	-	**1,000**	**0.0%**
58	Property & Liability Insurance	142,563	**136,200**	**104.7%**
59	Claims Expense	-	**-**	**0.0%**
60	Gasoline & Diesel Fuel	338	**4,000**	**8.4%**
61	Repairs & Maintenance	2,722	**5,000**	**54.4%**
62	Audit & Financial Services	12,000	**28,000**	**42.9%**
63	Property Tax Collection Costs	67	**32,000**	**0.2%**
64	Engineering & Consulting	7,770	**-**	**0.0%**
65	Legal Services Personnel	1,820	**40,000**	**4.6%**
66	Legal Services General Counsel	62,514	**200,000**	**31.3%**
67	Information Technology	43,525	**119,100**	**36.5%**
68	Lobbying & Grant Services	12,498	**50,000**	**25.0%**
69	Professional & Consulting Services	6,165	**150,000**	**4.1%**
70	Temporary Personnel	818	**19,000**	**4.3%**
71	Community & District Events	6,598	**120,000**	**5.5%**
72	District Calendar	49,154	**52,500**	**93.6%**
73	Newsletters	-	**16,000**	**0.0%**
74	Media & Program Development	-	**10,000**	**0.0%**
75	Organics, Compost & SB1383 Exp	15,343	**-**	**0.0%**
76	Utilities	8,136	**46,200**	**17.6%**
77	Depreciation & Amortization Expenses	85,875	**343,500**	**25.0%**
78	**TOTAL ADMINISTRATION**	**$ 1,121,604**	**$ 3,799,500**	**29.5%**

MIDWAY CITY SANITARY DISTRICT
BUDGET vs. ACTUAL
Q1 FY 2026-2027

		FY 2026-27 ACTUAL	FY 2026-27 BUDGET	PERCENT of BUDGET
FLEET MAINTENANCE				
79	Salaries & Wages	116,164	**442,900**	**26.2%**
80	Medicare	1,642	**7,200**	**22.8%**
81	CalPERS Retirement	15,465	**56,700**	**27.3%**
82	CalPERS CEPPT/GASB 68 Retirement	-	**110,000**	**0.0%**
83	Group Insurance	28,005	**111,400**	**25.1%**
84	Group Insurance Retirees	1,997	**10,000**	**20.0%**
85	CalPERS OPEB Trust Reimbursement	-	**(10,000)**	**0.0%**
86	Workers' Compensation Insurance	21,091	**19,100**	**110.4%**
87	Uniforms & Laundry Services	1,027	**6,500**	**15.8%**
88	Employee Reimbursements	521	**3,000**	**17.4%**
89	Operating & Office Expenses	1,718	**9,000**	**19.1%**
90	Services & Supplies	1,243	**15,000**	**8.3%**
91	Education, Training, & Travel Expenses	348	**14,000**	**2.5%**
92	Employee Awards Incentives & Recognition	-	**2,000**	**0.0%**
93	Medical Exams & Testing	157	**1,000**	**15.7%**
94	Property & Liability Insurance	124,888	**119,700**	**104.3%**
95	Gasoline & Diesel Fuel	-	**2,000**	**0.0%**
96	Tools & Equipment	4,927	**45,000**	**10.9%**
97	Repairs & Maintenance	2,963	**39,000**	**7.6%**
98	Information Technology	860	**26,200**	**3.3%**
99	Utilities	951	**4,000**	**23.8%**
100	Depreciation & Amortization Expenses	5,200	**20,800**	**25.0%**
101	**TOTAL FLEET MAINTENANCE DEPARTMENT**	**$ 329,167**	**$ 1,054,500**	**31.2%**

MIDWAY CITY SANITARY DISTRICT
BUDGET vs. ACTUAL
Q1 FY 2026-2027

		FY 2026-27 ACTUAL	FY 2026-27 BUDGET	PERCENT of BUDGET
SOLID WASTE				
102	Salaries & Wages	337,991	**1,304,000**	**25.9%**
103	Medicare	4,787	**19,900**	**24.1%**
104	CalPERS Retirement	24,069	**128,800**	**18.7%**
105	CalPERS CEPPT/GASB 68 Retirement	-	**50,000**	**0.0%**
106	Group Insurance	95,373	**400,900**	**23.8%**
107	Group Insurance Retirees	19,201	**95,000**	**20.2%**
108	CalPERS OPEB Trust Reimbursement	-	**(95,000)**	**0.0%**
109	Workers' Compensation Insurance	122,492	**108,500**	**112.9%**
110	Uniforms & Laundry Services	2,600	**18,000**	**14.4%**
111	Employee Reimbursements	346	**7,500**	**4.6%**
112	Operating & Office Expenses	303	**6,000**	**5.0%**
113	Services & Supplies	26,699	**50,000**	**53.4%**
114	Printing & Publications	-	**16,000**	**0.0%**
115	Education, Training, & Travel Expenses	1,479	**6,000**	**24.7%**
116	Employee Awards Incentives & Recognition	-	**2,000**	**0.0%**
117	Medical Exams & Testing	462	**5,000**	**9.2%**
118	Property & Liability Insurance	225,035	**242,600**	**92.8%**
119	Claims Expense	1,000	**10,000**	**10.0%**
120	Gasoline & Diesel Fuel	490	**2,000**	**24.5%**
121	Tonnage Disposal Fees for Refuse, Recycling & Organics	1,744,709	**3,332,800**	**52.3%**
122	Containers/Carts for Refuse, Recycling & Organics	92,241	**300,000**	**30.7%**
123	Repairs, Maintenance, Tires, & Restock Parts	128,250	**720,000**	**17.8%**
124	Engineering & Consulting	6,615	**-**	**0.0%**
125	Information Technology	-	**17,200**	**0.0%**
126	Professional & Consulting Services	13,767	**58,000**	**23.7%**
127	Community & District Events	-	**29,000**	**0.0%**
128	Newsletters	-	**20,000**	**0.0%**
129	Media & Program Development	7,215	**63,000**	**11.5%**
130	Clean-up Events	18,617	**30,000**	**62.1%**
131	Organics, Compost & SB 1383 Expenses	27,091	**215,000**	**12.6%**
132	Utilities	54,802	**230,000**	**23.8%**
133	Depreciation & Amortization Expenses	172,700	**690,800**	**25.0%**
134	**TOTAL SOLID WASTE**	**$ 3,128,333**	**$ 8,083,000**	**38.7%**

MIDWAY CITY SANITARY DISTRICT
BUDGET vs. ACTUAL
Q1 FY 2026-2027

		FY 2026-27 ACTUAL	FY 2026-27 BUDGET	PERCENT of BUDGET
SEWER DEPARTMENT				
135	Salaries & Wages	156,586	**590,200**	**26.5%**
136	Medicare	2,235	**9,400**	**23.8%**
137	CalPERS Retirement	14,874	**97,700**	**15.2%**
138	CalPERS CEPPT/GASB 68 Retirement	-	**145,000**	**0.0%**
139	Group Insurance	28,658	**146,600**	**19.5%**
140	Group Insurance Retirees	22,042	**73,000**	**30.2%**
141	CalPERS OPEB Trust Reimbursement	-	**(73,000)**	**0.0%**
142	Workers' Compensation Insurance	25,491	**24,400**	**104.5%**
143	Uniforms & Laundry Services	807	**6,500**	**12.4%**
144	Employee Reimbursements	430	**6,000**	**7.2%**
145	Operating & Office Expenses	3,886	**9,500**	**40.9%**
146	Services & Supplies	3,733	**10,000**	**37.3%**
147	Printing & Publications	-	**16,000**	**0.0%**
148	Permits Fees Testing & Taxes	401	**30,000**	**1.3%**
149	Membership Dues & Subscriptions	500	**3,500**	**14.3%**
150	Education, Training, & Travel Expenses	1,542	**30,000**	**5.1%**
151	Employee Awards Incentives & Recognition	-	**2,000**	**0.0%**
152	Medical Exams & Testing	-	**1,200**	**0.0%**
153	Property & Liability Insurance	140,015	**144,000**	**97.2%**
154	Claims Expense	-	**35,000**	**0.0%**
155	Gasoline & Diesel Fuel	421	**4,000**	**10.5%**
156	Tools & Equipment	13,232	**15,000**	**88.2%**
157	Repairs & Maintenance	64,604	**350,000**	**18.5%**
158	CCTV and Cleaning of District Sewer Lines	-	**-**	**0.0%**
159	Engineering & Consulting	115,517	**540,000**	**21.4%**
160	Information Technology	9,601	**43,800**	**21.9%**
161	Professional & Consulting Services	2,760	**250,000**	**1.1%**
162	SCADA System	450	**10,000**	**4.5%**
163	Temporary Personnel	-	**-**	**0.0%**
164	Media & Program Development	5,725	**45,000**	**12.7%**
165	Fats Oils Grease (FOG) Program	500	**180,000**	**0.3%**
166	Resident Lateral Assistance Program	-	**9,000**	**0.0%**
167	Utilities	16,621	**70,000**	**23.7%**
168	Depreciation & Amortization Expenses	125,850	**503,400**	**25.0%**
167	**TOTAL SEWER**	**$ 756,482**	**$ 3,327,200**	**22.7%**

MIDWAY CITY SANITARY DISTRICT
BUDGET vs. ACTUAL
Q1 FY 2026-2027

		FY 2026-27 ACTUAL	FY 2026-27 BUDGET	PERCENT of BUDGET
MIDWAY CITY SANITARY DISTRICT				
168	**REVENUES**	**$ 864,956**	**$ 19,496,900**	**4.4%**
169	**EXPENSES**	**$ 5,404,979**	**$ 16,789,900**	**32.2%**
170	**REVENUES - EXPENSES =**	**$ (4,540,022)**	**$ 2,707,000**	

		FY 2026-27 ACTUAL	FY 2026-27 BUDGET	PERCENT of BUDGET
171	Sewer System Department	756,482	3,327,200	22.7%
172	Solid Waste Department	3,128,333	8,083,000	38.7%
173	Fleet Maintenance Department	329,167	1,054,500	31.2%
174	Administration Department	1,121,604	3,799,500	29.5%
175	Board of Directors	69,393	525,700	13.2%
176	**TOTAL SUMMARY BY DEPT**	**$ 5,404,979**	**$ 16,789,900**	**32.2%**

		FY 2026-27 ACTUAL	FY 2026-27 BUDGET	PERCENT of BUDGET
CAPITAL OUTLAY & IMPROVEMENTS BUDGET				
177	***District Offices & Yard***			
178	Class C Vehicle Purchase - Director of Operations & Safety		**50,000**	**0.0%**
179	District Building Project Design & Construction (6402 Maple)		**300,000**	**0.0%**
180	Micro Grid Project, Phase 1 of 2		**180,000**	**0.0%**
181	Hanging Plan Holder Cabinets		**20,000**	**0.0%**
182	Technology, Cybersecurity, AV & Board Room		**133,700**	**0.0%**
183	Document Management System - Implementation & Training		**35,000**	**0.0%**
184	District Marquee Sign Board Project		**250,000**	**0.0%**
185				
186	***Fleet Maintenance***			
187				**0.0%**
188	***Solid Waste***			
189	Fire Suppression System for Solid Waste Trucks	80,918	**82,156**	**98.5%**
190				
191	***Sewer***			
192	SCADA System Upgrades		**500,000**	**0.0%**
193	Sewer Lift Station Pump Inventory		**56,000**	**0.0%**
194	Sewer Lift Station Emergency Auto Dialers		**40,000**	**0.0%**
195	Manhole Frame and Cover Replacement Project		**50,000**	**0.0%**
196	Lift Station Improvements, Phase 1 of 4		**100,000**	**0.0%**
197	Sewer Flow Meter, Camera, and Smart Covers	43,070	**100,000**	**43.1%**
198	EV Ford Lighting Pickup Trucks/Sewer Vehicles		**75,000**	**0.0%**
199	Gravity Main Upsizing Project, Phase 1 of 10		**1,250,000**	**0.0%**
200	Sewer Line and Manhole Repairs and Rehabilitation Projects	128,668	**1,500,000**	**8.6%**
201	Manhole Project at Westminster Blvd and Springdale St (Construction)		**1,081,600**	**0.0%**
202				
203	***Miscellaneous***			
204				**0.0%**
205	**TOTAL CAPITAL OUTLAY & IMPROVEMENTS**	**$ 252,656**	**$ 5,803,456**	**4.4%**

AGENDA ITEM 7D

Date: November 17, 2026

To: Board of Directors

From: Robert Housley, General Manager

Prepared by: Gordon Copley, Director of Finance

Subject: Approve Fiscal Year 2026-2027 Budget Adjustments No. 1

BACKGROUND
The fiscal year 2026-2027 budget was adopted June 16, 2026. It is the District's practice to make periodic budget adjustments throughout the fiscal year. This report is an update on the financial condition of the district and recommends budget adjustments to reflect projected resources and expenditures more accurately.

DISCUSSION
The District continues to demonstrate strong fiscal health and stability. We anticipate revenues to meet expectations for the year, and operating expenditures remain aligned with District goals and priorities. Insurance costs have also increased as a result of updated calculations performed by SDRMA.

Capital expenditures reflect all currently approved projects and commitments authorized by the Board. Overall, the District remains highly active this fiscal year, with a robust portfolio of capital projects, operational enhancements, and service programs—all fully supported within the adopted budget.

The budget to actual report with the recommended budget adjustments is attached thereof.

FISCAL IMPACT
Fiscal impact for revenue, expenses, capital outlay and miscellaneous items, is as follows:

Decrease to revenues	$	0
Increase to expenses	$	90,150
Increase to capital outlay & miscellaneous	$	0

STAFF RECOMMENDATION
Staff recommends that the Board of Directors approve the proposed budget adjustments as presented.

ATTACHMENTS
1. FY 2026-2027 Budget Adjustments No. 1

MIDWAY CITY SANITARY DISTRICT

BUDGET vs. ACTUAL

Q1 FY 2026-2027 Budget Adj #1

	Hide for Rpt		FY 2026-27 ACTUAL	FY 2026-27 BUDGET	PROPOSED ADJUSTMENTS	REVISED BUDGET	PERCENT of BUDGET
SUMMARY							
1		**REVENUES**					
2		Trash & Sewer Collection Fees	10,422	**8,803,400**	-	**8,803,400**	**0.1%**
3		Franchise Fees	249,274	**1,497,100**	-	**1,497,100**	**16.7%**
4		Property Taxes	31,099	**1,859,000**	-	**1,859,000**	**1.7%**
5		Pass-Thru Property Tax Funds	-	**4,000,000**	-	**4,000,000**	**0.0%**
6		Investment Income	484,544	**2,562,700**	-	**2,562,700**	**18.9%**
7		Other Revenue Sources	70,548	**774,700**	-	**774,700**	**9.1%**
8		**TOTAL REVENUES**	**$ 845,887**	**$ 19,496,900**	**$ -**	**$ 19,496,900**	**4.3%**
9		**EXPENSES**					
10		Salaries and Wages	1,096,304	**3,987,000**	-	**3,987,000**	**27.5%**
11		Benefits	611,245	**2,020,300**	19,150	**2,039,450**	**30.0%**
12		Tonnage Fees	1,744,709	**3,332,800**	-	**3,332,800**	**52.3%**
13		Repairs and Maintenance	198,539	**779,000**	-	**779,000**	**25.5%**
14		Depreciation & Amortization Expense	389,625	**1,558,500**	-	**1,558,500**	**25.0%**
15		Other Operating Expenses	1,364,556	**5,112,300**	71,000	**5,183,300**	**26.3%**
16		**TOTAL EXPENSES**	**$ 5,404,979**	**$ 16,789,900**	**$ 90,150**	**$ 16,880,050**	**32.0%**
17		Net Resources Over/(Under) Expenses	(4,559,092)	**2,707,000**	(90,150)	**2,616,850**	
18		**ACTUAL/BUDGET**	**$ 845,887**	**$ 19,496,900**	**$ -**	**$ 19,496,900**	

			FY 2026-27 ACTUAL	FY 2026-27 BUDGET	PROPOSED ADJUSTMENTS	REVISED BUDGET	PERCENT of BUDGET
REVENUES							
1		**OPERATING REVENUES**					
2	7010.00	Trash & Sewer Collection Fees	10,422	**8,803,400**		**8,803,400**	**0.1%**
3	7020.10	Additional Container & Service Fees	-	**25,200**		**25,200**	**0.0%**
4	7030.00	Franchise Fees	249,274	**1,497,100**		**1,497,100**	**16.7%**
5	7040.00	Sewer Plan Check & Inspection Fees	44,661	**160,000**		**160,000**	**27.9%**
6	7050.00	Sewer Connection Fees	4,663	**20,000**		**20,000**	**23.3%**
7	7050.00	Sewer Capacity Fee Revenue	19,070	**296,000**		**296,000**	**6.4%**
8		**OPERATING REVENUES**	**$ 328,089**	**$ 10,801,700**	**$ -**	**$ 10,801,700**	**3.0%**
9		**NON-OPERATING REVENUES**				**0**	**0**
10	8010.00	Property Tax Secured	-	**1,685,600**		**1,685,600**	**0.0%**
11	8020.00	Property Tax Unsecured	26,706	**46,900**		**46,900**	**56.9%**
12	8030.00	Property Tax Supplemental	4,393	**31,100**		**31,100**	**14.1%**
13	8040.00	Homeowner's Property Tax Relief	-	**6,100**		**6,100**	**0.0%**
14	8050.00	Public Utility Tax & Reg. Railroad	-	**66,300**		**66,300**	**0.0%**
15	8060.00	Pass thru Property Taxes County of Orange	-	**0**		**0**	**0.0%**
16	8070.00	Pass thru Property Taxes City of Westminster	-	**4,000,000**		**4,000,000**	**0.0%**
17	8080.00	Investment Income	484,544	**2,562,700**		**2,562,700**	**18.9%**
18	8090.00	Interest on Undistributed Taxes	-	**23,000**		**23,000**	**0.0%**
19	8100.00	Other Revenue	21,225	**248,500**		**248,500**	**8.5%**
20	8150.00	Gain/(Loss) on Disposal of Capital Assets	-	**25,000**		**25,000**	**0.0%**
24		**NON-OPERATING REVENUES**	**$ 536,867**	**$ 8,695,200**	**$ -**	**$ 8,695,200**	**6.2%**
25		**TOTAL REVENUES**	**$ 864,956**	**$ 19,496,900**	**$ -**	**$ 19,496,900**	**4.4%**

MIDWAY CITY SANITARY DISTRICT
BUDGET vs. ACTUAL
Q1 FY 2026-2027 Budget Adj #1

			FY 2026-27	FY 2026-27	PROPOSED	REVISED	PERCENT of
			ACTUAL	BUDGET	ADJUSTMENTS	BUDGET	BUDGET
BOARD OF DIRECTORS							
26	7510.00	Directors' Fees (salaries)	31,050	**124,300**		**124,300**	**25.0%**
27	7520.00	Medicare	449	**1,800**		**1,800**	**24.9%**
28	7550.00	Group Insurance	29,662	**126,500**		**126,500**	**23.4%**
29	7570.00	Workers' Compensation Insurance	723	**600**	150	**750**	**96.4%**
30	7605.00	Uniforms & Laundry Service		-		-	**0.0%**
31	7605.00	Election Costs		**184,800**		**184,800**	**0.0%**
32	7610.00	Board Meeting Expenses	2,682	**15,000**		**15,000**	**17.9%**
33	7620.00	Operating & Office Expenses	325	**7,100**		**7,100**	**4.6%**
34	7630.00	Services & Supplies	1,211	**5,000**		**5,000**	**24.2%**
35	7650.00	Board Development & Travel Expenses	3,240	**40,000**		**40,000**	**8.1%**
36	7725.50	Information Technology	51	**20,600**		**20,600**	**0.2%**
37		**TOTAL BOARD OF DIRECTORS**	**$ 69,393**	**$ 525,700**	**$ 150**	**$ 525,850**	**13.2%**

MIDWAY CITY SANITARY DISTRICT

BUDGET vs. ACTUAL

Q1 FY 2026-2027 Budget Adj #1

			FY 2026-27	FY 2026-27	PROPOSED	REVISED	PERCENT of
			ACTUAL	BUDGET	ADJUSTMENTS	BUDGET	BUDGET
ADMINISTRATION							
38	7510.00	Salaries & Wages	454,513	**1,525,600**		**1,525,600**	**29.8%**
39	7520.00	Medicare	6,460	**23,200**		**23,200**	**27.8%**
40	7530.00	CalPERS Retirement	44,754	**174,500**		**174,500**	**25.6%**
41	7535.00	CalPERS CEPPT/GASB 68 Retirement	-	**173,000**		**173,000**	**0.0%**
42	7550.00	Group Insurance	71,676	**247,100**		**247,100**	**29.0%**
43	7560.00	Group Insurance Retirees	20,619	**130,000**		**130,000**	**15.9%**
44	7565.00	CalPERS OPEB Trust Reimbursement	-	**(130,000)**		**(130,000)**	**0.0%**
45	7570.00	Workers' Compensation Insurance	9,481	**8,000**	1,500	**9,500**	**99.8%**
46	7575.00	Uniforms & Laundry Services	260	**4,000**		**4,000**	**6.5%**
47	7580.00	Employee Reimbursements	667	**6,000**		**6,000**	**11.1%**
48	7590.00	Unemployment Benefits	-	**-**		**-**	**0.0%**
49	7620.00	Operating & Office Expenses	8,705	**43,500**		**43,500**	**20.0%**
50	7625.00	Local Govt. Formation Commission (LAFCO)	22,789	**22,800**		**22,800**	**100.0%**
51	7630.00	Services & Supplies	14,222	**50,000**		**50,000**	**28.4%**
52	7635.00	Printing & Publications	-	**4,000**		**4,000**	**0.0%**
53	7640.00	Permits Fees Testing & Taxes	948	**3,500**		**3,500**	**27.1%**
54	7645.00	Membership Dues & Subscriptions	1,870	**21,300**		**21,300**	**8.8%**
55	7650.00	Education, Training, & Travel Expenses	4,302	**65,500**		**65,500**	**6.6%**
56	7660.00	Employee Awards Incentives & Recognition	2,435	**55,000**		**55,000**	**4.4%**
57	7665.00	Medical Exams & Testing	-	**1,000**		**1,000**	**0.0%**
58	7670.00	Property & Liability Insurance	142,563	**136,200**	7,000	**143,200**	**99.6%**
59	7675.00	Claims Expense	-	**-**		**-**	**0.0%**
60	7680.00	Gasoline & Diesel Fuel	338	**4,000**		**4,000**	**8.4%**
61	7700.00	Repairs & Maintenance	2,722	**5,000**		**5,000**	**54.4%**
62	7725.10	Audit & Financial Services	12,000	**28,000**		**28,000**	**42.9%**
63	7725.15	Property Tax Collection Costs	67	**32,000**		**32,000**	**0.2%**
64	7725.20	Engineering & Consulting	7,770	**-**	8,000	**8,000**	**97.1%**
65	7725.30	Legal Services Personnel	1,820	**40,000**		**40,000**	**4.6%**
66	7725.40	Legal Services General Counsel	62,514	**200,000**	50,000	**250,000**	**25.0%**
67	7725.50	Information Technology	43,525	**119,100**		**119,100**	**36.5%**
68	7725.60	Lobbying & Grant Services	12,498	**50,000**		**50,000**	**25.0%**
69	7725.70	Professional & Consulting Services	6,165	**150,000**		**150,000**	**4.1%**
70	7725.90	Temporary Personnel	818	**19,000**		**19,000**	**4.3%**
71	7750.05	Community & District Events	6,598	**120,000**		**120,000**	**5.5%**
72	7750.10	District Calendar	49,154	**52,500**		**52,500**	**93.6%**
73	7750.15	Newsletters	-	**16,000**		**16,000**	**0.0%**
74	7750.20	Media & Program Development	-	**10,000**		**10,000**	**0.0%**
75	7750.30	Organics, Compost & SB1383 Exp	15,343	**-**		**-**	**0.0%**
76	7800.00	Utilities	8,136	**46,200**		**46,200**	**17.6%**
77	7900.00	Depreciation & Amortization Expenses	85,875	**343,500**		**343,500**	**25.0%**
78		**TOTAL ADMINISTRATION**	**$ 1,121,604**	**$ 3,799,500**	**$ 66,500**	**$ 3,866,000**	**29.0%**

MIDWAY CITY SANITARY DISTRICT
BUDGET vs. ACTUAL
Q1 FY 2026-2027 Budget Adj #1

			FY 2026-27	FY 2026-27	PROPOSED	REVISED	PERCENT of
			ACTUAL	BUDGET	ADJUSTMENTS	BUDGET	BUDGET
FLEET MAINTENANCE							
79	7510.00	Salaries & Wages	116,164	**442,900**		**442,900**	**26.2%**
80	7520.00	Medicare	1,642	**7,200**		**7,200**	**22.8%**
81	7530.00	CalPERS Retirement	15,465	**56,700**		**56,700**	**27.3%**
82	7535.00	CalPERS CEPPT/GASB 68 Retirement	-	**110,000**		**110,000**	**0.0%**
83	7550.00	Group Insurance	28,005	**111,400**		**111,400**	**25.1%**
84	7560.00	Group Insurance Retirees	1,997	**10,000**		**10,000**	**20.0%**
85	7565.00	CalPERS OPEB Trust Reimbursement	-	**(10,000)**		**(10,000)**	**0.0%**
86	7570.00	Workers' Compensation Insurance	21,091	**19,100**	2,000	**21,100**	**100.0%**
87	7575.00	Uniforms & Laundry Services	1,027	**6,500**		**6,500**	**15.8%**
88	7580.00	Employee Reimbursements	521	**3,000**		**3,000**	**17.4%**
89	7620.00	Operating & Office Expenses	1,718	**9,000**		**9,000**	**19.1%**
90	7630.00	Services & Supplies	1,243	**15,000**		**15,000**	**8.3%**
91	7650.00	Education, Training, & Travel Expenses	348	**14,000**		**14,000**	**2.5%**
92	7660.00	Employee Awards Incentives & Recognition	-	**2,000**		**2,000**	**0.0%**
93	7665.00	Medical Exams & Testing	157	**1,000**		**1,000**	**15.7%**
94	7670.00	Property & Liability Insurance	124,888	**119,700**	6,000	**125,700**	**99.4%**
95	7680.00	Gasoline & Diesel Fuel	-	**2,000**		**2,000**	**0.0%**
96	7695.00	Tools & Equipment	4,927	**45,000**		**45,000**	**10.9%**
97	7700.00	Repairs & Maintenance	2,963	**39,000**		**39,000**	**7.6%**
98	7725.50	Information Technology	860	**26,200**		**26,200**	**3.3%**
99	7800.00	Utilities	951	**4,000**		**4,000**	**23.8%**
100	7900.00	Depreciation & Amortization Expenses	5,200	**20,800**		**20,800**	**25.0%**
101		**TOTAL FLEET MAINTENANCE DEPARTMENT**	**$ 329,167**	**$ 1,054,500**	**$ 8,000**	**$ 1,062,500**	**31.0%**

MIDWAY CITY SANITARY DISTRICT

BUDGET vs. ACTUAL

Q1 FY 2026-2027 Budget Adj #1

			FY 2026-27	FY 2026-27	PROPOSED	REVISED	PERCENT of
			ACTUAL	BUDGET	ADJUSTMENTS	BUDGET	BUDGET
SOLID WASTE							
102	7510.00	Salaries & Wages	337,991	**1,304,000**		**1,304,000**	**25.9%**
103	7520.00	Medicare	4,787	**19,900**		**19,900**	**24.1%**
104	7530.00	CalPERS Retirement	24,069	**128,800**		**128,800**	**18.7%**
105	7535.00	CalPERS CEPPT/GASB 68 Retirement	-	**50,000**		**50,000**	**0.0%**
106	7550.00	Group Insurance	95,373	**400,900**		**400,900**	**23.8%**
107	7560.00	Group Insurance Retirees	19,201	**95,000**		**95,000**	**20.2%**
108	7565.00	CalPERS OPEB Trust Reimbursement	-	**(95,000)**		**(95,000)**	**0.0%**
109	7570.00	Workers' Compensation Insurance	122,492	**108,500**	14,000	**122,500**	**100.0%**
110	7575.00	Uniforms & Laundry Services	2,600	**18,000**		**18,000**	**14.4%**
111	7580.00	Employee Reimbursements	346	**7,500**		**7,500**	**4.6%**
112	7620.00	Operating & Office Expenses	303	**6,000**		**6,000**	**5.0%**
113	7630.00	Services & Supplies	26,699	**50,000**		**50,000**	**53.4%**
114	7635.00	Printing & Publications	-	**16,000**		**16,000**	**0.0%**
115	7650.00	Education, Training, & Travel Expenses	1,479	**6,000**		**6,000**	**24.7%**
116	7660.00	Employee Awards Incentives & Recognition	-	**2,000**		**2,000**	**0.0%**
117	7665.00	Medical Exams & Testing	462	**5,000**		**5,000**	**9.2%**
118	7670.00	Property & Liability Insurance	225,035	**242,600**		**242,600**	**92.8%**
119	7675.00	Claims Expense	1,000	**10,000**		**10,000**	**10.0%**
120	7680.00	Gasoline & Diesel Fuel	490	**2,000**		**2,000**	**24.5%**
121	7685.00	Tonnage Disposal Fees for Refuse, Recycling & Organics	1,744,709	**3,332,800**		**3,332,800**	**52.3%**
122	7690.00	Containers/Carts for Refuse, Recycling & Organics	92,241	**300,000**		**300,000**	**30.7%**
123	7700.00	Repairs, Maintenance, Tires, & Restock Parts	128,250	**720,000**		**720,000**	**17.8%**
124	7725.20	Engineering & Consulting		**-**		**-**	**0.0%**
125	7725.50	Information Technology	-	**17,200**		**17,200**	**0.0%**
126	7725.70	Professional & Consulting Services	20,382	**58,000**		**58,000**	**35.1%**
127	7750.05	Community & District Events	-	**29,000**		**29,000**	**0.0%**
128	7750.15	Newsletters	-	**20,000**		**20,000**	**0.0%**
129	7750.20	Media & Program Development	7,215	**63,000**		**63,000**	**11.5%**
130	7750.25	Clean-up Events	18,617	**30,000**		**30,000**	**62.1%**
131	7750.30	Organics, Compost & SB 1383 Expenses	27,091	**215,000**		**215,000**	**12.6%**
132	7800.00	Utilities	54,802	**230,000**		**230,000**	**23.8%**
133	7900.00	Depreciation & Amortization Expenses	172,700	**690,800**		**690,800**	**25.0%**
134		**TOTAL SOLID WASTE**	**$ 3,128,333**	**$ 8,083,000**	**$ 14,000**	**$ 8,097,000**	**38.6%**

MIDWAY CITY SANITARY DISTRICT

BUDGET vs. ACTUAL

Q1 FY 2026-2027 Budget Adj #1

			FY 2026-27	FY 2026-27	PROPOSED	REVISED	PERCENT of
			ACTUAL	BUDGET	ADJUSTMENTS	BUDGET	BUDGET
SEWER DEPARTMENT							
135	7510.00	Salaries & Wages	156,586	**590,200**		**590,200**	**26.5%**
136	7520.00	Medicare	2,235	**9,400**		**9,400**	**23.8%**
137	7530.00	CalPERS Retirement	14,874	**97,700**		**97,700**	**15.2%**
138	7535.00	CalPERS CEPPT/GASB 68 Retirement	-	**145,000**		**145,000**	**0.0%**
139	7550.00	Group Insurance	28,658	**146,600**		**146,600**	**19.5%**
140	7560.00	Group Insurance Retirees	22,042	**73,000**		**73,000**	**30.2%**
141	7565.00	CalPERS OPEB Trust Reimbursement	-	**(73,000)**		**(73,000)**	**0.0%**
142	7570.00	Workers' Compensation Insurance	25,491	**24,400**	1,500	**25,900**	**98.4%**
143	7575.00	Uniforms & Laundry Services	807	**6,500**		**6,500**	**12.4%**
144	7580.00	Employee Reimbursements	430	**6,000**		**6,000**	**7.2%**
145	7620.00	Operating & Office Expenses	3,886	**9,500**		**9,500**	**40.9%**
146	7630.00	Services & Supplies	3,733	**10,000**		**10,000**	**37.3%**
147	7635.00	Printing & Publications	-	**16,000**		**16,000**	**0.0%**
148	7640.00	Permits Fees Testing & Taxes	401	**30,000**		**30,000**	**1.3%**
149	7645.00	Membership Dues & Subscriptions	500	**3,500**		**3,500**	**14.3%**
150	7650.00	Education, Training, & Travel Expenses	1,542	**30,000**		**30,000**	**5.1%**
151	7660.00	Employee Awards Incentives & Recognition	-	**2,000**		**2,000**	**0.0%**
152	7665.00	Medical Exams & Testing	-	**1,200**		**1,200**	**0.0%**
153	7670.00	Property & Liability Insurance	140,015	**144,000**		**144,000**	**97.2%**
154	7675.00	Claims Expense	-	**35,000**		**35,000**	**0.0%**
155	7680.00	Gasoline & Diesel Fuel	421	**4,000**		**4,000**	**10.5%**
156	7695.00	Tools & Equipment	13,232	**15,000**		**15,000**	**88.2%**
157	7700.00	Repairs & Maintenance	64,604	**350,000**		**350,000**	**18.5%**
158	7700.75	CCTV and Cleaning of District Sewer Lines	-	**-**		**-**	**0.0%**
159	7725.20	Engineering & Consulting	115,517	**540,000**		**540,000**	**21.4%**
160	7725.50	Information Technology	9,601	**43,800**		**43,800**	**21.9%**
161	7725.70	Professional & Consulting Services	2,760	**250,000**		**250,000**	**1.1%**
162	7725.80	SCADA System	450	**10,000**		**10,000**	**4.5%**
163	7725.90	Temporary Personnel	-	**-**		**-**	**0.0%**
164	7750.20	Media & Program Development	5,725	**45,000**		**45,000**	**12.7%**
165	7750.35	Fats Oils Grease (FOG) Program	500	**180,000**		**180,000**	**0.3%**
166	7750.45	Resident Lateral Assistance Program	-	**9,000**		**9,000**	**0.0%**
167	7800.00	Utilities	16,621	**70,000**		**70,000**	**23.7%**
168	7900.00	Depreciation & Amortization Expenses	125,850	**503,400**		**503,400**	**25.0%**
167		**TOTAL SEWER**	**$ 756,482**	**$ 3,327,200**	**$ 1,500**	**$ 3,328,700**	**22.7%**

MIDWAY CITY SANITARY DISTRICT
BUDGET vs. ACTUAL
Q1 FY 2026-2027 Budget Adj #1

			FY 2026-27 ACTUAL	FY 2026-27 BUDGET	PROPOSED ADJUSTMENTS	REVISED BUDGET	PERCENT of BUDGET
MIDWAY CITY SANITARY DISTRICT							
168		**REVENUES**	**$ 864,956**	**$ 19,496,900**	**$ -**	**$ 19,496,900**	**4.4%**
169		**EXPENSES**	**$ 5,404,979**	**$ 16,789,900**	**$ 90,150**	**$ 16,880,050**	**32.0%**
170		**REVENUES - EXPENSES =**	**$ (4,540,022)**	**$ 2,707,000**	**$ (90,150)**	**$ 2,616,850**	

			FY 2026-27 ACTUAL	FY 2026-27 BUDGET	PROPOSED ADJUSTMENTS	REVISED BUDGET	PERCENT of BUDGET
171		Sewer System Department	756,482	3,327,200	1,500	3,328,700	22.7%
172		Solid Waste Department	3,128,333	8,083,000	14,000	8,097,000	38.6%
173		Fleet Maintenance Department	329,167	1,054,500	8,000	1,062,500	31.0%
174		Administration Department	1,121,604	3,799,500	66,500	3,866,000	29.0%
175		Board of Directors	69,393	525,700	150	525,850	13.2%
176		**TOTAL SUMMARY BY DEPT**	**$ 5,404,979**	**$ 16,789,900**	**$ 90,150**	**$ 16,880,050**	**32.0%**

			FY 2026-27 ACTUAL	FY 2026-27 BUDGET	PROPOSED ADJUSTMENTS	REVISED BUDGET	PERCENT of BUDGET
CAPITAL OUTLAY & IMPROVEMENTS BUDGET							
177		***District Offices & Yard***					
178		Class C Vehicle Purchase - Director of Operations & Safety		**50,000**		**50,000**	**0.0%**
179		District Building Project Design & Construction (6402 Maple)		**300,000**		**300,000**	**0.0%**
180		Micro Grid Project, Phase 1 of 2		**180,000**		**180,000**	**0.0%**
181		Hanging Plan Holder Cabinets		**20,000**		**20,000**	**0.0%**
182		Technology, Cybersecurity, AV & Board Room		**133,700**		**133,700**	**0.0%**
183		Document Management System - Implementation & Training		**35,000**		**35,000**	**0.0%**
184		District Marquee Sign Board Project		**250,000**		**250,000**	**0.0%**
185							
186		***Fleet Maintenance***					
187							**0.0%**
188		***Solid Waste***					
189		Fire Suppression System for Solid Waste Trucks	80,918	**82,156**		**82,156**	**98.5%**
190							
191		***Sewer***					
192		SCADA System Upgrades		**500,000**		**500,000**	**0.0%**
193		Sewer Lift Station Pump Inventory		**56,000**		**56,000**	**0.0%**
194		Sewer Lift Station Emergency Auto Dialers		**40,000**		**40,000**	**0.0%**
195		Manhole Frame and Cover Replacement Project		**50,000**		**50,000**	**0.0%**
196		Lift Station Improvements, Phase 1 of 4		**100,000**		**100,000**	**0.0%**
197		Sewer Flow Meter, Camera, and Smart Covers	43,070	**100,000**		**100,000**	**43.1%**
198		EV Ford Lighting Pickup Trucks/Sewer Vehicles		**75,000**		**75,000**	**0.0%**
199		Gravity Main Upsizing Project, Phase 1 of 10		**1,250,000**		**1,250,000**	**0.0%**
200		Sewer Line and Manhole Repairs and Rehabilitation Projects	128,668	**1,500,000**		**1,500,000**	**8.6%**
201		Manhole Project at Westminster Blvd and Springdale St (Construction)		**1,081,600**		**1,081,600**	**0.0%**
202							
203		***Miscellaneous***					
204						-	**0.0%**
205		**TOTAL CAPITAL OUTLAY & IMPROVEMENTS**	**$ 252,656**	**$ 5,803,456**	**$ -**	**$ 5,803,456**	**4.4%**

AGENDA ITEM 7E

Date: November 17, 2026

To: Board of Directors

From: Robert Housley, General Manager

Prepared by: Milo Ebrahimi, P.E., District Engineer

Subject: Receive and File the Engineer Report for October 2026

BACKGROUND
The District Engineer prepares a monthly report for the Board of Directors to inform about engineering and engineering related activities. This report includes monthly progress of District projects, reviewed plans, sewer department projects and activities, trainings and meetings, preventive maintenances and repairs of the district assets, and more.

DISCUSSION
The District had several projects during the reporting period. For details on each project, please see Section 2 below, "Sewer Department and District Projects." Projects include:

- Project 2.1. Edward Street Sewer Main Extension and Upsizing Project
    - District staff and District's engineering consultant are working on the 2nd sewer improvement plans submittal and supporting technical documents submitted by the developer this month.
- Project 2.2. Sewer Condition Assessment Project
    - The final draft report will be provided to the District for review on the week of November 9, 2026.
- Project 2.3. Manholes at Westminster Boulevard and Springdale Street Siphon Project
    - The contractor started the project with potholing, taking groundwater samples, and boring for geotechnical investigation.
- Project 2.4. Updating Sewer Design and Construction Requirements for Sanitary Sewers Project
    - The District received the first submittal. It was reviewed, and the comments provided to the consultant.
- Project 2.5. FOG Program Management and Inspection Services with BMPs
    - The annual report, which provides a comprehensive overview of the condition of all Food Service Establishments within the District, was presented to the Board on October 20, 2026.
- Project 2.6. 6402 Maple Street Demolition Plan
    - The next step is for the District to retain a qualified contractor to perform asbestos abatement for the asbestos-containing materials identified during the asbestos inspection and documented in the report. Following abatement, the contractor will

be responsible for submitting the AQMD Notification of Demolition and Asbestos Removal Form, which is needed for demolition permit from the City.

- Project 2.7. Progressive Design Build (PDB) Feasibility and Project Management Consulting Services for the Sewer System Capacity Upsizing Projects
  - The Proposal due date was October 19, 2026, and the District Received two proposals. The District is currently evaluating the proposals received.
- Project 2.8. Brookhurst Lift Station Improvement Design Project
  - Proposals are due on December 18, 2026, at 11:00 a.m.
- Project 2.9. GM15 Gravity Sewer Main Capacity Improvement Design Project
  - The District will prepare the RFP for this project.

Please see the report below:

1. Plans Reviewed
   1.1. Sewer permits
      1.1.1. Sewer permits processed this month: 15 (Please note that each permit could be a combination of the following projects.)
         1.1.1.1. No. of Residential Projects: 1.
         1.1.1.2. No. of Residential Additions: 2.
         1.1.1.3. No. of Accessory Dwelling Units (ADUs): 12.
         1.1.1.4. No. of Junior Accessory Dwelling Units (JADUs): 2.
         1.1.1.5. No. of Non-Residential Projects: 0.
         1.1.1.6. No. of Non-Residential Projects include Food Service Establishments: 1.
         1.1.1.7. Manhole Projects: 0.
      1.1.2. Sewer permits processed this fiscal year so far: 81.
   1.2. Development projects (trash enclosures and/or sewer lines):
      1.2.1. This month: 13.
      1.2.2. This fiscal year so far: 40.

2. Sewer department and District projects
   2.1. Edward Street Sewer Main Extension and Upsizing Project
      2.1.1. The proposed improvements include the extension of the public sewer main along Edward Street and the upsizing of a portion of the existing sewer main to accommodate projected wastewater flows associated with the Bolsa Pacific at Westminster redevelopment project.
      2.1.2. District staff and the District's engineering consultant completed the initial review of the sewer improvement plans and supporting technical documents submitted by the developer.
      2.1.3. District staff, the District's engineering consultant, and the developer's engineering team continue to coordinate regarding sewer capacity analysis, plan review

comments, and proposed public sewer infrastructure improvements associated with the project.

2.1.4. Comments on the sewer study and utility improvement plans was provided to the developer's engineering team for review and response. Additional coordination and plan revisions are anticipated as the project advances through the design review process.

2.1.5. District staff are evaluating the developer's request regarding the acceptance of certain proposed in-tract sewer facilities as public sewer infrastructure, subject to compliance with all applicable District standards, specifications, easement requirements, and operational criteria.

2.1.6. District staff and District's engineering consultant are working on the 2nd sewer improvement plans submittal and supporting technical documents submitted by the developer this month.

2.2. Sewer Condition Assessment Project by AKM Consulting Engineers

2.2.1. This project consists of reviewing and evaluating existing 2024 CCTV inspection data and NASSCO ratings for approximately 851,187 feet of sewer gravity mains. The consultant will use District-provided ratings and SewerAI videos to assess structural and maintenance conditions and support the District's planning and asset management efforts.

2.2.2. The Board approved awarding the contract to the consultant, AKM Consulting Engineers, on February 17, 2026, board meeting.

2.2.3. The District meets AKM biweekly to go over the progress.

2.2.4. The final draft report will be provided to the District for review on the week of November 9, 2026.

2.2.5. The project will be completed in 1 month.

2.3. Manholes at Westminster Boulevard and Springdale Street Siphon Project by Big Ben Engineering

2.3.1. There is a blocked and possibly damaged siphon at the intersection of Westminster Blvd and Springdale St.

2.3.2. AKM prepared the construction repair plans and specifications for construction of two manholes to restore the sewer flow.

2.3.3. The Request For Bid (RFB) is approved by the Board for advertisement on August 19, 2025.

2.3.4. The Public Bid Opening was on September 29, 2025, at 11:00 A.M. The District has received 3 bids from contractors.

2.3.5. The Board rejected all received bids due to the irregularity in the bid package and the Board approved rebidding of the Project on November 4, 2025.

2.3.6. The Project is published on the District's website again and the mandatory job walk was on December 11, 2025, at 10:00 A.M.
2.3.7. The Public Bid Opening was on January 20, 2026, at 11:00 A.M. The District has received 4 bids from contractors.
2.3.8. The Board awarded the project to the lowest responsible bidder, Big Ben Engineering, on February 3, 2026, Board meeting.
2.3.9. The contractor received encroachment permit from Caltrans and the City.
2.3.10. The contractor started the project with potholing, taking groundwater samples, and boring for geotechnical investigation.
2.3.11. The project will be completed in 2 months.

2.4. Updating Sewer Design and Construction Requirements for Sanitary Sewers Project by Psomas

2.4.1. Sewer Design and Construction Requirements are the standards and guidelines that govern how sewer systems must be designed and built to ensure safe, reliable, and efficient wastewater collection and transport.
2.4.2. District's Sewer Standards covers system layout, pipe sizing, materials, construction methods, alignment with environmental regulations, and provisions for future growth. These requirements help protect public health, minimize environmental impacts, and ensure that sewer infrastructure remains durable and cost-effective over its service life. Current District's Sewer Standards was approved by the Board on November 2, 2010.
2.4.3. This project will be a joint effort between the District and the Costa Mesa Sanitary District (CMSD) to update the standards of both districts.
2.4.4. The District and CMSD worked together on the Request for Proposal (RFP), the Scope of Work, and the Memorandum of Understanding (MOU) for this project.
2.4.5. The MOU Between the Costa Mesa Sanitary District and the Midway City Sanitary District For Sharing Costs to Develop Agency Standard Specifications and Drawings was presented to the Board for approval on November 18, 2025.
2.4.6. The RFP is published by CMSD's website and the deadline for receipt of proposals was on January 23, 2026, at 2:00 P.M.
2.4.7. The District and CMSD reviewed the only proposal received and tried to negotiate the total cost with the consultant. Then, the received proposal is rejected.
2.4.8. The District and CMSD revised the Scope of Work and issued the updated RFP. Proposals are due by May 13, 2026, at 1:00 PM.
2.4.9. A total of three proposals were received. The proposals were jointly evaluated by CMSD and MCSD, and Psomas received the highest overall score among the three respondents. The project was subsequently awarded to Psomas.
2.4.10. The District received the first submittal. It was reviewed, and the comments provided to the consultant.
2.4.11. The project will be completed in 2 months.

2.5. FOG Program Management and Inspection Services with BMPs

2.5.1. The District has launched a FOG Program Management and Inspection Services project to strengthen compliance with its FOG Control Program under Ordinance No. 63. The District hired a qualified contractor to conduct inspections, outreach, tracking, and reporting for about 470 Food Service Establishments, ensuring proper grease control practices, educating owners on BMPs, and reducing FOG discharges to protect the sanitary sewer system.

2.5.2. The first round of inspections, including BMP implementation and compliance review, was completed in January 2026.

2.5.3. The second round of inspections, including BMP implementation and compliance review, was completed in July 2026.

2.5.4. The annual report, which provides a comprehensive overview of the condition of all Food Service Establishments within the District, was presented to the Board on October 20, 2026.

2.6. 6402 Maple Street Demolition Plan

2.6.1. The District recently purchased the property located at 6402 Maple Avenue in Westminster for future District needs. The property currently contains three commercial buildings and other site improvements - all are in poor condition - that are no longer needed.

2.6.2. The District's consultant, Robin B. Hamers & Associates, has prepared the demolition plans for review and approval by the City of Westminster. The demolition project will include the removal of the existing buildings, concrete improvements, walls, gates, and other site features, as well as the disconnection and capping of existing utility services.

2.6.3. The District is working with the consultant to provide the documents requested for the demolition plans, including the completed asbestos inspection report and the AQMD Notification of Demolition or Asbestos Removal Form.

2.6.4. The next step is for the District to retain a qualified contractor to perform asbestos abatement for the asbestos-containing materials identified during the asbestos inspection and documented in the report. Following abatement, the contractor will be responsible for submitting the AQMD Notification of Demolition and Asbestos Removal Form, which is needed for demolition permit from the City.

2.6.5. Following City approval of the demolition plans, the project will be advertised for competitive bidding, and a construction contract will be presented to the Board for award.

2.7. Progressive Design Build (PDB) Feasibility and Project Management Consulting Services for the Sewer System Capacity Upsizing Projects

2.7.1. The District is seeking a qualified consultant through a Request For Proposal (RFP) to evaluate the feasibility of using PDB for its sewer system capacity upsizing projects. If feasible, the consultant will assist with project management support activities, project scheduling and implementation, Request For Qualification (RFQ) preparation, design-builder selection, negotiations, contract management, and owner's representation during design and construction.

2.7.2. The Proposal due date was October 19, 2026, and the District Received two proposals. The District is currently evaluating the proposals received.

2.8. Brookhurst Lift Station Improvement Design Project

2.8.1. The District finalized a Request for Proposals (RFP) to retain a qualified consultant to evaluate existing conditions, conduct a comprehensive engineering study, and develop the most feasible and cost-effective solution to address existing deficiencies at the Brookhurst lift station. The selected consultant will evaluate current facility conditions, confirm and refine the recommendations identified in the 2025 Sewer System Master Plan (SSMP) for Brookhurst Lift Station, and prepare complete, construction-ready plans, specifications, and cost estimates for the recommended improvements.

2.8.2. The proposed design will address all applicable SSMP recommendations, improve system reliability and operational efficiency, and include any additional upgrades determined to be necessary based on the consultant's evaluation of existing conditions, regulatory requirements, operational needs, and long-term system performance objectives.

2.8.3. Proposals are due on December 18, 2026, at 11:00 a.m.

2.9. GM15 Gravity Sewer Main Capacity Improvement Design Project

2.9.1. The District is working on a Request for Proposals (RFP) to retain a qualified consultant to evaluate existing conditions, conduct a detailed engineering analysis, and develop the most feasible solution to address identified capacity deficiencies within the sewer system. The selected consultant will confirm the recommended improvements identified in the 2025 Sewer System Master Plan (SSMP) for GM15 and prepare complete, construction-ready design documents for the necessary gravity sewer main upgrades or sewer pipe replacement along Goldenwest Street.

2.9.2. The project includes approximately 496 linear feet of capacity-deficient sewer main identified in Section 9-4, Gravity Main Capacity Improvement Projects, of the 2025 SSMP as Project GM15 and also other sewer main that needs replacement due to structural defects along Goldenwest Street. The deficiency was identified along Goldenwest Street between Fenway Drive and Humboldt Avenue. The proposed improvements are intended to eliminate existing hydraulic constraints, increase conveyance capacity, enhance system reliability, and accommodate projected

wastewater flows within the service area. In addition, the consultant will evaluate whether improvements should be extended beyond the currently identified segment to address adjacent system limitations and provide a comprehensive long-term solution for this portion of the District's collection system.

3. Sewer Department Activities
   3.1. There was 4 callouts this month.
      3.1.1. Two call outs for Brookhurst lift station's pump that failed to start.
      3.1.2. One call out for Hammon lift station's check valve that failed to close.
      3.1.3. One call out for sanitary sewer overflow (SSO) on Lafayette Street due to sewer line blockage.
   3.2. There was no new sewer emergency case project this month.
   3.3. There was 1 public sanitary sewer overflow (SSO) this month on Lafayette Street.
   3.4. 107 hotspot locations were checked this month.
   3.5. 12 sewer inspections were performed this month.
   3.6. 73 hotspot and siphon locations were cleaned this month.
   3.7. About 51,000 linear feet (9.7 miles) of sewer line were cleaned on the east and/or west side this month.

4. Trainings and Meetings (not project related)
   4.1. Sewer Crew and District Engineer attended the Confined Space yearly training in person at the District.
   4.2. Sewer Crew and Engineering Technician attended the Traffic Control yearly training at in person the District.
   4.3. District Engineer and Director of Services and Program Development attended the Supervision Academy trainings by MWDOC.
   4.4. The District Engineer, Engineering Technician, and other FOG program staff attended a meeting with OC San for an introduction to its FOG program.
   4.5. The District Engineer, Engineering Technician, and other executive staff attended the PlanetBids training for using its portal.
   4.6. Engineering Technician and Sewer Lead attended preconstruction meeting for a city pavement improvement project.
   4.7. The District Engineer and other executive staff attended the Franchise Committee meeting.

5. Preventive Maintenances (PM) and Repairs
   5.1. Clean Energy performed the monthly PM services on the CNG station at the yard.
   5.2. Pumpman performed the quarterly PM services on all four lift stations' pumps.
   5.3. Odyssey Power performed the biannual PM services on all four generators in the District's yard and two lift stations.

6. Regulation and Reporting

6.1. California Water Resources Control Board (CWRCB)
    6.1.1. The SSO report is submitted to the CWRCB through the California Integrated Water Quality System (CIWQS).

FISCAL IMPACT
Informational report only.

STAFF RECOMMENDATION
Staff recommend that the Board of Directors receive and file the Engineer Report for October 2026.

AGENDA ITEM 7F

Date: November 17, 2026

To: Board of Directors

From: Robert Housley, General Manager

Prepared by: Nicolas Castro, Director of Operations/Safety

Subject: Consider the Purchase of One (1) Chevrolet Silverado EV from National Auto Fleet Group in the Amount of $59,379.78

BACKGROUND
The California Air Resources Board's "Advanced Clean Fleets" regulations, effective October 1, 2023, require government agencies to phase out aging fossil fuel-powered vehicles and transition to Zero Emission Vehicles (ZEVs), such as electric or hydrogen-powered alternatives.

The District has identified several vehicles within its fleet that meet the criteria for replacement under these regulations. As part of the District's ongoing vehicle replacement program and in alignment with the Board of Directors' priority to explore opportunities to enhance environmental sustainability, including the adoption of zero-emission vehicles and progress toward a carbon-neutral operation, the FY 2026-27 Operating and Capital Outlay Budget includes funding for the purchase of one new electric pickup truck to replace an aging District vehicle.

DISCUSSION
To comply with regulatory requirements and support the District's sustainability initiatives, staff recommends the acquisition of one new Chevrolet Silverado EV. This vehicle will replace an aging fleet asset while supporting the District's transition toward a cleaner, more efficient fleet.

The Chevrolet Silverado EV provides the performance, comfort, and capabilities necessary to support the transportation needs of the General Manager and Administration personnel, including District business, meetings, site visits, and other administrative responsibilities. In addition to reducing vehicle emissions, the transition to an electric vehicle is expected to reduce long-term fuel and maintenance costs while maintaining the reliability needed to support District operations.

Staff also revisited Sourcewell, a cooperative purchasing organization that enables government agencies, schools, and other eligible entities to collectively purchase goods and services through pre-negotiated contracts with vendors. This provides access to competitive pricing and a streamlined procurement process by leveraging the collective buying power of its members. The cooperative purchasing contract through Sourcewell satisfies the District's competitive bid requirements, and the District has successfully used this purchasing method in the past to acquire District vehicles.

Staff obtained a quotation from National Auto Fleet Group through the Sourcewell cooperative purchasing program in the amount of $59,379.78, which includes applicable taxes, fees, and manufacturer warranties.

Therefore, staff is requesting that the Board authorize the General Manager to purchase the vehicle using the cooperative purchasing contract through Sourcewell with National Auto Fleet Group.

FISCAL IMPACT
The fiscal impact for the purchase of one (1) new Chevrolet Silverado EV is $59,379.78.

This expenditure is supported by the Vehicle Replacement Fund and is in alignment with the FY 2026-27 Capital Outlay Budget, which allocates $75,000 for the purchase of this vehicle. The proposed purchase is $15,620.22 below the approved budget.

The investment is well justified given the anticipated long-term savings associated with electric vehicles, including reduced fuel and maintenance costs, while supporting the District's environmental sustainability goals.

STAFF RECOMMENDATION
Staff recommends that the Board of Directors approve the purchase of one (1) new Chevrolet Silverado EV from National Auto Fleet Group through the Sourcewell cooperative purchasing program in the amount of $59,379.78 and authorize the General Manager to negotiate and execute all necessary documents related to the purchase.

ATTACHMENTS
1. National Auto Fleet Group (Sourcewell)

National Auto Fleet Group

A Division of Chevrolet of Watsonville
490 Auto Center Drive, Watsonville, CA 95076
(855) 289-6572 • (831) 480-8497 Fax
Fleet@NationalAutoFleetGroup.com

11/11/2026

Government Quote ID: **45204**

Order Cut Off Date: **TBA**

Nicolas Castro
Midway City Sanitary District
Management

14451 Cedarwood Avenue

Westminster, California, 92683

Dear Nicolas Castro,

National Auto Fleet Group is pleased to quote the following vehicle(s) for your consideration.
One (1) New/Unused (2027 Chevrolet Silverado EV (CT35843) e4WD Crew Cab Std Range Work Truck *Ltd Avail*,) and delivered to your specified location, each for

	One Unit (MSRP)	One Unit	Total % Savings	Total Savings
Contract Price	$56,095.00	$54,344.19	3.121 %	$1,750.81
Tax (9.2500 %)		$5,026.84		
Tire fee		$8.75		
Total		$59,379.78		

- per the attached specifications.

This vehicle(s) is available under the **Sourcewell Contract 081325-NAF** . Please reference this Contract number on all purchase orders to National Auto Fleet Group. Payment terms are Net 30 days after receipt of vehicle.

Thank you in advance for your consideration. Should you have any questions, please do not hesitate to call.

Sincerely,

Jesse Cooper
Account Manager
Email: Fleet@NationalAutoFleetGroup.com
Office: (855) 289-6572
Fax: (831) 480-8497

Sourcewell
Awarded Contract
Contract # 081325-NAF

CHEVROLET Ford NISSAN TOYOTA GMC

Purchase Order Instructions & Resources

Once units are scheduled by OEM, no cancellations are accepted

In order to finalize your purchase please submit this purchase packet to your governing body for a purchase order approval and submit your purchase order in the following way:

Email: Fleet@NationalAutoFleetGroup.com

Fax: (831) 480-8497

Mail: National Auto Fleet Group

490 Auto Center Drive

Watsonville, CA 95076

We will send a courtesy confirmation for your order and a W-9 if needed.

Additional Resources

Learn how to track your vehicle: www.NAFGETA.com

Use the upfitter of your choice: www.NAFGpartner.com

Vehicle Status: ETA@NationalAutoFleetGroup.com

General Inquiries: Fleet@NationalAutoFleetGroup.com

For general questions or assistance please contact our main office at:

1-855-289-6572

Vehicle Configuration Options

EMISSIONS	
Code	**Description**
FE9	Emissions, Federal requirements
ENGINE	
Code	**Description**
EN0	Engine, none, (STD)
TRANSMISSION	
Code	**Description**
MF1	Transmission, none, (STD)
PREFERRED EQUIPMENT GROUP	
Code	**Description**
4WT	Work Truck Preferred Equipment Group, includes standard equipment
WHEELS	
Code	**Description**
RT3	Wheels, 18" X 8.0" (45.7 cm x 20.3 cm), steel, (STD)
TIRES	
Code	**Description**
QWJ	Tires, LT265/70R18, all-season blackwall, (STD)
PAINT	
Code	**Description**
GAZ	Summit White
SEAT TYPE	
Code	**Description**
AR9	Seats, front bucket, (STD)
SEAT TRIM	
Code	**Description**
H9F	Black, Evotex seat trim
CHARGING CORD	
Code	**Description**

PSC	Dual Level Charge Cord, dual-mode, portable, 120-volt (1.4 kW) and 240-volt (7.7 kW) capability, swappable NEMA 5-15 and NEMA 14-50 plugs with SAE J3400 (NACS) vehicle connection
BATTERY	
Code	**Description**
EWX	Battery Pack, Standard Range, (STD)
GVWR	
Code	**Description**
C4M	GVWR, 9900 lbs. (4491 kg)
PROPULSION	
Code	**Description**
XRJ	Dual Motor 4WD, (STD)

2027 Fleet/Non-Retail Chevrolet Silverado EV e4WD Crew Cab Std Range Work Truck *Ltd Avail*

WINDOW STICKER

2027 Chevrolet Silverado EV e4WD Crew Cab Std Range Work Truck *Ltd Avail*

CODE	MODEL	MSRP
CT35843	2027 Chevrolet Silverado EV e4WD Crew Cab Std Range Work Truck *Ltd Avail*	$53,500.00
	OPTIONS	
FE9	Emissions, Federal requirements	$0.00
EN0	Engine, none, (STD)	$0.00
MF1	Transmission, none, (STD)	$0.00
4WT	Work Truck Preferred Equipment Group, includes standard equipment	$0.00
RT3	Wheels, 18" X 8.0" (45.7 cm x 20.3 cm), steel, (STD)	$0.00
QWJ	Tires, LT265/70R18, all-season blackwall, (STD)	$0.00
GAZ	Summit White	$0.00
AR9	Seats, front bucket, (STD)	$0.00
H9F	Black, Evotex seat trim	$0.00
PSC	Dual Level Charge Cord, dual-mode, portable, 120-volt (1.4 kW) and 240-volt (7.7 kW) capability, swappable NEMA 5-15 and NEMA 14-50 plugs with SAE J3400 (NACS) vehicle connection	$0.00
EWX	Battery Pack, Standard Range, (STD)	$0.00
C4M	GVWR, 9900 lbs. (4491 kg)	$0.00
XRJ	Dual Motor 4WD, (STD)	$0.00

Please note selected options override standard equipment

	SUBTOTAL	**$53,500.00**
	Advert/ Adjustments	$0.00
	Manufacturer Destination Charge	$2,595.00
	TOTAL PRICE	**$56,095.00**

Est City: N/A MPG
Est Highway: N/A MPG
Est Highway Cruising Range: N/A mi

Any performance-related calculations are offered solely as guidelines. Actual unit performance will depend on your operating conditions.

Notes Quote ID: 45204

Standard Equipment

MECHANICAL

Engine, none (STD)
Battery Pack, Standard Range (Up to 510 hp and 490 lb-ft of torque in Tow/Haul Mode.) (STD)
Transmission, none (STD)
Dual Motor 4WD Performance Torque Vectoring Dual Motor 4WD (Electronic), 2 motors (1 front & 1 rear electric drive unit) (STD)
Dual Level Charge Cord, dual-mode portable, 120-volt (1.4 kW) and 240-volt (7.7 kW) capability, swappable NEMA 5-15 and NEMA 14-50 plugs with SAE J3400 (NACS) vehicle connection
GVWR, 9900 lbs. (4491 kg)

EXTERIOR

Wheels, 18" X 8.0" (45.7 cm x 20.3 cm), steel (STD)
Tires, LT265/70R18, all-season blackwall (STD)

INTERIOR

Seats, front bucket (STD)

ADDITIONAL EQUIPMENT

Assisted Driving Package includes (UGN) Enhanced Automatic Emergency Braking, (UVZ) Reverse Automatic Braking, (UFB) Rear Cross Traffic Braking, (CTB) Intersection Automatic Emergency Braking, (UKK) Rear Pedestrian Alert, (HS1) Safety Alert Seat, (UOW) Side Bicyclist Alert, (UVX) Traffic Sign Recognition, (UV2) HD Surround Vision and (KSG) Adaptive Cruise Control (Also includes (UD5) Front and Rear Parking Assist, (UKI) Blind Zone Steering Assist and (UKM) Lane Keep Assist with Lane Departure Warning.)
Pickup bed, 5 ft 11 inches
Electronic Precision Shift electronic transmission range selector with Low selection for throttle off regenerative braking and one-pedal driving capability
Emission system zero emission vehicle (ZEV)
Chassis, Dual Motor 4WD
Front Drive Unit 1-motor, Integrated Inverter, Park System
Rear Drive Unit 1-motor, Integrated Inverter
DC fast charging (14MOD is 475V, up to 220kW)
Charging module, 11.5 kW high-voltage
Vehicle-to-home all V2H-capable GM EV's can provide power to your properly equipped home in a blackout to all equipment groups (The GM Energy PowerShift Charger and GM Energy V2H Enablement Kit requires an adequately charged and properly equipped GM EV having bidirectional charging capabilities, a properly equipped home, and proper grid interconnection. Weather conditions, life of the battery, vehicle variation and usage, and other external factors may impact the duration of

power supply. Power supply may be interrupted. It is not recommended that the following devices be powered with the GM Energy PowerShift Charger and V2H Enablement Kit: Medical Devices.)
Suspension, 4-wheel independent suspension with premium ride and handling
Brakes, front and rear sliding caliper disc with DURALIFE rotors, with Variable Regen on Demand capability
Brake rotor, FNC
Trailer brake controller, integrated
Tow/Haul Mode
Jack, mechanical, with tools located in the eTrunk
Wheel, spare, 18" X 8.0" (45.7 cm x 20.3 cm), steel
Tire, spare LT225/65R18, all-season blackwall
Power outlet, bed mounted, 120-volt and 400 watt inverter (Removed when (SW3) Plus Package or (SW4) Premium Package is ordered.)
Shutters, front upper and lower grille, active
IntelliBeam, automatic high beam on/off
Headlamps, LED with LED Daytime Running Lamps
Tail lamps, LED
LED Cargo Area Lighting located in cargo bed activated with switch on instrument panel
Mirrors, outside heated power-adjustable
Mirror caps, painted Black
Window, front side, solar absorbing
Window, rear side, solar absorbing, privacy tinting
Glass, deep-tinted, rear door and rear cab
Tailgate, standard
Tailgate, gate function manual with EZ Lift
Tailgate, locking
Door handles, body-color
SiriusXM with 360L Trial Subscription. SiriusXM with 360L transforms your customers' ride with our most extensive and personalized radio experience on the road. (IMPORTANT: The SiriusXM trial subscription is not provided on vehicles that are ordered for Fleet Daily Rental ("FDR") use. Trial subscription is subject to the SiriusXM Customer Agreement and privacy policy, visit siriusxm.com which includes full terms and how to cancel. All fees, content, features, and availability are subject to change.)
Audio System, 17.7" diagonal advanced color LCD display with Google built-in compatibility (select service plan required, terms and limitations apply), including navigation capability, connected apps, personalized profiles for each driver's settings, Natural Voice Recognition
Audio system feature, 6-speaker system
Wi-Fi Hotspot capable (Terms and limitations apply. See onstar.com or dealer for details.)
5G vehicle connectivity
Evotex seat trim
Seat adjuster, driver 6-way manual
Seat adjuster, front passenger 4-way manual
Seats, heated front driver and passenger cushion and back with dual mode switches

Seat, rear 60/40 folding bench
Center console, floor-mounted 4 cup holders, USB port, Auxiliary and 120V Power Outlets
Floor Covering, all-weather vinyl flooring
Steering Wheel, urethane
Steering column, manual tilt and telescoping
Steering wheel audio controls
Driver Information Center 11" diagonal display with fully digital color
Windows, remote Express-Down, front and rear door windows
Door locks, power
Remote vehicle starter system pre-conditioning
Keyless Open and Start includes remote keyless entry
Adaptive Cruise Control (Included with (AS2) Assisted Driving Package.)
Theft-deterrent system, unauthorized entry
Alarm, remote panic
USB Ports, 2, Type-C Charge/Data ports located on floor console
USB Ports, rear, dual, Type-C charge-only
Power outlet, front console, 12-volt
Power outlet, 120-volt, on back of floor console
Power outlet, 120-volt, located in the eTrunk
Air conditioning, dual-zone automatic climate control
Air vents, rear, heating/cooling
Air filter, pollutant
Defogger, rear-window electric
Sensor, cabin humidity and windshield temperature
Map pocket, front passenger seatback
Mirror, inside rearview manual tilt, day/night
eTrunk, lockable weather-proof and lit compartment with 120 volt outlet, cargo tie-downs and drain holes
Enhanced Automatic Emergency Braking (Included with (AS2) Assisted Driving Package.)
Reverse Automatic Braking (Included with (AS2) Assisted Driving Package.)
Rear Cross Traffic Braking (Included with (AS2) Assisted Driving Package.)
Front Pedestrian and Bicyclist Braking
Intersection Automatic Emergency Braking intersection alert, braking (Included with (AS2) Assisted Driving Package.)
StabiliTrak, Stability Control System with Proactive Roll Avoidance and traction control includes electronic trailer sway control and hill start assist
Airbags, Frontal airbags for driver and front passenger; Seat-mounted side-impact airbags for driver and front outboard passenger; Head-curtain airbags for front and rear outboard seating positions; Includes front outboard Passenger Sensing System for frontal passenger airbag (Always use seat belts and child restraints. Children are safer when properly secured in a rear seat in the appropriate child restraint. See the Owner's Manual for more information.)

OnStar Services capable (See onstar.com for details and limitations. Services vary by model. Service plan required.)
Interior Camera enables Cabin Glance and Security Recording
Side Bicyclist Alert (Included with (AS2) Assisted Driving Package.)
LED Reflective Windshield Collision Alert
Traffic Sign Recognition (Included with (AS2) Assisted Driving Package.)
HD Surround Vision with Trailer View Camera Provision (Included with (AS2) Assisted Driving Package.)
Blind Zone Steering Assist (Included with (AS2) Assisted Driving Package.)
Lane Keep Assist with Lane Departure Warning, enhanced (Included with (AS2) Assisted Driving Package.)
Front and Rear Parking Assist
Hitch Guidance
Following Distance Indicator
Forward Collision alert
Rear Pedestrian Alert (Included with (AS2) Assisted Driving Package.)
Rear Seat Reminder
Seat Belt adjustable Guide Loops, front row
Seat Belt, front passenger presence detector
Seat belt, rear passenger presence detector
Buckle to Drive prevents vehicle from being shifted out of Park until driver seat belt is fastened; times out after 20 seconds and encourages seat belt use, can be turned on and off in Settings or Teen Driver menu
LATCH system (Lower Anchors and Tethers for CHildren) for child restraints seats
Safety Alert Seat (Included with (AS2) Assisted Driving Package.)
Door locks, rear child security lock manual child lock system (rear door latch)
Teen Driver configurable feature that lets you activate customizable vehicle settings associated with a key fob, to help encourage safe driving behavior. It can limit certain available vehicle features, and it prevents certain safety systems from being turned off. An in-vehicle report card gives you information on driving habits and helps you to continue to coach your new driver
Tire Pressure Monitoring System auto learn, includes Tire Fill Alert
OnStar Basics (OnStar Fleet Basics for Fleet) Drive with confidence and convenience using core OnStar services, featuring built-in voice assistance, realtime navigation, and access to audio streaming apps. With your vehicle mobile app, you can seamlessly manage your vehicle by sending commands and enjoy peace of mind knowing Automatic Crash Response can connect you to help if you're in need. (Requires (UE1) OnStar. OnStar Basics is standard for 8 years; working electrical system, cell reception and GPS signal required. OnStar links to emergency services. Service coverage varies with conditions and location. Service availability, features and functionality vary by model year, vehicle, device and software version. Includes available audio apps only. Third-party services may require separate subscription. Subject to user terms. See onstar.com for details and limitations. Removed with a ship-to of Guam, Puerto Rico or the Virgin Islands.)
Trailering Information Label

AGENDA ITEM 7G

Date: November 17, 2026

To: Board of Directors

From: Robert Housley, General Manager

Prepared by: Robert Housley, General Manager

Subject: Approve an Amendment to Legal Agreement with Rutan and Tucker, LLP Providing for an Increased Hourly Billing Rate for Legal Counsel Services Effective January 1, 2027

BACKGROUND
Since 1992, the Midway City Sanitary District (District) has contracted with the legal firm of Rutan & Tucker, LLP, for personnel and MOU legal and negotiation services. Legal Counsel, Joseph Larsen, is currently the attorney representing the District on these types of matters.

DISCUSSION
Rutan and Tucker has submitted a request to increase their hourly rate, effective January 1, 2027. Their last rate adjustment was effective January 1, 2025.

Below is the rate history of Rutan & Tucker, LLP:

Year	Hourly Rate	% change	
1992 thru 2000	$ 165	0.00%	
2001	$ 190	15.15%	
2003	$ 200	5.26%	
2006	$ 220	10.00%	
2007	$ 230	4.55%	
2020	$ 245	6.52%	
2022	$ 257	4.90%	
2024	$ 290	12.84%	
2026	$ 325	12.07%	the current hourly rate
2027	$ 365	12.31%	proposed increase

FISCAL IMPACT
If approved, the increase to the hourly rates may result in $4,000 - $5,000 per year in additional legal fees to the District. Legal fees will be higher in years that there are mou negotiations than in non-mou negotiation years.

STAFF RECOMMENDATION
Staff recommends that the Board of Directors approve an amendment to legal agreement with Rutan and Tucker, LLP providing for an increase in billing rate for legal counsel services effective January 1, 2027.

ATTACHMENTS
1. Rutan & Tucker, LLP letter dated 11/06/2026 and amendment to the agreement

RUTAN
RUTAN & TUCKER, LLP

Joseph D. Larsen
Direct Dial: (714) 641-3418
E-mail: jlarsen@rutan.com

November 6, 2026



Robert Housley, General Manager
Midway City Sanitary District
14451 Cedarwood Street
Westminster, CA 92683

Dear Robert:

We as a firm have been extremely honored since 1992 to provide legal services to the Midway City Sanitary District. We hope the District continues to view our relationship as beneficial, and we look forward to its continued success for many years to come.

Over the last year, our firm has experienced significant increases in operating costs. As a result, we are respectfully requesting consideration of a rate adjustment to $365.00 per hour, effective January 1, 2027.

Even with this proposed adjustment, the rate remains considerably below my standard billing rate, reflecting our ongoing commitment to providing high-quality legal services at a favorable value to the District.

I've enclosed an amendment to our agreement reflecting this proposed change and would appreciate your presenting it to the Board of Trustees for consideration. Of course, if there are any questions or concerns, please don't hesitate to contact me.

We sincerely appreciate the opportunity to continue serving the Midway City Sanitary District.

Sincerely,

RUTAN & TUCKER, LLP

Joseph D. Larsen

JDL:kfw
Enclosure

AMENDMENT TO AGREEMENT

WHEREAS, the MIDWAY CITY SANITARY DISTRICT (District), and the law firm of RUTAN & TUCKER, LLP (Attorney) entered into an Agreement for legal services to be provided by Attorney to District in 1992 (Agreement); and

WHEREAS, it is the desire of the parties to update that Agreement as previously amended on February 1, 2003, April 1, 2006, July 1, 2007, January 1, 2020, January 1, 2022, January 1, 2024, and January 1, 2026, to become effective on January 1, 2027.

NOW, THEREFORE, it is hereby agreed by and between the parties as follows:

1. Paragraph 2 of the Agreement shall be amended to provide as follows:

The services to be performed by Attorney shall be provided to District at the rate of Three Hundred Sixty-Five Dollars ($365.00) per hour. It is further expressly understood that any legal work for the purpose of bonding, tax anticipation notes or other items generally confined to a practice of municipal finance will not be covered by this Agreement, and will be specially contracted for between Attorney and District. District shall also pay and reimburse Attorney for any direct costs and expenses incurred in the course of rendering said services. Attorney shall submit monthly statements for services rendered pursuant hereto during the preceding month, and District shall pay the same upon presentation.

2. Except as expressly provided herein, said Agreement shall remain unchanged and in full force and effect.

MIDWAY CITY SANITARY DISTRICT

Dated: _____, 20___

By: _____

Title: _____

RUTAN & TUCKER, LLP

Dated: November 6, 2026

By: _____
Joseph D. Larsen

2284/014843-0001
27232494.2 a11/06/26

AGENDA ITEM 9A

Date: November 17, 2026

To: Board of Directors

From: Robert Housley, General Manager

Prepared by: Gordon Copley, Director of Finance

Subject: Consider and Approve the Fiscal Year 2025-26 Independent Financial Audit Report for Midway City Sanitary District (July 1, 2025, through June 30, 2026)

BACKGROUND
Pursuant to Government Code Section 26909, local government agencies are required to obtain an independent audit of their annual financial statements. The purpose of this audit is for an independent certified public accounting firm to express an opinion as to whether the financial statements are free of material misstatement and are presented in conformity with Generally Accepted Accounting Principles (GAAP) and comply with applicable Governmental Accounting Standards Board (GASB) requirements.

DISCUSSION
The Midway City Sanitary District engaged Nigro & Nigro, A Professional Accountancy Corporation, to perform the independent audit for Fiscal Year 2025–2026. The audit has been completed, and a copy of the final report is attached for review and approval.

Representing Nigro & Nigro this year is Paul J. Kaymark, CPA, who will present the findings of the audit to the Board.

The District's Financial Statements were prepared in accordance with GAAP and GASB principles to accurately reflect the District's financial position and operational results for the fiscal year. The independent auditor issued an "unmodified" opinion, indicating that the financial statements present fairly, in all material respects, the financial position of the District and that no material misstatements were identified.

FISCAL IMPACT
There is no fiscal impact associated with the consideration and approval of the Fiscal Year 2025-2026 Independent Financial Audit Report.

STAFF RECOMMENDATION
Staff recommends the Board Approve the Fiscal Year 2025-26 Independent Financial Audit Report for Midway City Sanitary District (July 1, 2025, through June 30, 2026).

ATTACHMENTS
1. Auditor's Report to the Board of Directors (Audit Committee Letter) (pg.74)
2. Financial Statements & Supplementary Information Year Ended June 30, 2026 (pg.83)
3. Agreed-Upon-Procedures Appropriations (GANN) Limit Report (pg.135)

MIDWAY CITY SANITARY DISTRICT

Report to the Board of Directors

For the Fiscal Year Ended
June 30, 2026

NIGRO & NIGRO PC

MIDWAY CITY SANITARY DISTRICT
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For the Fiscal Year Ended June 30, 2026

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NIGRO & NIGRO PC

A Professional Accountancy Corporation

Board of Directors
Midway City Sanitary District
Westminster, California

We are pleased to present this report related to our audit of the financial statements of the Midway City Sanitary District (District) as of and for the year ended June 30, 2026. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

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

Very truly yours,



Murrieta, California
November 17, 2026

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA
Jessica Miller, CPA | Angelika Vartikyan, CPA | Jared Solmonsen, CPA | Oscar Gonzalez, CFE

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www.nncpas.com • *Licensed by the California Board of Accountancy*

Required Communications

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

Area		Comments
Our Responsibilities with Regard to the Financial Statement Audit		Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated May 1, 2026. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit		An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions and the account-type of areas tested. There were no changes to the planned scope and timing of our audit testwork.
Accounting Policies and Practices		**Accounting Policies and Practices** Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted. **Adoption of, or Change in, Significant Accounting Policies or Their Application** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period. **Significant or Unusual Transactions** We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Management's Judgments and Accounting Estimates** Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. No such significant accounting estimates were noted or estimate applications were changed from the previous year.
Audit Adjustments		Audit adjustments are summarized in the attached **Summary of Adjusting Journal Entries**.
Uncorrected Misstatements		We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Area		Comments
Discussions With Management		We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Disagreements With Management		We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants		We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management		No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit		No significant difficulties were encountered in performing our audit.
Required Supplementary Information		We applied certain limited procedures to the: 1. Management's Discussion and Analysis 2. Required Pension Plan Disclosures 3. Required OPEB Plan Disclosures 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.

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.

Our Audit Methodology

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

Disclosure of Audit Adjustments and Reclassifications

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

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

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

Management Override of Controls

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

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

Summary of Adjusting Journal Entries

MIDWAY CITY SANITARY DISTRICT
Summary of Adjusting Journal Entries
For the Fiscal Year Ended June 30, 2026

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To accrue expenses at 06/30/2026			
7725.2	Engineering & Consulting	45,679.50	
7750.35	Fats Oil Grease (FOG) Program	53,064.60	
5000	Accounts Payable		53,064.60
5010	Accrued Expenses		45,679.50
Total		**98,744.10**	**98,744.10**
	Total Adjusting Journal Entries	**98,744.10**	**98,744.10**

MIDWAY CITY SANITARY DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

For the Fiscal Years Ended
June 30, 2026
(With Comparative Amounts as of June 30, 2025)

NIGRO & NIGRO PC

MIDWAY CITY SANITARY DISTRICT
For the Fiscal Year Ended June 30, 2026
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Financial Section

NIGRO & NIGRO PC

A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Directors
Midway City Sanitary District
Westminster, California

Opinion

We have audited the accompanying financial statements of the Midway City Sanitary District (District), which comprise the balance sheet as of June 30, 2026, and the related statement of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the 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 District as of June 30, 2026, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Notes 1, 4 and 11 to the financial statements, as of July 1, 2025, the District adopted new accounting guidance, GASB Statement No. 103, Financial Reporting Model Improvements, Statement No. 104, Disclosure of Certain Capital Assets and Statement No. 105, Subsequent Events. Our opinion is not modified with respect to these matters.

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.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA
Jessica Miller, CPA | Angelika Vartikyan, CPA | Jared Solmonsen, CPA | Oscar Gonzalez, CFE

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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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, Schedule of the District's Contributions to the Pension Plan, Schedule of Changes in the District's Net OPEB Liability and Related Ratios, and Schedule of the District's Contributions to the OPEB Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2025, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a separate report dated November 17, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Murrieta, California
November 17, 2026

Management's Discussion and Analysis (MD&A) offers readers of Midway City Sanitary District's financial statements a narrative overview of the District's financial activities for the fiscal years ended June 30, 2026 and 2025. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to-prior-year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

FINANCIAL SUMMARY

- The District's net position increased by $6,141,141, or 6.48%, during fiscal year 2026, resulting in ending net position of $100,975,561. The increase was primarily attributable to growth in sewer use assessments and charges, property taxes, and investment earnings, which exceeded growth in operating expenses.
- Total revenues increased by $152,224, or 0.81%, from $18,767,678 in fiscal year 2025 to $18,919,902 in fiscal year 2026. The increase was primarily attributable to a $311,969 increase in sewer and solid waste use assessments and charges and a $375,711 increase in property tax revenue. These increases were partially offset by a $633,943 decrease in investment earnings.
- Total expenses decreased by $1,620,174, or 12.62%, from $12,836,704 to $11,216,530. The reduction in overall operating expenses reflects a current year non-cash pension credit attributable to the District's employee benefit costs, as well as a significant reduction in repairs and maintenance costs.
- The District's total assets and deferred outflows of resources increased by $6,334,372 during the year, reflecting growth in cash and cash equivalents, the net pension asset, net OPEB asset, and capital assets. At June 30, 2026, the District reported cash and cash equivalents of $63,645,694 and unrestricted net position of $64,270,929, providing continued flexibility to support future operations.

DETAILED ANALYSES

Condensed Balance Sheets

	June 30, 2026	June 30, 2025	Change
Assets:			
Current assets	$ 65,473,641	$ 61,422,079	$ 4,051,562
Non-current assets	8,766,354	6,629,979	2,136,375
Capital assets, net	27,830,059	26,694,574	1,135,485
Total assets	102,070,054	94,746,632	7,323,422
Deferred outflows of resources	1,920,592	2,909,642	(989,050)
Total assets and deferred outflows of resources	$ 103,990,646	$ 97,656,274	$ 6,334,372
Liabilities:			
Current liabilities	$ 1,205,669	$ 1,130,380	$ 75,289
Non-current liabilities	219,849	203,062	16,787
Total liabilities	1,425,518	1,333,442	92,076
Deferred inflows of resources	1,589,567	1,488,412	101,155
Net position:			
Investment in capital assets	27,830,059	26,694,574	1,135,485
Restricted for OPEB benefits	1,004,873	551,475	453,398
Restricted for pension benefits	7,761,481	6,078,504	1,682,977
Recycling outreach and education (SB1383)	108,219	181,446	(73,227)
Unrestricted	64,270,929	61,328,421	2,942,508
Total net position	100,975,561	94,834,420	6,141,141
Total liabilities, deferred outflows of resources and net position	$ 103,990,646	$ 97,656,274	$ 6,334,372

DETAILED ANALYSES (continued)

Condensed Statement of Net Position (continued)

Total assets increased by $7,323,422, from $94,746,632 to $102,070,054. The increase was primarily attributable to a $3,849,368 increase in cash and cash equivalents, a $2,350,978 increase in capital assets not being depreciated, and increases in the District's net pension and net OPEB assets of $1,372,229 and $453,398, respectively. These increases were partially offset by a $1,214,493 decrease in capital assets being depreciated, net.

Deferred outflows of resources decreased by $989,050, from $2,909,642 to $1,920,592, primarily due to decreases in deferred amounts related to the net pension and net OPEB liabilities.

Total liabilities increased by $92,076, from $1,333,442 to $1,425,518. The increase was primarily attributable to a $58,503 increase in accounts payable and accrued expenses and an increase in compensated absences.

Deferred inflows of resources increased by $101,155, from $1,488,412 to $1,589,567. The increase was primarily attributable to a $335,144 increase in deferred amounts related to the net OPEB liability, partially offset by a $233,989 decrease in deferred amounts related to the net pension liability.

Total net position increased by approximately $6,141,141, from $94,834,420 to $100,975,561. The increase was primarily reflected in a $2,942,508 increase in unrestricted net position, a $1,682,977 increase in amounts restricted for pension benefits, and a $1,135,485 increase in investment in capital assets. Capital additions, including construction-in-process, exceeded current-year depreciation. Net position restricted for OPEB benefits also increased by $453,398, while amounts restricted for recycling outreach and education decreased by $73,227.

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

	June 30, 2026	June 30, 2025	Change
Operating revenues	$ 10,287,865	$ 9,925,904	$ 361,961
Operating expenses	(11,216,530)	(12,836,704)	1,620,174
Operating loss before depreciation	(928,665)	(2,910,800)	1,982,135
Depreciation expense	(1,562,231)	(1,600,870)	38,639
Operating loss	(2,490,896)	(4,511,670)	2,020,774
Noncapital subsidies	5,877,695	5,501,984	375,711
Operating loss and non-capital subsidies	3,386,799	990,314	2,396,485
Other non-operating revenues(expenses)	2,754,342	3,339,790	(585,448)
Change in net position	6,141,141	4,330,104	1,811,037
Net position:			
Beginning of year	94,834,420	90,504,316	4,330,104
End of year	$ 100,975,561	$ 94,834,420	$ 6,141,141

The District reported an increase in net position of $6,141,141 during fiscal year 2026. The District's operating loss before depreciation improved by $1,982,135. The reduction in overall operating expenses reflects a current year non-cash pension credit attributable to the district's employee benefit costs.

DETAILED ANALYSES (continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position (continued)

Total operating revenues increased by $361,961, primarily due to higher sewer and solid waste use assessments and charges. Operating expenses decreased by $1,620,174, primarily due to a reduction in employee benefit costs, repairs and maintenance, and professional and technical services. The decrease in employee benefit costs was largely attributable to a current-year non-cash pension credit, while the decrease in repairs and maintenance was primarily attributable to lower CCTV inspection and cleaning costs. As a result, the District's operating loss before depreciation improved by $1,982,135, from $2,910,800 to $928,665.

Noncapital subsidies increased by $375,711, from $5,501,984 to $5,877,695, primarily due to increased property tax revenues. Other non-operating revenues decreased by $585,448, primarily due to lower investment earnings. Overall, the District reported a $6,141,141 increase in net position for fiscal year 2025-26, compared with an increase of $4,330,104 in the prior year. The District's ending net position increased to $100,975,561 at June 30, 2026.

Total Revenues

	June 30, 2026	June 30, 2025	Increase (Decrease)
Operating revenues:			
Sewer and solid waste use assessments and charges	$ 8,397,845	$ 8,085,876	$ 311,969
Franchise fees	1,594,963	1,621,652	(26,689)
Other charges and services	169,121	92,396	76,725
Other operating revenues	125,936	125,980	(44)
Total operating revenues	10,287,865	9,925,904	361,961
Non-capital subsidies:			
Property taxes	5,877,695	5,501,984	375,711
Total noncapital subsidies	5,877,695	5,501,984	375,711
Other non-operating revenues:			
Investment earnings	2,645,516	3,279,459	(633,943)
Sale of capital assets	17,926	35,713	(17,787)
Capital contributions	90,900	24,618	66,282
Total other non-operating revenues	2,754,342	3,339,790	(585,448)
Total revenues	$ 18,919,902	$ 18,767,678	$ 152,224

Total revenues increased by approximately $152,224, or 0.81%, from $18,767,678 in fiscal year 2025 to $18,919,902 in fiscal year 2026. The increase was primarily attributable to higher property tax revenues and sewer use assessments and charges, which increased by $375,711 and $311,969, respectively. These increases were largely offset by a $633,943 decrease in investment earnings, primarily resulting from lower investment yields during the current fiscal year. The District also recognized approximately $51,000 in state capital grant revenue during fiscal year 2026.

DETAILED ANALYSES (continued)

Total Expenses

	June 30, 2026	June 30, 2025	Increase (Decrease)
Operating expenses:			
Sewage collection and pump stations	$ 1,535,178	$ 2,698,580	$ (1,163,402)
Solid waste disposal	6,008,468	5,878,156	130,312
General and administrative	3,672,884	4,259,968	(587,084)
Total operating expenses	11,216,530	12,836,704	(1,620,174)
Depreciation expense	1,562,231	1,600,870	(38,639)
Total expenses	$ 12,778,761	$ 14,437,574	$ (1,658,813)

Total operating expenses decreased by $1,620,174, or 12.62%, from $12,836,704 in fiscal year 2025 to $11,216,530 in fiscal year 2026. The reduction in overall operating expenses reflects a current year non-cash pension credit attributable to the District's employee benefit costs. These decreases were partially offset by higher solid waste disposal expenses. Depreciation expense remained relatively consistent with the prior year.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM LIABILITY ACTIVITY

Capital assets:	Balance June 30, 2026	Balance June 30, 2025
Non-depreciable assets	$ 2,554,758	$ 204,780
Depreciable assets	44,869,342	44,621,783
Accumulated depreciation	(19,594,041)	(18,131,989)
Total capital assets, net	$ 27,830,059	$ 26,694,574

The District's net capital assets increased by $1,135,485 during fiscal year 2026, from $26,694,574 to $27,830,059. The increase was primarily attributable to $1,836,830 land acquisition, $145,000 in additions to easements, $419,624 of construction-in-progress, and $296,262 of vehicles and equipment. These additions were partially offset by vehicle retirements and $1,562,231 of current-year depreciation. Additional information regarding the District's capital assets is presented in Note 4 of the financial statements.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The District's fiscal year 2026-27 budget reflects several currently known factors expected to affect future operations and financial results. These include the anticipated financial impact of changes to the WISE Agreement, implementation of the District's wastewater capacity fee, anticipated changes in investment earnings, and increases in labor costs. The District also continues to implement its capital improvement program, which includes planned investments in sewer collection, solid waste, and other District infrastructure. These factors have been incorporated into the District's financial and operational planning for fiscal year 2026-27.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District's Financial Manager at 14451 Cedarwood St, Westminster, California 92683 or (714) 893-3553.

MIDWAY CITY SANITARY DISTRICT

Statement of Net Position

June 30, 2026 (With Comparative Amounts as of June 30, 2025)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2026	2025
Current assets:		
Cash and cash equivalents (Note 2)	$ 63,645,694	$ 59,796,326
Accrued interest receivable	572,464	600,250
Accounts receivable	591,428	371,507
Property taxes receivable	202,037	195,238
Materials and supplies inventory	444,518	458,758
Prepaid expenses	17,500	-
Total current assets	65,473,641	61,422,079
Non-current assets:		
Restricted – investments held by Section 115 pension trust (Notes 2 and 3)	5,723,042	5,412,294
Net OPEB asset (Note 6)	1,004,873	551,475
Net pension asset (Note 7)	2,038,439	666,210
Capital assets – not being depreciated (Note 4)	2,554,758	204,780
Capital assets – being depreciated, net (Note 4)	25,275,301	26,489,794
Total non-current assets	36,596,413	33,324,553
Total assets	102,070,054	94,746,632
Deferred outflows of resources:		
Deferred amounts related to net OPEB liability (Note 6)	596,262	762,017
Deferred amounts related to net pension liability (Note 7)	1,324,330	2,147,625
Total deferred outflows of resources	1,920,592	2,909,642
Total assets and deferred outflows of resources	$ 103,990,646	$ 97,656,274
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	$ 985,820	$ 927,317
Long-term liabilities – due within one year:		
Compensated absences (Note 5)	219,849	203,063
Total current liabilities	1,205,669	1,130,380
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences, net (Note 5)	219,849	203,062
Total non-current liabilities	219,849	203,062
Total liabilities	1,425,518	1,333,442
Deferred inflows of resources:		
Deferred amounts related to net OPEB liability (Note 6)	821,430	486,286
Deferred amounts related to net pension liability (Note 7)	768,137	1,002,126
Total deferred inflows of resources	1,589,567	1,488,412
Net position:		
Investment in capital assets	27,830,059	26,694,574
Restricted for OPEB benefits (Note 6)	1,004,873	551,475
Restricted for pension benefits (Note 3 and 7)	7,761,481	6,078,504
Recycling outreach and education (SB-1383)	108,219	181,446
Unrestricted	64,270,929	61,328,421
Total net position	100,975,561	94,834,420
Total liabilities, deferred inflows of resources and net position	$ 103,990,646	$ 97,656,274

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

MIDWAY CITY SANITARY DISTRICT

Statements of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2026 (With Comparative Amounts as of June 30, 2025)

	2026	2025
Operating revenues:		
Sewer and solid waste use assessments and charges	$ 8,397,845	$ 8,085,876
Franchise fees	1,594,963	1,621,652
Other charges and services	169,121	92,396
Other operating revenues	125,936	125,980
Total operating revenues	10,287,865	9,925,904
Operating expenses:		
Sewage collection and pump stations	1,535,178	2,698,580
Solid waste disposal	6,008,468	5,878,156
General and administrative	3,672,884	4,259,968
Total operating expenses	11,216,530	12,836,704
Operating loss before depreciation	(928,665)	(2,910,800)
Depreciation expense	(1,562,231)	(1,600,870)
Operating loss	(2,490,896)	(4,511,670)
Noncapital subsidies:		
Property taxes	5,877,695	5,501,984
Total noncapital subsidies	5,877,695	5,501,984
Operating loss and noncapital subsidies	3,386,799	990,314
Other non-operating revenues(expenses):		
Investment earnings	2,645,516	3,279,459
Sale of capital assets	17,926	35,713
Capital contributions:		
State capital grants	51,476	-
Connection fees	33,150	24,618
Capacity fees	6,274	-
Total other non-operating revenues(expenses)	2,754,342	3,339,790
Change in net position	6,141,141	4,330,104
Net position:		
Beginning of year	94,834,420	90,504,316
End of year	$ 100,975,561	$ 94,834,420

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

MIDWAY CITY SANITARY DISTRICT
Statements of Cash Flows
For the Fiscal Year Ended June 30, 2026 (With Comparative Amounts as of June 30, 2025)

	2026	2025
Cash flows from operating activities:		
Cash receipts from customers and others	$ 10,067,944	$ 9,874,583
Cash paid to employees for salaries and wages	(3,839,206)	(3,430,404)
Cash paid to vendors and suppliers for materials and services	(8,023,930)	(9,193,386)
Net cash used in operating activities	(1,795,192)	(2,749,207)
Cash flows from non-capital financing activities:		
Proceeds from property taxes	5,870,896	5,470,960
Net cash provided by non-capital financing activities	5,870,896	5,470,960
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,697,716)	(501,403)
Proceeds from the sale of capital assets	17,926	35,713
Proceeds from state capital grants	51,476	-
Connection and capacity fees	39,424	24,618
Net cash used in capital and related financing activities	(2,588,890)	(441,072)
Cash flows from investing activities:		
Investment earnings	2,362,554	3,182,977
Net cash provided by investing activities	2,362,554	3,182,977
Net increase in cash and cash equivalents	3,849,368	5,463,658
Cash and cash equivalents:		
Beginning of year	59,796,326	54,332,668
End of year	$ 63,645,694	$ 59,796,326

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

MIDWAY CITY SANITARY DISTRICT
Statements of Cash Flows (continued)
For the Fiscal Year Ended June 30, 2026 (With Comparative Amounts as of June 30, 2025)

	2026	2025
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (2,490,896)	$ (4,511,670)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,562,231	1,600,870
Change in assets – (increase)decrease:		
Accounts receivable	(219,921)	(51,321)
Prepaid expenses	(17,500)	2,668
Materials and supplies inventory	14,240	31,041
Net OPEB asset	(453,398)	81
Net pension asset	(1,372,229)	(1,664,737)
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net OPEB liability	165,755	156,355
Deferred amounts related to net pension liability	823,295	944,376
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	58,503	(18,086)
Compensated absences	33,573	88,386
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to net OPEB liability	335,144	(66,543)
Deferred amounts related to net pension liability	(233,989)	739,373
Total adjustments	695,704	1,762,463
Net cash used in operating activities	$ (1,795,192)	$ (2,749,207)

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

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Midway City Sanitary District (District) operates as authorized by the State of California. The Health and Safety Code of California (the Sanitary District 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.

The scope of this report extends exclusively to the financial information presented for the District. The District is governed by a five-person Board of Directors (Board) elected for four-year terms. The Board has no oversight responsibility for any other governmental unit or agency. As such, the Board's governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters extends only to the affairs of the District.

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

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

B. Basis of Presentation, Basis of Accounting

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

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

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

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

1. Cash and Cash Equivalents

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

2. Investments

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

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

Financial assets and liabilities recorded on the statement of net position are categorized based on the inputs to the valuation techniques as follows:

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

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

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

2. Investments (continued)

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

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

3. Restricted Assets

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.

4. Accounts Receivable

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. The majority of the District's sewer user assessment revenue and all of the property tax revenue is collected by the County of Orange through charges on the tax rolls.

5. Materials and Supplies Inventory

Supply inventories maintained by the District consist primarily of pumps, valves, and equipment parts retained for use in the District's equipment. Small parts inventory are valued at cost using the last-in, first-out method. Pumps are recorded at historical cost.

6. Prepaids

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

7. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over $5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Building and improvements	10-25 years
Lift stations	40 years
Gravity lines and force mains	75 years
Resident containers	10 years
Refuse CNG station and facilities	5-25 years
Refuse trucks	8 years
Other vehicles	5-8 years
Other equipment	5-10 years

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

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

8. Deferred Outflows/Inflows of Resources

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

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

9. Compensated Absences

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

10. Postemployment Benefits Other Than Pensions (OPEB)

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

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2025
Measurement Date June 30, 2025
Measurement Period July 1, 2024 to June 30, 2025

11. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS.

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

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

11. Pensions (continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

Valuation Date June 30, 2024
Measurement Date June 30, 2025
Measurement Period July 1, 2024 to June 30, 2025

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

12. Net Position

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

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

- **Restricted net position –** This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

D. Use of Estimates

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

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

E. Property Taxes

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

The property tax calendar is as follows:

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

F. Connection Fees

Connection fees are capital recovery fees established as one-time charges assessed against developers or new customers to recover a part or all the cost of additional system capacity constructed for their use. The amounts charged are recognized when paid, which reserves system capacity for the property.

G. Reclassifications

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

H. New Pronouncements – Governmental Accounting Standards Board (GASB)

During the fiscal year ended June 30, 2026, the District implemented new GASB pronouncements as follows:

GASB Statement No. 103 – Financial Reporting Model Improvements

This GASB Statement revises financial statement presentation requirements, including enhancements to Management's Discussion and Analysis (MD&A), proprietary fund reporting, and disclosures for major component units. The District adopted the Statement as of July 1, 2025.

GASB Statement No. 104 – Disclosure of Certain Capital Assets

This GASB Statement establishes new disclosure requirements for certain types of capital assets, including assets held for sale. Implementation of the Statement did not have a material effect on the District's financial statement disclosures. The District adopted the Statement as of July 1, 2025.

GASB Statement No. 105 – Subsequent Events

This GASB Statement clarifies the subsequent events that constitute recognized and non-recognized events and establishes specific note disclosure requirements for non-recognized events. The District elected to early implement GASB Statement No. 105, Subsequent Events, effective July 1, 2025. Implementation of the Statement did not have a material effect on the District's financial statements or related disclosures.

NOTE 2 – CASH AND INVESTMENTS

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

Description	June 30, 2026
Cash and cash equivalents	$ 63,645,694
Restricted – investments held by Section 115 pension trust	5,723,042
Total cash and investments	$ 69,368,736

Cash and investments consisted of the following:

Description	June 30, 2026
Petty cash	$ 300
Demand deposits held with financial institutions	1,231,522
Local Agency Investment Fund (LAIF)	56,120,462
California Cooperative Liquid Assets Securities System (CLASS)	2,467,726
California Asset Management Program (CAMP) Pool	2,362,384
CalTRUST Investment Pool	1,463,300
Investments held by Section 115 pension trust	5,723,042
Total cash and investments	$ 69,368,736

Demand Deposits with Financial Institutions
At June 30, 2026, the carrying amount of the District's demand deposits were $1,231,522 and the financial institution's balances were $1,240,363. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits
Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2026, the District's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

NOTE 2 – CASH AND INVESTMENTS (continued)

Local Agency Investment Fund (LAIF)
The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests its funds to manage the State's cash flow and strengthen the financial security of local public agencies. PMIA's policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). LAIF allows cities, counties, and special districts to place money in a major portfolio and, at no additional costs, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from LAIF at any time as LAIF is highly liquid and has a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount 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 the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers funds in LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2026, the District held $56,120,462 in LAIF.

California Cooperative Liquid Assets Securities System (California CLASS)
The California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of power entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS provides California public agencies with a convenient method for investing in high-quality, short- to medium-term securities carefully selected to optimize interest earnings while prioritizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds offer public agencies the opportunity to strengthen and diversify their cash management programs in accordance with the safety, liquidity, and yield hierarchy that governs the investment of public funds.

The management of California CLASS is under the direction of a Board of Trustees comprised of eligible Participants of the program. The Board of Trustees has appointed Public Trust Advisors, LLC to serve as the Investment Advisor and Administrator of the program and has appointed U.S. Bank as the Custodian.

The District is a voluntary participant in California CLASS. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by California CLASS for the entire California CLASS portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by California CLASS. California CLASS is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis. The California Class Prime and Enhanced Cash funds receive a credit rating of AAAm (S&P Global Ratings) and AAAf/S1 (FitchRatings), respectively. For financial reporting purposes, the District considers California CLASS a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2026, the District held $2,467,726 in California CLASS.

NOTE 2 – CASH AND INVESTMENTS (continued)

California Asset Management Program (CAMP) Pool – External Pool
The District is a voluntary participant in the California Asset Management Program (CAMP), a California Joint Powers Authority (JPA) established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to maintain a constant net asset value (NAV) per share of $1.00. The CAMP Pool invests in obligations of the United States Government and its agencies, high-quality, short-term debt obligations of U.S. companies and financial institutions.

The CAMP Pool is a permitted investment for all local agencies under CGC Section 53601(p). CAMP is directed by a Board of Trustees, which is made up of experienced finance directors and treasurers of California public agencies that are members of the JPA. CAMP determines fair value on its investment portfolio based on amortized cost. The District measures the value of its CAMP Pool investment at the fair value amount provided by CAMP. On June 30, 2026, the CAMP Pool had a total portfolio of approximately $20.5 billion of which all was invested in non-derivative financial products. The average maturity of the CAMP Pool's investments was 38 days as of June 30, 2026. For financial reporting purposes, the District considers CAMP Pool a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2026, the District held $2,362,384 in the CAMP Pool.

CalTRUST Medium-Term Money Market Mutual Fund
The CalTRUST Medium-Term Account, holds funds from all participants that are pooled in the account. Participants receive units in the Trust and designated shares for the particular account in which they invest. CalTRUST invests in fixed income securities eligible for investment pursuant to California Government Code Sections 53601, et. seq. and 53635, et. seq. Investment guidelines adopted by the Board of Trustees may further restrict the types of investments held by the Trust. Leveraging within the Trust's portfolios is prohibited. The liquidity of the account is on a two-day basis for deposits or transfers. As of June 30, 2026, the District held $1,463,300 in CalTrust.

Restricted – Investments Held by Section 115 Pension Trust
The District established a Section 115 pension 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 select 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 trust had a balance of $5,723,042 as of June 30, 2026.

NOTE 2 – CASH AND INVESTMENTS (continued)

Restricted – Investments Held By Section 115 Pension Trust (continued)

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
REITs	14%	+/- 5%	FTSE EPRA/NAREIT Developed Index (Net)
TIPS	5%	+/- 3%	Bloomberg US TIPS Index, Series L
Cash	0%	+/- 2%	
	100%		
	40% - 60% Equity		

Investments Authorized by the California Government Code and the District's Investment Policy
This table identifies the investment types that are authorized by the California Government Code and the District's investment policy. The table also identifies certain provisions of the District's investment policy that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees or the investment of funds within the pension trust that are governed by the provisions of debt agreement of the District and the agreements between the District and the trustee, respectively, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Government Sponsored Agency Securities	5-years	None	None
Negotiable Certificates of Deposit (Negotiable CD)	5-years	30%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
California CLASS	N/A	None	None
CalTRUST Medium-Term Fund	2-years	None	None

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

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided in the Investment Table that shows the distribution of the District's investments by maturity as of June 30, 2026.

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. Presented in the Investment Table are Standard & Poor's credit ratings for the District's investments as of June 30, 2026.

Concentration of Credit Risk
The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in LAIF.

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

NOTE 3 – RESTRICTED – INVESTMENTS

Restricted – investments include $5,723,042 held by Section 115 pension trust with the California Employers' Pension Prefunding Trust (CEPPT) at CalPERS.

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2026, were as follows:

Description	Balance July 1, 2025	Additions	Deletions/ Transfers	Balance June 30, 2026
Non-depreciable assets:				
Land	$ 92,948	$ 1,836,830	$ -	$ 1,929,778
Easements	-	145,000	-	145,000
Construction-in-progress	111,832	419,624	(51,476)	479,980
Total non-depreciable assets	204,780	2,401,454	(51,476)	2,554,758
Depreciable assets:				
Building and improvements	8,147,624	-	-	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 and facilities	3,459,268	-	-	3,459,268
Vehicles and equipment	8,755,545	347,738	(100,179)	9,003,104
Total depreciable assets	44,621,783	347,738	(100,179)	44,869,342
Accumulated depreciation:				
Building and improvements	(1,252,146)	(299,250)	-	(1,551,396)
Lift stations	(2,415,474)	(132,426)	-	(2,547,900)
Gravity lines and force mains	(6,109,677)	(237,586)	-	(6,347,263)
Resident containers	(571,793)	(85,769)	-	(657,562)
Refuse CNG Station and facilities	(1,609,643)	(158,832)	-	(1,768,475)
Vehicles and equipment	(6,173,256)	(648,368)	100,179	(6,721,445)
Total accumulated depreciation	(18,131,989)	(1,562,231)	100,179	(19,594,041)
Total depreciable assets, net	26,489,794	(1,214,493)	-	25,275,301
Total capital assets, net	$ 26,694,574	$ 1,186,961	$ (51,476)	$ 27,830,059

NOTE 5 – COMPENSATED ABSENCES

Changes in compensated absences for the fiscal year ended June 30, 2026, were as follows:

Balance July 1, 2025	Net Change	Balance June 30, 2026	Due Within One Year	Due in More Than One Year
$ 406,125	$ 33,573	$ 439,698	$ 219,849	$ 219,849

As of June 30, 2026, the total liability for compensated absences was $439,698, of which $219,849 is expected to be paid within one year and is reported as a current liability.

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Summary
The following balances on the statement of net position will be addressed in this footnote as follows:

Description	2026
OPEB related deferred outflows	$ 596,262
Net other post-employment benefits liability (asset)	(1,004,873)
OPEB related deferred inflows	821,430

A. General Information about the OPEB Plan

Plan Description
The District through an agent multiple-employer defined benefit plan, provides retiree medical coverage to eligible retirees and their eligible dependents through the CalPERS Health Program. Eligibility for retiree medical benefits is based on meeting the applicable CalPERS retirement eligibility requirements and commencing CalPERS pension benefits within 120 days of separation from District employment.

For employees hired before January 1, 2025, the District contributes 100% of medical premiums for the retiree, spouse, and other eligible covered dependents up to a stated monthly maximum. The monthly cap for 2026 and 2025 was $2,275 and $2,175 respectively. The District's contribution will continue for the lifetime of the retiree and any surviving eligible spouse.

Effective January 1, 2025, employees hired on or after that date are subject to a PEMHCA vesting schedule under which the District will pay the monthly medical premium for the retiree and any dependents, up to the vested percent of maximum benefits (caps) which vary by coverage level. The vested percentage is based on total years of CalPERS service, subject to a minimum of five years of service with the District to qualify. The vesting percentage is 50% after 10 years of PERS membership, increasing by 5% for each additional year, reaching 100% after 20 years of PERS service. The monthly caps for 2026 are $1,084 (single), $2,057 (two-party) and $2,638 (family)

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

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, 2026, the District's contributions included implied subsidy of $46,169. Retiree premium health payments of $232,515 were 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.

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

A. General Information about the OPEB Plan (continued)

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

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

B. Net OPEB Liability
The District's total Net OPEB liability was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2025. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions
The total Net OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2025
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Fair value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	6.25%
Long-Term Expected Rate of Return on Investments	6.25%
Inflation	2.50%
Payroll increases	3.00%
Healthcare Trend Rates	6.5% in 2027, decreasing to 3.9% by 2075
Mortality	CalPERS 2025 Experience Study

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

B. Net OPEB Liability (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on OPEB plan investments was determined 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. We assumed that the returns for years 6 through 20 would continue in later years.

		Years 1-5			Years 6-20		
Major Asset Classification	Target Allocation	General Inflation Rate Assumption	1-5 Year Expected Real Rate of Return	Compound Return Yrs 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%	3.90%	6.30%	2.40%	4.70%	7.10%
Fixed income	23.00%	2.40%	2.70%	5.10%	2.40%	2.60%	5.00%
Global real estate (REITS)	20.00%	2.40%	3.70%	6.10%	2.40%	4.00%	6.40%
TIPS	5.00%	2.40%	1.70%	4.10%	2.40%	1.40%	3.80%
Commodities	3.00%	2.40%	2.90%	5.30%	2.40%	2.00%	4.40%
Total	100.00%						
Volatility	11.50%		Portfolio	6.10%		Portfolio	6.60%

Discount Rate

The discount rate used to measure the total Net OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total Net OPEB liability.

C. Changes in the Net OPEB Liability

The changes in the total Net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability(Asset)
Balance at June 30, 2025 (Measurement date June 30, 2024)	$ 6,486,791	$ 7,038,266	$ (551,475)
Changes for the year:			
Service cost	259,411	-	259,411
Interest	413,510	-	413,510
Differences in experience	(276,455)	-	(276,455)
Changes in assumption	61,347	-	61,347
Employer contributions	-	57,171	(57,171)
Net investment income	-	856,226	(856,226)
Benefit payments	(266,432)	(266,432)	-
Administrative expenses	-	(2,186)	2,186
Net changes	191,381	644,779	(453,398)
Balance at June 30, 2026 (Measurement date June 30, 2025)	$ 6,678,172	$ 7,683,045	$ (1,004,873)

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

C. Changes in the Net OPEB Liability (continued)

Changes of Assumptions
For Funding (ADCs), the discount rate increased from 6.0% to 6.25% reflecting a change in the long term expected return on trust assets since the June 30, 2023 valuation date.

Change of Benefit Terms
During the fiscal year 2024-25 measurement period, the District adopted a PEMHCA vesting resolution applicable to employees hired on or after January 1, 2025. Because the change is prospective, the change had no impact on the District's OPEB liability as of the measurement date.

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.25%) or 1 percentage point higher (7.25%) than the current discount rate:

	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
Net OPEB Liability	$ (137,337)	$ (1,004,873)	$ (1,724,181)

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

	1% Decrease	Healthcare Cost Current Trend	1% Increase
Net OPEB Liability	$ (1,831,320)	$ (1,004,873)	$ 16,151

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
For the year ended June 30, 2026, the District recognized OPEB expense of $93,470. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	$ 46,169	$ -
Changes in assumptions	251,849	(181,176)
Differences between expected and actual experience	298,244	(383,030)
Differences between projected and actual earnings on OPEB plan investments	-	(257,224)
Total Deferred Outflows/(Inflows) of Resources	$ 596,262	$ (821,430)

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported $46,169 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2027	$ 122,483
2028	(141,390)
2029	(114,640)
2030	(89,866)
2031	(10,836)
Thereafter	(37,088)
Total	$ (271,337)

At June 30, 2026, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2026.

NOTE 7 – PENSION PLAN

Summary

The following balances on the statement of net position will be addressed in this footnote as follows:

Description	2026
Pension related deferred outflows	$ 1,324,330
Net pension liability (asset)	(2,038,439)
Pension related deferred inflows	768,137

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

NOTE 7 – PENSION PLAN (continued)

A. General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plan's June 30, 2024 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website.

The Plans

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

	Miscellaneous Plans		
	Classic Tier 1	**Classic Tier 2**	**PEPRA Tier 2**
Hire date	Prior to January 1, 2013	On or after July 1, 2009	On or after January 1, 2013
Benefit formula	3.0% @ 60	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67 & up	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.426% to 2.418%	1.0% to 2.5%
Required member contribution rates	8.000%	7.000%	7.750%
Required employer contribution rates – FY 2025	17.390%	12.580%	7.960%

At June 30, 2025 measurement date, the following members were covered by the benefit terms:

	Miscellaneous Plans			
Plan Members	**Classic Tier 1**	**Classic Tier 2**	**PEPRA Tier 2**	**Total**
Active members	11	1	20	32
Transferred and terminated members	9	-	1	10
Retired members and beneficiaries	43	1	-	44
Total plan members	63	2	21	86

NOTE 7 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

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 plan formulas, years of credited service, age and final compensation. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

Contribution Description
Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer 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 contribution requirements are classified as plan member contributions. For classic members only, the member portion is paid by the District.

Contributions for the year ended June 30, 2026, were as follows:

	Miscellaneous Plans			
Contribution Type	Classic Tier 1	Classic Tier 2	PEPRA Tier 2	Total
Contributions – employer	$ 175,220	$ 13,398	$ 181,743	$ 370,361
Contributions – member	80,613	7,456	176,989	265,058
Total contributions	$ 255,833	$ 20,854	$ 358,732	$ 635,419

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

Proportionate Share of Net Pension Liability and Pension Expense
The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2025, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024, rolled forward to June 30, 2025, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

NOTE 7 – PENSION PLAN (continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (continued)
The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2025 (Measurement Date):

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2024 (Measurement Date)	$ 21,166,868	$ 21,833,078	$ (666,210)
Balance as of June 30, 2025 (Measurement Date)	$ 22,357,546	$ 24,395,985	$ (2,038,439)
Change in Plan Net Pension Liability	$ 1,190,678	$ 2,562,907	$ (1,372,229)

The District's proportionate share percentage of the net pension liability over the measurement period for the fiscal year ended June 30, 2026, was as follows:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2026	Fiscal Year Ending June 30, 2025	Change Increase/ (Decrease)
Measurement Date	June 30, 2025	June 30, 2024	
Percentage of Risk Pool Net Pension Liability	-0.051099%	-0.013774%	-0.037325%
Percentage of Plan Net Pension Liability	-0.051099%	-0.013774%	-0.037325%

For the year ended June 30, 2026, the District recognized pension expense of $412,561. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 370,361	$ -
Difference between actual and proportionate share of employer contributions	453,503	(203,161)
Adjustment due to differences in proportions	224,642	(320,722)
Differences between expected and actual experience	-	(244,254)
Differences between projected and actual earnings on pension plan investments	275,824	-
Changes in assumptions	-	-
Total Deferred Outflows/(Inflows) of Resources	$ 1,324,330	$ (768,137)

NOTE 7 – PENSION PLAN (continued)

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

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

An amount of $370,361 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, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2027	$ (217,180)
2028	151,422
2029	146,296
2030	105,294
Total	$ 185,832

Actuarial Methods and Assumptions Used to Determine Total Pension Liability
The June 30, 2024 valuation was rolled forward to determine the June 30, 2025 total pension liability based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Price Inflation Salary Increases	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

NOTE 7 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (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 20-year 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 to project compound (geometric) returns over the long term. The expected real rates of return by asset class are as follows:

Asset class[1]	Assumed Asset Allocation	Long-Term Expected Real Rate of Return[1,2]
Public Equity	37.0%	4.56%
Private Equity	17.0%	5.56%
Fixed Income	28.0%	2.53%
Real Assets	15.0%	3.03%
Private Debt	8.0%	4.93%
Strategic Leverage	-5.0%	1.40%
	100.0%	

[1] Figures are based on the 2024 Mid-Cycle Asset Liability Management study.
[2] An expected annual rate of price inflation of 2.30% was used for this period.

NOTE 7 – PENSION PLAN (continued)

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

Discount Rate
The discount rate used to measure the total pension liability as of June 30, 2025, was 6.90%. This is based on the long-term expected rate of return on plan assets and is net of investment expenses but not reduced for administrative expenses. In determining the long-term expected rate of return, CalPERS took into account 20-year 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 to project compound (geometric) returns over the long term.

Subsequent Events
On November 19, 2025, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the November 2025 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumptions, and various other assumptions for public agencies. These new assumptions will be effective as of the June 30, 2025, valuation date and reflected in the June 30, 2026, GASB accounting valuation reports.

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

	Plan's Net Pension Liability/(Asset)		
Plan Type	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
CalPERS – Miscellaneous Plan	978,661	$ (2,038,439)	$ (4,521,480)

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

C. Payable to the Pension Plans
At June 30, 2026, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2026.

NOTE 8 – RISK MANAGEMENT POOL

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 Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. Further information about the SDRMA is as follows:

A.	**Entity**	SDRMA
B.	**Purpose**	To pool member contributions and realize the advantages of self-insurance
C.	**Participants**	As of June 30, 2026: 511 member agencies for Property/Liability 432 member agencies for Workers' Compensation
D.	**Governing board**	Seven representatives employed by members
E.	**District payments for FY 2026:**	
	Property/Liability policy	$580,550
	Workers' compensation policy	$159,195
F.	**Condensed financial information**	June 30, 2026

	June 30, 2026
Statement of financial position:	
Total assets	$ 205,646,936
Deferred outflows	1,238,405
Total liabilities	87,864,866
Deferred inflows	461,199
Net position	$ 118,559,276
Statement of revenues, expenses and changes in net position:	
Total revenues	$ 139,666,401
Total expenses	(129,236,397)
Change in net position	10,430,004
Beginning – net position	108,129,272
Ending – net position	$ 118,559,276

At June 30, 2025, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing limits of $10,000,000, combined single limit at $10,000,000 per occurrence.

NOTE 8 – RISK MANAGEMENT POOL (continued)

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

- Employee dishonesty coverage up to $1,000,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within three years after the loss, otherwise paid on an actual cash value basis, to a combined total of $1.2 billion per occurrence, subject to a $1,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to $200 million per occurrence, subject to a $1,000 deductible per occurrence.
- Public officials' personal liability up to $500,000 each occurrence, with an annual aggregate of $500,000 per each elected/appointed official to which this coverage applies, subject to the terms, with a deductible of $500 per claim.
- Workers' compensation insurance per statutory requirements and Employer's Liability Coverage up to $5 million.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2026, 2025 and 2024. 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, 2026, 2025 and 2024.

NOTE 9 – RISK DISCLOSURE: CONCENTRATION OF REVENUE SOURCE (GASB STATEMENT No. 102)

The Sanitation District derives approximately 81% of its operating revenue from residential sanitation service charges collected through the County's property tax roll. These charges are levied as special assessments pursuant to applicable laws and are collected in the same manner and at the same time as general property taxes. This structure creates a concentration of revenue dependency on the County's property tax collection system, as well as the timely payment of property taxes by residential property owners within the District's service area.

Although the District benefits from the historically high collection rates of secured property taxes in the County (typically exceeding 98%), economic downturns, changes in property values, or delays in tax collections could materially affect the timing and availability of funds to support operations and debt service.

Additionally, future rate adjustments for service charges are subject to the procedural requirements of Proposition 218, which may constrain the District's ability to increase rates in response to rising operational or capital costs.

The District monitors tax collection trends and maintains reserves in accordance with its financial policies to mitigate the potential impact of delayed or reduced revenues.

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

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Construction Contracts
The District enters into various agreements with private parties for the installation, improvement, or modification of infrastructure, facilities and treatment systems within its service area. These projects are financed through District's reserves. As of June 30, 2026, the District has committed approximately $301,204 to complete projects currently in construction-in-progress.

Excluded Leases – Short-Term Leases and De Minimis Leases
The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, d*e minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Grant Awards
Grant funds received by the District are subject to audit by the grantor agencies. Such 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.

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

NOTE 11 – SUBSEQUENT EVENTS
The District has evaluated subsequent events through November 17, 2026, the date which the financial statements were available to be issued.

Required Supplementary Information

MIDWAY CITY SANITARY DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2026

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2016	0.02076%	$ 1,796,294	$ 1,550,911	115.82%	115.82%
June 30, 2017	0.00143%	142,113	1,610,995	8.82%	73.31%
June 30, 2018	-0.02800%	(27,430)	1,707,287	-1.61%	75.26%
June 30, 2019	0.00147%	150,820	1,898,709	7.94%	75.26%
June 30, 2020	-0.00172%	(72,379)	1,892,394	-3.82%	100.42%
June 30, 2021	-0.14582%	(2,768,839)	1,977,383	-140.03%	115.34%
June 30, 2022	0.01308%	611,954	1,978,586	30.93%	96.88%
June 30, 2023	0.01997%	998,527	2,214,503	45.09%	95.08%
June 30, 2024	-0.01377%	(666,210)	2,568,816	-25.93%	103.15%
June 30, 2025	-0.05110%	(2,038,439)	3,038,454	-67.09%	109.12%

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
From fiscal year June 30, 2015 and June 30, 2016:

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

From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2022:
There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:
The discount rate was reduced from 7.15% to 6.90% and the inflation rate was reduced from 2.50% to 2.30%.

From fiscal year June 30, 2023 to June 30, 2024:
There were no significant changes in assumptions.

From fiscal year June 30, 2024 to June 30, 2025:
There were no significant changes in assumptions.

From fiscal year June 30, 2025 to June 30, 2026:
There were no significant changes in assumptions.

MIDWAY CITY SANITARY DISTRICT

Schedule of the District's Contributions to the Defined Benefit Pension Plan
For the Year Ended June 30, 2026

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2017	$ 259,509	$ (2,127,807)	$ (1,868,298)	1,610,995	132.08%
June 30, 2018	266,966	(266,966)	-	1,707,287	15.64%
June 30, 2019	291,329	(317,793)	(26,464)	1,898,709	16.74%
June 30, 2020	231,944	(726,722)	(494,778)	1,892,394	38.40%
June 30, 2021	257,924	(413,927)	(156,003)	1,977,383	20.93%
June 30, 2022	255,161	(255,161)	-	1,978,586	12.90%
June 30, 2023	269,678	(269,678)	-	2,214,503	12.18%
June 30, 2024	302,015	(1,790,766)	(1,488,751)	2,568,816	69.71%
June 30, 2025	338,873	(812,129)	(473,256)	3,038,454	26.73%
June 30, 2026	370,361	(370,361)	-	3,323,028	11.15%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2017	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Fair Value	2.30%	6.90%
June 30, 2024	June 30, 2022	Entry Age	Fair Value	2.30%	6.90%
June 30, 2025	June 30, 2023	Entry Age	Fair Value	2.30%	6.90%
June 30, 2026	June 30, 2024	Entry Age	Fair Value	2.30%	6.90%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment expense, including inflation
Retirement Age	50 years (2.0%@55 and 3.0% @60), 52 years (2%@62)

MIDWAY CITY SANITARY DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2026

	Last Ten Fiscal Years*				
Fiscal Year Ended	**June 30, 2026**	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**
Measurement Date	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**
Total OPEB liability:					
Service cost	$ 259,411	$ 261,618	$ 202,087	$ 171,620	$ 181,650
Interest	413,510	366,326	350,112	333,422	339,606
Changes of assumptions	61,347	(192,994)	(77,148)	406,611	144,567
Differences between expected and actual experience	(276,455)	332,062	108,993	-	(577,952)
Benefit payments	(266,432)	(248,088)	(213,949)	(163,678)	(175,237)
Net change in total OPEB liability	191,381	518,924	370,095	747,975	(87,366)
Total OPEB liability - beginning	6,486,791	5,967,867	5,597,772	4,849,797	4,937,163
Total OPEB liability - ending	6,678,172	6,486,791	5,967,867	5,597,772	4,849,797
Plan fiduciary net position:					
Contributions - employer	57,171	54,292	213,949	97,558	38,567
Net investment income	856,226	714,760	393,466	(946,753)	1,560,478
Administrative expense	(2,186)	(2,121)	(1,780)	(1,798)	(2,145)
Benefit payments	(266,432)	(248,088)	(213,949)	(163,678)	(175,237)
Net change in plan fiduciary net position	644,779	518,843	391,686	(1,014,671)	1,421,663
Plan fiduciary net position - beginning	7,038,266	6,519,423	6,127,737	7,142,408	5,720,745
Plan fiduciary net position - ending	7,683,045	7,038,266	6,519,423	6,127,737	7,142,408
District's net OPEB liability	$ (1,004,873)	$ (551,475)	$ (551,556)	$ (529,965)	$ (2,292,611)
Plan fiduciary net position as a percentage of the total OPEB liability	115.05%	108.50%	109.24%	109.47%	147.27%
Covered-employee payroll	$ 3,014,888	$ 2,568,816	$ 2,598,271	$ 2,310,720	$ 2,265,018
District's net OPEB liability as a percentage of covered-employee payroll	-33.33%	-21.47%	-21.23%	-22.94%	-101.22%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2021 – There were no changes in benefits
Measurement Date June 30, 2022 – There were no changes in benefits
Measurement Date June 30, 2023 – There were no changes in benefits
Measurement Date June 30, 2024 – There were no changes in benefits
Measurement Date June 30, 2025 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2021 – Inflation rate decreased from 2.75% to 2.50% and salary increases changed from 3.25% to 3.00%.
Measurement Date June 30, 2022 – Discount rate decreased from 6.75% to 6.15%.
Measurement Date June 30, 2023 – Discount rate decreased from 6.15% to 6.00%.
Measurement Date June 30, 2024 – Discount rate increased from 6.00% to 6.25%.
Measurement Date June 30, 2025 – There were no changes in assumptions

* Fiscal year 2018 was the first year of implementation; therefore, only nine years are shown.

MIDWAY CITY SANITARY DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios (continued)
For the Year Ended June 30, 2026

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Measurement Date	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Total OPEB liability:				
Service cost	$ 175,932	$ 167,394	$ 162,126	$ 157,023
Interest	317,915	351,202	329,262	307,649
Changes of assumptions	-	(57,184)	-	-
Differences between expected and actual experience	-	(781,423)	-	-
Benefit payments	(181,215)	(182,104)	(161,138)	(138,039)
Net change in total OPEB liability	312,632	(502,115)	330,250	326,633
Total OPEB liability - beginning	4,624,531	5,126,646	4,796,396	4,469,763
Total OPEB liability - ending	4,937,163	4,624,531	5,126,646	4,796,396
Plan fiduciary net position:				
Contributions - employer	181,215	182,104	1,567,225	6,972
Net investment income	195,303	321,380	299,068	350,153
Administrative expense	(2,700)	(1,116)	(2,060)	(1,771)
Other expenses	-	-	(4,643)	
Benefit payments	(181,215)	(182,104)	(161,138)	(138,039)
Net change in plan fiduciary net position	192,603	320,264	1,698,452	217,315
Plan fiduciary net position - beginning	5,528,142	5,207,878	3,509,426	3,292,111
Plan fiduciary net position - ending	5,720,745	5,528,142	5,207,878	3,509,426
District's net OPEB liability	$ (783,582)	$ (903,611)	$ (81,232)	$ 1,286,970
Plan fiduciary net position as a percentage of the total OPEB liability	115.87%	119.54%	101.58%	73.17%
Covered-employee payroll	$ 2,219,965	$ 2,004,990	$ 1,707,287	$ 1,610,995
District's net OPEB liability as a percentage of covered-employee payroll	-35.30%	-45.07%	-4.76%	79.89%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes in benefits
Measurement Date June 30, 2018 – There were no changes in benefits
Measurement Date June 30, 2019 – There were no changes in benefits
Measurement Date June 30, 2020 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in assumptions
Measurement Date June 30, 2018 – There were no changes in assumptions
Measurement Date 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.
Measurement Date June 30, 2020 – Inflation rate decreased from 2.75% to 2.50% and salary increases changed from 3.25% to 3.00%.

* Fiscal year 2018 was the first year of implementation; therefore, only nine years are shown.

MIDWAY CITY SANITARY DISTRICT

Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan
For the Year Ended June 30, 2026

	Last Ten Fiscal Years*				
Fiscal Year Ended	**June 30, 2026**	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**
Actuarially determined contribution	$ 259,422	$ 251,123	$ 231,595	$ 58,057	$ 52,539
Contributions in relation to the actuarially determined contributions	(46,169)	(57,371)	(54,292)	(213,949)	(97,558)
Contribution deficiency (excess)	$ 213,253	$ 193,752	$ 177,303	$ (155,892)	$ (45,019)
Covered employee payroll	$ 3,395,031	$ 3,014,888	$ 2,568,816	$ 2,598,271	$ 2,310,720
Contributions as a percentage of covered employee payroll	1.36%	1.90%	2.11%	8.23%	4.22%
Notes to Schedule:					
Valuation Date	June 30, 2023	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2021
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial cost method Entry age normal	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years	20-years
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Discount rate	6.25%	6.25%	6.00%	6.15%	6.75%
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Payroll increases	3.00%	3.00%	3.00%	3.00%	3.00%
Mortality	(4)	(4)	(4)	(3)	(3)
Retirement	(5)	(5)	(5)	(5)	(5)

(1) Closed period, level percent of pay
(2) CalPERS 2014 Experience Study
(3) CalPERS 2017 Experience Study
(4) CalPERS 2021 Experience Study
(5) CalPERS Public Agency Miscellaneous (2.0% @55 and 2% @60), 52 years (2% @62)

* Fiscal year 2018 was the first year of implementation; therefore, only nine years are shown.

MIDWAY CITY SANITARY DISTRICT

Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan (continued)
For the Year Ended June 30, 2026

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Actuarially determined contribution	$ 138,060	$ 136,307	$ 176,711	$ 256,997
Contributions in relation to the actuarially determined contributions	(38,567)	(181,215)	(182,104)	(1,579,105)
Contribution deficiency (excess)	$ 99,493	$ (44,908)	$ (5,393)	$ (1,322,108)
Covered employee payroll	$ 2,265,018	$ 2,219,965	$ 2,004,990	$ 1,707,287
Contributions as a percentage of covered employee payroll	1.70%	8.16%	9.08%	92.49%
Notes to Schedule:				
Valuation Date	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:				
Actuarial cost method Entry age normal	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value
Discount rate	6.75%	6.75%	6.75%	6.75%
Inflation	2.75%	2.75%	2.75%	2.75%
Payroll increases	3.25%	3.25%	3.25%	3.25%
Mortality	(3)	(3)	(2)	(2)
Retirement	(5)	(5)	(5)	(5)

(1) Closed period, level percent of pay
(2) CalPERS 2014 Experience Study
(3) CalPERS 2017 Experience Study
(4) CalPERS 2021 Experience Study
(5) CalPERS Public Agency Miscellaneous (2.0% @55 and 2% @60), 52 years (2% @62)

* Fiscal year 2018 was the first year of implementation; therefore, only nine years are shown.

Other Independent Auditors' Report

NIGRO & NIGRO PC

A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Midway City Sanitary District
Westminster, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Midway City Sanitary District (District) as of and for the years ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2026.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA
Jessica Miller, CPA | Angelika Vartikyan, CPA | Jared Solmonsen, CPA | Oscar Gonzalez, CFE

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WALNUT CREEK OFFICE 2121 N. California Blvd. Suite 290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444
www.nncpas.com • *Licensed by the California Board of Accountancy*

Report on Compliance and Other Matters

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

Purpose of this Report

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

Murrieta, California
November 17, 2026

MIDWAY CITY SANITARY DISTRICT

Independent Accountant's Report
Applying Agreed-Upon Procedures
Article XIII-B Appropriations Limit

For the Fiscal Year Ended
June 30, 2026

NIGRO & NIGRO PC

MIDWAY CITY SANITARY DISTRICT
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For the Fiscal Year Ended June 30, 2026

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Appropriations Limit Calculation 3

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Independent Accountant's Report
Applying Agreed Upon Procedures
Article XIII-B Appropriations Limit

Board of Directors
Midway City Sanitary District
Westminster, California

We have performed the procedures enumerated below on the accompanying Appropriations Limit Calculation of the Midway City Sanitary District (District) for the year ended June 30, 2026. The District's management is responsible for the Appropriations Limit Calculation.

The District and the League of California Cities (as presented in the League publication entitled "Article XIII-B Appropriations Limit Uniform Guidelines") have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. **Procedure:** We obtained the completed Appropriations Limit Calculation for the year ended June 30, 2026, and compared the limit and annual adjustment factors included in the calculation to the limit and annual adjustment factors that were adopted by resolution of the Board of Directors. We also compared the population and inflation options included in the aforementioned worksheet to those that were selected by a recorded vote of the Board of Directors.

   No exceptions were noted as a result of our performing this procedure.

2. *Procedure:* For the Appropriations Limit Calculation, we added last year's limit to the total adjustments, and compared the resulting amount to this year's limit. We also recalculated the adjustment factor and the adjustment for inflation and population, and compared the results to the amounts on the calculation.

   No exceptions were noted as a result of our performing this procedure

3. *Procedure:* We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Calculation to the prior year appropriations limit adopted by the Board of Directors for the prior year.

   No exceptions were noted as a result of our performing this procedure

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on determining compliance with the Appropriations Limit Calculation. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the use of the District and the above other specified users and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Murrieta, California
November 17, 2026

2025-2026 Fiscal Year

Change in California Per Capita Personal Income		6.44
Civilian population change for Orange County		0.17
Per Capita Personal Income converted to a ratio:	6.44 + 100 = 100.00	1.0644
Population change converted to a ratio:	0.17 + 100 = 100.00	1.0017

Calculation of factor for FY 2025-2026: 1.0644 x 1.0017 = 1.0662 (ratio of change~~)~~

2024-2025 Limit $$8,782,964.15 x 1.0662 = $9,364,479.64 (new 2025-2026 limit)

AGENDA ITEM 9B

Date: November 17, 2026

To: Board of Directors

From: Robert Housley, General Manager

Prepared by: Gordon Copley, Director of Finance

Subject: Receive and File CalPERS Valuation Report – Midway City Sanitary District

BACKGROUND

The Midway City Sanitary District (District) provides a defined benefit pension benefit to its employees through CalPERS, which manages and administers the program. Annually, CalPERS prepares annual actuarial analyses to determine the District's pension liability and annual required contributions for the plans. The actuarial valuations are based on current employees' accrued benefit, former employees who are vested but have yet to retire, and retired employees.

One of the District's core strategies is long-term financial stability. As part of that strategy, the District has historically chosen to pay its unfunded liabilities early and in full.

DISCUSSION

The most recent CalPERS retirement annual valuation reports became available in July.

CalPERS administers the District's three (3) retirement groups:

Tier 1	3%@60	Hired on or before March 21, 2010 (classic employees)
Tier 2	2%@55	Hired on or after March 22, 2010 (classic employees)
PEPRA	2%@62	Hired on or after January 1, 2013

Pension Plan Funding Status

A summary of the District's employer contribution, pension liability, and current funding status for the District's three plans are shown below and can be found in the valuation reports.

	2027-28 Employer Contributions	2027-28 Employee Contributions	June 30, 2025 Funding Ratio	Unfunded Accrued Liability
Tier 1 (3%@60)	17.77%	8.00%	104.9%	$0
Tier 2 (2%@55)	13.11%	7.00%	104.9%	$0
PEPRA (2%@62)	8.05%	7.75%	104.9%	$0
Total Unfunded Accrued Liability				$0

FISCAL IMPACT
The fiscal impact is $0.

STAFF RECOMMENDATION
Staff recommend that the Board of Directors receive and file CalPERS Annual Valuation Report.

ATTACHMENTS
1. CalPERS All rate Plans of Midway City Sanitary District in the Miscellaneous Risk Pool (CalPERS ID: 6882866561) Annual Valuation Report as of June 30, 2025

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2026

All Rate Plans of the Midway City Sanitary District in the Miscellaneous Risk Pool (CalPERS ID: 6882866561)
Annual Valuation Report as of June 30, 2025

Dear Employer,

Attached to this letter is Section 1 of the June 30, 2025, actuarial valuation report for the plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2027-28**. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the following rate plan(s) including the development of the current and projected employer contributions.
    - 8583, Miscellaneous First Tier Plan
    - 8584, Miscellaneous Second Tier Plan
    - 26759, PEPRA Miscellaneous Plan
- Section 2 contains the Miscellaneous Risk Pool information as of June 30, 2025.

Section 2 can be found on the CalPERS website in the Forms & Publications section. Search for *"Risk Pool*" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2025.

Required Contributions

The table below shows the minimum required employer contributions and member contribution rates for FY 2027-28 along with an estimate of the required employer Unfunded Accrued Liability (UAL) contribution for FY 2028-29. **The required employer and member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Rate Plan	Employer Normal Cost Rate	Member Contribution Rate
2027-28	8583	17.77%	8.00%
	8584	13.11%	7.00%
	26759	8.05%	7.75%

Fiscal Year	Employer Amortization of Unfunded Accrued Liability
2027-28	$0
	Projected (Estimated)
2028-29	*$0*

The actual investment return for FY 2025-26 was not known at the time this report was prepared. The projected UAL payment above assumes the investment return for that year would be 6.8%. To the extent the actual investment return for FY 2025-26 differs from 6.8%, the actual UAL contribution requirement for FY 2028-29 will differ from that shown above. For additional information on future contribution requirements, please refer to Projected Employer Contributions. This section also contains projected required contributions through FY 2032-33.

Changes from Previous Year's Valuations

On November 19, 2025, the CalPERS Board of Administration (board) adopted new actuarial assumptions based on the recommendations in the *November 2025 CalPERS Experience Study and Review of Actuarial Assumptions*. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increase, the inflation assumption, and various other assumptions for public agencies. These new assumptions are incorporated in this actuarial valuation and impact the required contributions for FY 2027-28.

In addition, the board adopted changes to the CalPERS Total Fund Investment Policy, which provides the framework for the management of CalPERS assets. The board adopted a discount rate of 6.80%, which is unchanged from the prior year's valuation, and an increase in the price inflation assumption from 2.30% to 2.50% per year.

Besides the above-noted changes, there may also be changes specific to the plan such as contract amendments and funding changes such as additional discretionary payments and amortization schedule fresh starts.

A consolidated plan identifier has been added to the cover page of the report. As a result of the combination of some or all of the employer's rate plans in the Miscellaneous Risk Pool effective with the prior year's valuation, there is now one consolidated UAL value and actuarial valuation report for the group of component rate plans. This single identifier, set equal to the identifier of the component rate plan to which the UAL is attached, is intended to make it easier to identify a specific group of rate plans, the associated UAL, and the actuarial report.

PEPRA Member Contribution Rate

The employee contribution rate for PEPRA members can change based on the results of the actuarial valuation. See Member Contribution Rates for more information.

Report Navigation Features

The valuation report has a number of features to ease navigation and allow the reader to find specific information more quickly. The tables of contents are "clickable." This is true for the main table of contents that follows the title page and the intermediate tables of contents at the beginning of sections. The Adobe navigation pane on the left can also be used to skip to specific exhibits.

There are a number of links throughout the document in blue text. Links that are internal to the document are not underlined, while underlined links will take you to the CalPERS website. Examples are shown below.

Internal Bookmarks	CalPERS Website Links
Required Employer Contributions	Required Employer Contribution Search Tool
Member Contribution Rates	Public Agency PEPRA Member Contribution Rates
Summary of Key Valuation Results	Pension Outlook Overview
Funded Status – Funding Policy Basis	Interactive Summary of Public Agency Valuation Results
Projected Employer Contributions	Public Agency Actuarial Valuation Reports

Questions

A CalPERS actuary is available to answer questions about this report. Other questions may be directed to the Customer Contact Center at **888 CalPERS** (or **888**-225-7377).

Sincerely,



Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS



Fritzie Dorais, ASA, MAAA
Deputy Chief Actuary, Special Programs, CalPERS



Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS



Kurt Schneider, MPA, ASA, EA, MAAA
Supervising Actuary, CalPERS

California Public Employees' Retirement System

Actuarial Valuation for the Rate Plans of the Midway City Sanitary District in the Miscellaneous Risk Pool
as of June 30, 2025

Consolidated Plan ID: 26759

(CalPERS ID: 6882866561)
(Rate Plan IDs: 8583, 8584, 26759)

Required Contributions for Fiscal Year

July 1, 2027 — June 30, 2028

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Section 2 – Miscellaneous Risk Pool Actuarial Information

Section 2 may be found on the CalPERS website in the Forms & Publications section.

Section 1

California Public Employees' Retirement System

Employer Specific Information for the Rate Plans of the Midway City Sanitary District in the Miscellaneous Risk Pool

(CalPERS ID: 6882866561)
(Rate Plan IDs: 8583, 8584, 26759)

Actuarial Certification

It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles as well as the applicable Standards of Practice promulgated by the Actuarial Standards Board. While this report, consisting of Section 1 and Section 2, is intended to be complete, our office is available to answer questions as needed. All of the undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions. The actuaries responsible for this report and their respective responsibilities are as follows.

Actuarial Methods and Assumptions

It is our opinion that the assumptions and methods, as recommended by the Chief Actuary and adopted by the CalPERS Board of Administration, are internally consistent and reasonable for this plan.



Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS



Fritzie Dorais, ASA, MAAA
Deputy Chief Actuary, Special Programs, CalPERS



Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Data and Rate Plan Results

The assumptions and methods in this report are the responsibility of the CalPERS Chief Actuary and Deputy Chief Actuaries named above. These were established pursuant to their responsibility for setting actuarial policy and are relied upon without independent assessment of the reasonableness of the assumptions and methods, as such an evaluation would have required substantial additional work beyond the scope of this assignment. To the best of my knowledge and having relied upon the information in Section 2 of this report, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the rate plans of the Midway City Sanitary District in the Miscellaneous Risk Pool and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2025, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Midway City Sanitary District, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.



Kurt Schneider, MPA, ASA, EA, MAAA
Supervising Actuary, CalPERS

Highlights and Executive Summary

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- **Summary of Key Valuation Results** 4
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Introduction

This report presents the results of the June 30, 2025, actuarial valuation of the rate plans of the Midway City Sanitary District in the Miscellaneous Risk Pool of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2027-28.

Purpose of Section 1

This Section 1 report for rate plans of the Midway City Sanitary District in the Miscellaneous Risk Pool of CalPERS was prepared by the Actuarial Office using data as of June 30, 2025. This report contains actuarial information for the following rate plan(s).

- 8583, Miscellaneous First Tier Plan
- 8584, Miscellaneous Second Tier Plan
- 26759, PEPRA Miscellaneous Plan

The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of these rate plans as of June 30, 2025;
- Determine the minimum required employer contributions for these rate plans for FY July 1, 2027, through June 30, 2028;
- Determine the required member contribution rate for FY July 1, 2027, through June 30, 2028, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2025, to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact a CalPERS actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of the Actuarial Standards of Practice:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2025.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.
- The funded status on a termination basis.
- A low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date.

Summary of Key Valuation Results

Below is a brief summary of key valuation results along with page references where more detailed information can be found.

Required Employer Contributions — page 8

	Fiscal Year 2026-27	Fiscal Year 2027-28
Employer Normal Cost Rates		
Rate Plan 8583	17.34%	17.77%
Rate Plan 8584	12.56%	13.11%
Rate Plan 26759	7.93%	8.05%
Unfunded Accrued Liability (UAL) Contribution Amount	$0	$0
Paid either as		
Option 1) 12 Monthly Payments of	$0.00	$0.00
Option 2) Annual Prepayment in July	$0	$0

Member Contribution Rates — page 10

	Fiscal Year 2026-27	Fiscal Year 2027-28
Rate Plan 8583	8.00%	8.00%
Rate Plan 8584	7.00%	7.00%
Rate Plan 26759	7.75%	7.75%

Projected Employer Contributions — page 14

Fiscal Year	Normal Cost (% of payroll) Rate Plan 8583	Rate Plan 8584	Rate Plan 26759	Annual UAL Payment
2028-29	17.8%	13.1%	8.1%	$0
2029-30	17.8%	13.1%	8.1%	$0
2030-31	17.8%	13.1%	8.1%	$0
2031-32	17.8%	13.1%	8.1%	$0
2032-33	17.8%	13.1%	8.1%	$0

Funded Status — Funding Policy Basis — page 12

	June 30, 2024	June 30, 2025
Entry Age Accrued Liability (AL)	$21,672,645	$22,999,693
Fair Value of Assets (Assets)	21,437,220	24,115,960
Unfunded Accrued Liability (UAL) [AL – Assets]	$235,425	($1,116,267)
Funded Ratio [Assets ÷ AL]	98.9%	104.9%

Summary of Valuation Data — page 28

	June 30, 2024	June 30, 2025
Active Member Count	32	35
Annual Covered Payroll	$2,545,061	$3,148,742
Transferred Member Count	1	1
Separated Member Count	10	9
Retired Members and Beneficiaries Count	44	44

Changes Since the Prior Year's Valuation

Investment Policy and Discount Rate

On November 19, 2025, the board adopted changes to the CalPERS Total Fund Investment Policy, which provides the framework for the management of CalPERS assets. Consistent with that policy, the board also adopted a discount rate of 6.80% for use in this valuation, which is unchanged from the prior year's valuation.

Actuarial Methods and Other Assumptions

On November 19, 2025, the board adopted new actuarial assumptions based on the recommendations in the *November 2025 CalPERS Experience Study and Review of Actuarial Assumptions*. This study assessed various assumptions including retirement rates, termination rates, mortality rates, rates of salary increase, and inflation. New assumptions stemming from the study are incorporated in this actuarial valuation and affect required contributions for fiscal year 2027-28. Among the changes were an increase in the price inflation assumption from 2.30% to 2.50% per year and an increase in the wage inflation assumption from 2.80% to 3.00% per year.

Plan Assets

Plan assets are measured at fair value. In the prior year's actuarial valuation report the term Market Value of Assets was used to describe the asset value used for funding purposes. The Actuarial Office has used this term interchangeably with Fair Value of Assets. Effective with the June 30, 2025, valuation, CalPERS will exclusively use the term Fair Value of Assets in actuarial reports. This is a change in terminology and does not represent any change in methodology.

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. For pooled rate plans, voluntary benefit changes by plan amendment are generally included in the first valuation with a valuation date on or after the effective date of the amendment.

Please refer to the Plan's Major Benefit Options in this report and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Plan Identification

A consolidated plan identifier has been added to the cover page of the report. As a result of the combination of some or all of the employer's rate plans in the Miscellaneous Risk Pool effective with the prior year's valuation, there is now one consolidated Unfunded Accrued Liability (UAL) value and actuarial valuation report for the group of component rate plans. This single identifier, set equal to the identifier of the component rate plan to which the UAL is attached, is intended to make it easier to identify a specific group of rate plans, the associated UAL, and the actuarial report.

Amendments to Regulations Regarding Participation in Risk Pools

On September 17, 2025, the board approved amendments to pooling regulations, which were endorsed by the Office of Administrative Law on May 12, 2026. Beginning with the June 30, 2026, actuarial valuation, it will be possible for pooled plans to be removed from the risk pool and become non-pooled plans. The general rule is that if an employer sponsors a pooled plan with at least 150 but less than 200 active members as of the valuation date, the employer may elect to remove that plan from the risk pool. If the plan has at least 200 active members, the plan will be automatically removed. More information can be found in Regulatory Actions on the CalPERS website under the heading Participation in Risk Pools.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2025, as well as statutory changes, regulatory changes and board actions through January 2026.

The 2025 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.5% per year based on the price inflation assumption. The actual 2026 limits, determined in October 2025, are not reflected.

To the best of our knowledge, there have been no subsequent events that could materially affect current or future certifications rendered in this report.

Liabilities and Contributions

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- **Required Employer Contributions 8**
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Determination of Required Contributions

Contributions to fund the plan are determined by an actuarial valuation performed each year. The valuation employs complex calculations based on a set of actuarial assumptions and methods. See Appendix A in Section 2 for information on the assumptions and methods used in this valuation. The valuation incorporates all plan experience through the valuation date and sets required contributions for the fiscal year that begins two years after the valuation date.

Contribution Components

Two components comprise required contributions:

- Normal Cost — expressed as a percentage of pensionable payroll
- Unfunded Accrued Liability (UAL) Contribution — expressed as a dollar amount

Normal Cost represents the value of benefits allocated to the upcoming year for active employees. If all plan experience exactly matched the actuarial assumptions, normal cost would be sufficient to fully fund all benefits. The employer and employees each pay a share of the normal cost with contributions payable as part of the regular payroll reporting process. The contribution rate for Classic members is set by statute based on benefit formula whereas for PEPRA members it is based on 50% of the total normal cost.

When plan experience differs from the actuarial assumptions, UAL emerges. The new UAL may be positive or negative. If the total UAL is positive (i.e., accrued liability exceeds assets), the employer is required to make contributions to pay off the UAL over time. This is called the UAL Contribution component. There is an option to prepay this amount during July of each fiscal year, otherwise it is paid monthly.

In measuring the UAL each year, plan experience is split by source. Common sources of UAL include investment experience different than expected, non-investment experience different than expected, assumption changes and benefit changes. Each source of UAL (positive or negative) forms a base that is amortized, or paid off, over a specified period of time in accordance with the CalPERS Actuarial Amortization Policy. The UAL Contribution is the sum of the payments on all bases. See the Schedule of Amortization Bases section of this report for an inventory of existing bases and Appendix A in Section 2 for more information on the amortization policy.

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees. For employee contribution rates, see Member Contribution Rates.

Required Employer Contributions	Fiscal Year 2027-28
Employer Normal Cost Rate	
Classic Rate Plan 8583	**17.77%**
Classic Rate Plan 8584	**13.11%**
PEPRA Rate Plan 26759	**8.05%**
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount†	**$0**
Paid either as	
1) Monthly Payment	**$0.00**
Or	
2) Annual Prepayment Option‡	**$0**

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

†The required UAL contribution does not take into account any additional discretionary payment made after April 30, 2026.
‡Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**.

Development of Normal Cost as a Percentage of Payroll

	Fiscal Year 2026-27	Fiscal Year 2027-28
Classic Rate Plan 8583		
Base Total Normal Cost for Formula	24.37%	24.74%
Surcharge for Class 1 Benefits[1]	0.82%	0.88%
Plan's Total Normal Cost	25.19%	25.62%
Offset Due to Employee Contributions[2]	(7.85%)	(7.85%)
Employer Normal Cost for Rate Plan 8583	17.34%	17.77%
Classic Rate Plan 8584		
Base Total Normal Cost for Formula	18.85%	19.36%
Surcharge for Class 1 Benefits[1]	0.64%	0.69%
Plan's Total Normal Cost	19.49%	20.05%
Offset Due to Employee Contributions[2]	(6.93%)	(6.94%)
Employer Normal Cost for Rate Plan 8584	12.56%	13.11%

[1] See Surcharge for Class 1 Benefits in the supplementary information section of this report.

[2] This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see Member Contribution Rates.

Required Employer Contributions (continued)

Development of Normal Cost as a Percentage of Payroll (continued)

	Fiscal Year 2026-27	Fiscal Year 2027-28
PEPRA Rate Plan 26759		
Base Total Normal Cost for Formula	15.68%	15.80%
Surcharge for Class 1 Benefits[1]	0.00%	0.00%
Plan's Total Normal Cost	15.68%	15.80%
Offset Due to Employee Contributions[2]	(7.75%)	(7.75%)
Employer Normal Cost for Rate Plan 26759	7.93%	8.05%

[1] See Surcharge for Class 1 Benefits in the supplementary information section of this report.

[2] This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see Member Contribution Rates.

Member Contribution Rates

The required member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Classic Members

Each member contributes toward their retirement based upon the retirement formula. The standard Classic member contribution rate above the breakpoint, if any, is as described below.

Benefit Formula	Percent Contributed above the Breakpoint
Miscellaneous, 1.5% at age 65	2%
Miscellaneous, 2% at age 60	7%
Miscellaneous, 2% at age 55	7%
Miscellaneous, 2.5% at age 55	8%
Miscellaneous, 2.7% at age 55	8%
Miscellaneous, 3% at age 60	8%

Auxiliary organizations of the CSU system may elect reduced contribution rates for Miscellaneous members, in which case the contribution rate above the breakpoint is 6% if members are not covered by Social Security and 5% if they are.

PEPRA Members

The California Public Employees' Pension Reform Act of 2013 (PEPRA) established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), "new members … shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost rate for the plan is dependent on the benefit levels, actuarial assumptions and demographics of the risk pool, particularly members' entry age. Should the total normal cost rate of the plan change by more than 1% from the base total normal cost rate established for the plan, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2027, based on 50% of the total normal cost rate as of the June 30, 2025, valuation.

		Basis for Current Rate		Rates Effective July 1, 2027			
Rate Plan Identifier	Benefit Group Name	Total Normal Cost	Member Rate	Total Normal Cost	Change in Normal Cost	Adj. Needed	Member Rate
26759	PEPRA Miscellaneous Plan	15.43%	7.75%	15.80%	0.37%	No	7.75%

Breakdown of Entry Age Accrued Liability

Active Members	$9,845,269
Transferred Members	12,446
Separated Members	436,413
Members and Beneficiaries Receiving Payments	12,705,565
Total	$22,999,693

Allocation of Plan's Share of Pool's Experience

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$22,999,693
2.	Projected UAL Balance at 6/30/2025	(247,830)
3.	Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4.	Adjusted UAL Balance at 6/30/2025 for Asset Share	(146,454)
5.	Pool's Accrued Liability[1]	26,128,329,326
6.	Sum of Pool's Individual Plan UAL Balances at 6/30/2025[1]	5,408,106,113
7.	Pool's 2024-25 Investment (Gain)/Loss[1]	(1,023,922,845)
8.	Pool's 2024-25 Non-Investment (Gain)/Loss[1]	254,352,784
9.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (4)] ÷ [(5) - (6)] × (7)	(1,143,804)
10.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (5) × (8)	223,896
11.	Plan's New (Gain)/Loss as of 6/30/2025: (9) + (10)	(919,908)
12.	Increase in Pool's Accrued Liability due to Change in Assumptions[1]	58,472,717
13.	Plan's Share of Pool's Change in Assumptions: (1) ÷ (5) × (12)	51,471
14.	Increase in Pool's Accrued Liability due to Funding Risk Mitigation[1]	0
15.	Plan's Share of Pool's Change due to Funding Risk Mitigation: (1) ÷ (5) × (14)	0
16.	Offset due to Funding Risk Mitigation	0
17.	Plan's Investment (Gain)/Loss: (9) – (16)	(1,143,804)

[1] Does not include plans that transferred to the pool on the valuation date.

Development of the Plan's Share of Pool's Assets

18.	Plan's UAL: (2) + (3) + (11) + (13) + (15)	($1,116,267)
19.	Plan's Share of Pool's Fair Value of Assets: (1) - (18)	$24,115,960

For a reconciliation of the pool's Fair Value of Assets, information on the fund's asset allocation and a history of CalPERS investment returns, see Section 2, which can be found on the CalPERS website (www.calpers.ca.gov).

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the fair value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (**Present Value of Benefits**) to individual years of service (the **Normal Cost**). The value of the projected benefit that is not allocated to future service is referred to as the **Accrued Liability** and is the plan's funding target on the valuation date. The **Unfunded Accrued Liability** (UAL) equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The **Funded Ratio** equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2024	June 30, 2025
1. Present Value of Benefits	$25,648,873	$28,039,946
2. Entry Age Accrued Liability	21,672,645	22,999,693
3. Fair Value of Assets	21,437,220	24,115,960
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	$235,425	($1,116,267)
5. Funded Ratio [(3) ÷ (2)]	98.9%	104.9%

A funded ratio of 100% (UAL of $0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual average future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	$25,902,193	$22,999,693	$20,577,749
2. Fair Value of Assets	24,115,960	24,115,960	24,115,960
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	$1,786,233	($1,116,267)	($3,538,211)
4. Funded Ratio [(2) ÷ (1)]	93.1%	104.9%	117.2%

The Risk Analysis section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Additional Employer Contributions

The CalPERS amortization policy provides a systematic methodology for paying down a plan's unfunded accrued liability (UAL) over a reasonable period of years. The projected schedule of required payments for this plan under the amortization policy is provided in Amortization Schedule and Alternatives. Certain aspects of the policy such as 1) layered amortization bases (positive and negative) with different remaining payoff periods, and 2) the phase-in of required payments toward investment gains and losses, can result in volatility in year-to-year projected UAL payments.

No Required UAL Payment

As of the valuation date, June 30, 2025 , the projected UAL two years after the valuation date is negative, as shown in the Schedule of Amortization Bases, so no UAL payment is required in FY 2027-28. Depending on factors such as the funded status of the plan, the financial condition of the employer and the investment return of the PERF since the valuation date, an ADP still may be worthwhile. Agencies considering making an ADP should contact CalPERS for additional information.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan through April 30, 2026.

Fiscal Year	ADP	Fiscal Year	ADP
2019-20	$494,778	2023-24	$1,488,751
2020-21	156,003	2024-25	473,256
2021-22	0	2025-26	0
2022-23	0		

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2025-26 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

The normal cost rates for each rate plan are assumed to remain constant. The employer normal cost rate for pooled plans is relatively constant from year to year when there are no assumption changes. Beginning with the June 30, 2026, actuarial valuation, it will be possible for pooled plans to be removed from the risk pool, in which case the employer normal cost would be based only on the members of that plan and will be different than the projections below. Plans with at least 200 active members on a valuation date will be automatically removed from the risk pool.

If the normal cost rates do remain constant, the employer contribution amounts will vary due to changes in payroll. The actuarial valuation does not include payroll beyond the valuation date. For the most realistic projections, the employer should apply projected payroll amounts to the rates below based on the most recent information available, such as current payroll as well as any plans to fill vacancies or add or remove positions.

		Required Contribution	**Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2025-26 and Beyond)**				
		2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Rate Plan Identifier	**Covered Payroll June 30, 2025**	Normal Cost Rates (Percentage of Payroll)					
8583	$1,084,248	17.77%	17.8%	17.8%	17.8%	17.8%	17.8%
8584	100,526	13.11%	13.1%	13.1%	13.1%	13.1%	13.1%
26759	1,963,968	8.05%	8.1%	8.1%	8.1%	8.1%	8.1%
	UAL Payment	$0	$0	$0	$0	$0	$0

Unlike the normal cost rates, the required UAL payments are expected to vary significantly from the projections above due to experience, particularly investment experience. For projected contributions under alternate investment return scenarios, please see the Future Investment Return Scenarios exhibit. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

For ongoing plans, investment gains and losses are amortized using an initial 5-year ramp. For more information, please see Amortization of Unfunded Actuarial Accrued Liability in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the initial ramp period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities and funded status of the plan are measured as of the valuation date: June 30, 2025.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2027-28.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2025-26 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments made on or before April 30, 2026, if necessary, and the expected payment for FY 2026-27 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2027-28	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Expected Payment 2026-27	Balance 6/30/27	Minimum Required Payment 2027-28
Projected Surplus	6/30/25	No Ramp		0.00%	N/A	(1,116,267)	0	(1,192,173)	0	(1,273,241)	0
Total						**(1,116,267)**	**0**	**(1,192,173)**	**0**	**(1,273,241)**	**0**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in Allocation of Plan's Share of Pool's Experience earlier in this report. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Each year, many agencies express a desire for a more stable pattern of payments or indicate interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative “fresh start” amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact a CalPERS actuary.

The current amortization schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single “fresh start” base and amortizing it over an appropriate period.

The current amortization schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS Actuarial Amortization Policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternative Schedules			
			Alternative Schedule 1		Alternative Schedule 2	
Date	**Balance**	**Payment**	**Balance**	**Payment**	**Balance**	**Payment**
6/30/2027	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2028						
6/30/2029						
6/30/2030						
6/30/2031						
6/30/2032						
6/30/2033						
6/30/2034						
6/30/2035						
6/30/2036						
6/30/2037						
6/30/2038						
6/30/2039						
6/30/2040						
6/30/2041						
6/30/2042						
6/30/2043						
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		**N/A**		**N/A**		**N/A**
Interest Paid		**N/A**		**N/A**		**N/A**
Estimated Savings				**N/A**		**N/A**

Employer Contribution History

The table below provides a recent history of the employer contribution requirements for the plan, as determined by the annual actuarial valuation. Changes due to prepayments or plan amendments after the valuation report was finalized are not reflected.

Valuation Date	Contribution Year	Employer Normal Cost Rate			Unfunded Liability Payment
		Rate Plan 8583	Rate Plan 8584	Rate Plan 26759	
06/30/2016	2018-19	13.439%	9.409%	6.842%	$86,777
06/30/2017	2019-20	14.398%	10.221%	6.985%	3,291
06/30/2018	2020-21	15.445%	11.031%	7.732%	14,044
06/30/2019	2021-22	15.25%	10.88%	7.59%	9,708
06/30/2020	2022-23	15.25%	10.87%	7.47%	17,489
06/30/2021	2023-24	17.26%	12.47%	7.68%	0
06/30/2022	2024-25	17.33%	12.52%	7.87%	53,981
06/30/2023	2025-26	17.39%	12.58%	7.96%	35,439
06/30/2024	2026-27	17.34%	12.56%	7.93%	0
06/30/2025	2027-28	17.77%	13.11%	8.05%	0

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's fair value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability	Share of Pool's Fair Value of Assets	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2016	$14,000,565	$11,797,125	$2,203,440	84.3%	$1,551,093
06/30/2017	14,706,474	14,585,724	120,750	99.2%	1,655,236
06/30/2018	15,970,233	15,457,738	512,495	96.8%	1,707,926
06/30/2019	16,738,092	16,118,956	619,136	96.3%	1,881,795
06/30/2020	17,576,724	16,967,493	609,231	96.5%	1,903,548
06/30/2021	19,003,773	20,758,569	(1,754,796)	109.2%	1,913,352
06/30/2022	19,685,002	18,376,156	1,308,846	93.4%	2,099,395
06/30/2023	20,525,953	18,677,358	1,848,595	91.0%	2,375,010
06/30/2024	21,672,645	21,437,220	235,425	98.9%	2,545,061
06/30/2025	22,999,693	24,115,960	(1,116,267)	104.9%	3,148,742

Risk Analysis

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Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2025 was performed to determine the effects of various future investment returns on required employer UAL contributions. The CalPERS Funding Risk Mitigation Policy stipulates that when the investment return exceeds the discount rate by at least 2% the board will consider adjustments to the discount rate. The projections below use a discount rate of 6.8% for all scenarios even though an annual return of 11.6% is high enough to trigger a board discussion on the discount rate. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The employer normal cost rates are not affected by Investment returns, and since no future assumption changes are being reflected, the projected employer normal cost rates for every future investment return scenario are the same as those shown earlier in this report. See Projected Employer Contributions for more information on projecting the employer normal cost.

The first table shows projected UAL contribution requirements if the fund were to earn either 1.9% or 11.6% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2045.

Assumed Annual Return FY 2025-26 through FY 2044-45	Projected Employer UAL Contributions				
	2028-29	2029-30	2030-31	2031-32	2032-33
1.9% (5th percentile)	$0	$29,000	$88,000	$178,000	$299,000
11.6% (95th percentile)	$0	$0	$0	$0	$0

Required UAL contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.9% or greater than 11.6% over a 20-year period, the likelihood of a single investment return less than 1.9% or greater than 11.6% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.7% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.9% or less and a 2.5% probability that the annual return will be -18.6% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of one and two standard deviation investment losses in FY 2025-26 on the FY 2028-29 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2028-29.

Assumed Annual Return for Fiscal Year 2025-26	Required Employer UAL Contributions	Projected Employer UAL Contributions
	2027-28	2028-29
(18.6%) (2 standard deviation loss)	$0	$121,000
(5.9%) (1 standard deviation loss)	$0	$46,000

- Without investment gains (returns higher than 6.8%) in FY 2026-27 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2025-26.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2028-29 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.3% and 2.5%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2025, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Discount Rate Due to Varying the Real Rate of Return Assumption

As of June 30, 2025	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	2.5%	2.5%	2.5%
Real Rate of Return	**3.3%**	**4.3%**	**5.3%**
a) Total Normal Cost			
Rate Plan 8583	32.47%	25.62%	20.42%
Rate Plan 8584	25.26%	20.05%	16.08%
Rate Plan 26759	19.87%	15.80%	12.71%
b) Accrued Liability	$25,902,193	$22,999,693	$20,577,749
c) Fair Value of Assets	$24,115,960	$24,115,960	$24,115,960
d) Unfunded Liability/(Surplus) [(b) - (c)]	$1,786,233	($1,116,267)	($3,538,211)
e) Funded Ratio	93.1%	104.9%	117.2%

Sensitivity to the Discount Rate Due to Varying the Price Inflation Assumption

As of June 30, 2025	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	**1.5%**	**2.5%**	**3.5%**
Real Rate of Return	4.3%	4.3%	4.3%
a) Total Normal Cost			
Rate Plan 8583	27.38%	25.62%	23.58%
Rate Plan 8584	21.42%	20.05%	18.43%
Rate Plan 26759	16.95%	15.80%	14.46%
b) Accrued Liability	$24,178,266	$22,999,693	$21,647,935
c) Fair Value of Assets	$24,115,960	$24,115,960	$24,115,960
d) Unfunded Liability/(Surplus) [(b) - (c)]	$62,306	($1,116,267)	($2,468,025)
e) Funded Ratio	99.7%	104.9%	111.4%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2025, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2025. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2025	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost			
Rate Plan 8583	26.04%	25.62%	25.23%
Rate Plan 8584	20.39%	20.05%	19.73%
Rate Plan 26759	16.08%	15.80%	15.54%
b) Accrued Liability	$23,550,007	$22,999,693	$22,496,653
c) Fair Value of Assets	$24,115,960	$24,115,960	$24,115,960
d) Unfunded Liability/(Surplus) [(b) - (c)]	($565,953)	($1,116,267)	($1,619,307)
e) Funded Ratio	102.4%	104.9%	107.2%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions.

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures include only the rate plans covered in this report. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2024	June 30, 2025
1. Retiree Accrued Liability	$12,904,500	$12,705,565
2. Total Accrued Liability	$21,672,645	$22,999,693
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	60%	55%

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above.

Support Ratio	June 30, 2024	June 30, 2025
1. Number of Actives	32	35
2. Number of Retirees	44	44
3. Support Ratio [(1) ÷ (2)]	0.73	0.80

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary increases, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of fair value of assets to payroll. Plans that have a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with an LVR of 8 is expected to have twice the contribution volatility of a plan with an LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2024	June 30, 2025
1. Fair Value of Assets	$21,437,220	$24,115,960
2. Payroll	$2,545,061	$3,148,742
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	8.4	7.7
4. Accrued Liability	$21,672,645	$22,999,693
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	8.5	7.3

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	53%	0.68	8.8	8.9
06/30/2018	51%	0.66	9.1	9.4
06/30/2019	55%	0.70	8.6	8.9
06/30/2020	58%	0.68	8.9	9.2
06/30/2021	55%	0.64	10.8	9.9
06/30/2022	55%	0.70	8.8	9.4
06/30/2023	61%	0.73	7.9	8.6
06/30/2024	60%	0.73	8.4	8.5
06/30/2025	55%	0.80	7.7	7.3

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimated range for the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2025. The accrued liability on a termination basis (termination liability) is calculated differently from the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the remainder of the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The discount rate used for actual termination valuations is a weighted average of the 10-year and 30-year Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the following analysis are based on 20-year Treasury bonds, which is a good proxy for most plans. The discount rate upon contract termination will depend on actual Treasury rates on the date of termination, which varies over time, as demonstrated below.

Valuation Date	20-Year Treasury Rate	Valuation Date	20-Year Treasury Rate
6/30/2016	1.86%	6/30/2021	2.00%
6/30/2017	2.61%	6/30/2022	3.38%
6/30/2018	2.91%	6/30/2023	4.06%
6/30/2019	2.31%	6/30/2024	4.61%
6/30/2020	1.18%	6/30/2025	4.79%

As Treasury rates are variable, the table below shows a range for the termination liability using discount rates 1% below and above the 20-year Treasury rate on the valuation date. The price inflation assumption is the 20-year Treasury breakeven inflation rate, that is, the difference between the 20-year inflation indexed bond and the 20-year fixed-rate bond.

The Fair Value of Assets also varies with interest rates and will fluctuate depending on other market conditions on the date of termination. Since it is not possible to approximate how the assets will change in different interest rate environments, the results below use the plan's share of the pool's Fair Value of Assets as of the valuation date.

	Discount Rate: 3.79% Price Inflation: 2.47%	Discount Rate: 5.79% Price Inflation: 2.47%
1. Termination Liability[1]	$32,429,921	$24,933,084
2. Fair Value of Assets	24,115,960	24,115,960
3. Unfunded Termination Liability [(1) – (2)]	$8,313,961	$817,124
4. Funded Ratio [(2) ÷ (1)]	74.4%	96.7%

[1] The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A of the Section 2 report.

In order to terminate, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow a CalPERS actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan's assets and liabilities. Before beginning this process, please consult with a CalPERS actuary.

Funded Status – Low-Default-Risk Basis

Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, requires the disclosure of a low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date using a discount rate based on the yields of high quality fixed income securities with cash flows that replicate expected benefit payments. Conceptually, this measure represents the level at which financial markets would value the accrued plan costs, and would be approximately equal to the cost of a portfolio of low-default-risk bonds with similar financial characteristics to accrued plan costs.

As permitted in ASOP No. 4, the Actuarial Office uses the Entry Age Actuarial Cost Method to calculate the LDROM. This methodology is in line with the measure of "benefit entitlements" calculated by the Bureau of Economic Analysis and used by the Federal Reserve to report the indebtedness due to pensions of plan sponsors and, conversely, the household wealth due to pensions of plan members.

As shown below, the discount rate used for the LDROM is 5.58%, which is the Standard FTSE Pension Liability Index[1] discount rate as of June 30, 2025.

Selected Measures on a Low-Default-Risk Basis	June 30, 2025
Discount Rate	5.58%
1. Accrued Liability – Low-Default-Risk Basis (LDROM)	
a) Active Members	$11,843,103
b) Transferred Members	17,894
c) Separated Members	557,525
d) Members and Beneficiaries Receiving Payments	14,198,386
e) Total	$26,616,908
2. Fair Value of Assets	24,115,960
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	$2,500,948
4. Unfunded Accrued Liability – Funding Policy Basis	(1,116,267)
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	$3,617,215

The difference between the unfunded liabilities on a low-default-risk basis and on the funding policy basis represents the present value of the investment risk premium that must be earned in future years to keep future contributions for currently accrued plan costs at the levels anticipated by the funding policy.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets, and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 6.8%, benefit security could be at risk without higher than currently anticipated future contributions.

The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan's benefit obligations (see Funded Status – Termination Basis), nor is it appropriate for assessing the need for future contributions (see Funded Status – Funding Policy Basis).

[1] This index is based on a yield curve of hypothetical AA-rated zero-coupon corporate bonds whose maturities range from 6 months to 30 years. The index represents the single discount rate that would produce the same present value as discounting a standardized set of liability cash flows for a fully open pension plan using the yield curve. The liability cash flows are reasonably consistent with the pattern of benefits expected to be paid from the entire Public Employees' Retirement Fund for current and former plan members. A different index, hence a different discount rate, may be needed to measure the LDROM for a subset of the fund, such as a single rate plan or a group of retirees.

Supplementary Information

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Normal Cost by Benefit Group

The table below displays the Total Normal Cost broken out by benefit group for FY 2027-28. The Total Normal Cost is the annual cost of service accrual for the fiscal year for active employees and can be viewed as the long-term contribution rate for the benefits contracted. Generally, the normal cost for a benefit group subject to more generous benefit provisions will exceed the normal cost for a group with less generous benefits. Future measurements of the Total Normal Cost for each group may differ significantly from the current values due to such factors as changes in economic and demographic assumptions, changes in plan benefits, or changes in applicable law.

Rate Plan Identifier	Benefit Group Name	Total Normal Cost FY 2027-28	Offset due to Employee Contributions FY 2027-28	Employer Normal Cost FY 2027-28	Number of Actives	Payroll on 6/30/2025
8583	Miscellaneous First Tier Plan	25.62%	7.85%	17.77%	10	$1,084,248
8584	Miscellaneous Second Tier Plan	20.05%	6.94%	13.11%	1	100,526
26759	PEPRA Miscellaneous Plan	15.80%	7.75%	8.05%	24	1,963,968
	Total				35	$3,148,742

Note that if a Benefit Group above has multiple bargaining units, each of which has separately contracted for different benefits such as Employer Paid Member Contributions, then the Normal Cost shown for the respective benefit level does not reflect those differences.

Summary of Valuation Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2024	June 30, 2025
Active Members		
Counts	32	35
Average Attained Age	47.0	47.7
Average Entry Age to Rate Plan	37.1	37.7
Average Years of Credited Service	9.4	9.6
Average Annual Covered Pay	$79,533	$89,964
Annual Covered Payroll	$2,545,061	$3,148,742
Present Value of Future Payroll	$22,427,634	$28,441,314
Transferred Members		
Counts	1	1
Separated Members		
Counts	10	9
Retired Members and Beneficiaries*		
Counts	44	44
Average Annual Benefits	$25,852	$26,073
Total Annual Benefits	$1,137,484	$1,147,192

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Average Annual Benefits represents benefit amounts payable by this plan only. Some members may have service in another plan and would therefore have a larger total benefit than would be included as part of the average shown here.

* Values include community property settlements

Status of PEPRA Transition

The California Public Employees' Pension Reform Act of 2013 (PEPRA), which took effect in January 2013, changed CalPERS retirement benefits and placed compensation limits on new members joining CalPERS on or after January 1, 2013. One of the objectives of PEPRA was to improve the ability of employers to manage the costs of retirement benefits for their members. While such changes can reduce future benefit costs in a meaningful way, the full impact on employer contributions will not occur until all active members are subject to the rules and provisions of PEPRA. The table below illustrates the status of this transition as of June 30, 2025.

	Classic	PEPRA	PEPRA as a Percent of Total
Active Members			
Count	11	24	68.6%
Average Attained Age	55.8	44.0	
Average Entry Age	34.0	39.4	
Average Years of Credited Service	20.3	4.7	
Average Annual Covered Payroll	$107,707	$81,832	
Annual Covered Payroll	$1,184,774	$1,963,968	62.4%
Present Value of Future Payroll	$6,598,617	$21,842,697	76.8%
Transferred Members			
Count	0	1	100.0%
Separated Members			
Count	9	0	0.0%
Retired Members and Beneficiaries Receiving Payments			
Count	44	0	0.0%
Average Annual Benefit	$26,073	$0	
Total Annual Benefits	$1,147,192	$0	0.0%
Accrued Liabilities			
Active Members	$8,184,938	$1,660,331	16.9%
Transferred Members	0	12,446	100.0%
Separated Members	436,413	0	0.0%
Retired Members and Beneficiaries	12,705,565	0	0.0%
Total	$21,326,916	$1,672,777	7.3%

Surcharge for Class 1 Benefits

This plan has the following Class 1 benefit provisions which result in the surcharges indicated:

Class 1 benefit provisions	Rate Plan 8583	Rate Plan 8584	Rate Plan 26759
One Year Final Compensation (FAC 1)	0.88%	0.69%	N/A
Surcharge for Class 1 Benefits	0.88%	0.69%	0.00%

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Rate Plan 8583	**Benefit Group**			
Member Category	**Misc**	**Misc**	**Misc**	
Demographics				
Actives	No	Yes	No	
Transfers/Separated	Yes	Yes	No	
Receiving	Yes	Yes	Yes	
Benefit Provision				
Benefit Formula	2% @ 55	3% @ 60		
Social Security Coverage	No	No		
Full/Modified	Full	Full		
Employee Contribution Rate		8.00%		
Final Average Compensation Period	One Year	One Year		
Sick Leave Credit	Yes	Yes		
Non-Industrial Disability	Standard	Standard		
Industrial Disability	No	No		
Pre-Retirement Death Benefits				
Optional Settlement 2	Yes	Yes		
1959 Survivor Benefit Level	No	No		
Special	No	No		
Alternate (firefighters)	No	No		
Post-Retirement Death Benefits				
Lump Sum	$2,000	$2,000	$2,000	
Survivor Allowance (PRSA)	No	No	No	
COLA	2%	2%	2%	

Plan's Major Benefit Options (Continued)

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Rate Plan 8584	**Benefit Group**			
Member Category	**Misc**			
Demographics				
Actives	Yes			
Transfers/Separated	No			
Receiving	Yes			
Benefit Provision				
Benefit Formula	2% @ 55			
Social Security Coverage	No			
Full/Modified	Full			
Employee Contribution Rate	7.00%			
Final Average Compensation Period	One Year			
Sick Leave Credit	Yes			
Non-Industrial Disability	Standard			
Industrial Disability	No			
Pre-Retirement Death Benefits				
Optional Settlement 2	Yes			
1959 Survivor Benefit Level	No			
Special	No			
Alternate (firefighters)	No			
Post-Retirement Death Benefits				
Lump Sum	$2,000			
Survivor Allowance (PRSA)	No			
COLA	2%			

Plan's Major Benefit Options (Continued)

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Rate Plan 26759	**Benefit Group**			
Member Category	**Misc**			
Demographics				
Actives	Yes			
Transfers/Separated	Yes			
Receiving	No			
Benefit Provision				
Benefit Formula	2% @ 62			
Social Security Coverage	No			
Full/Modified	Full			
Employee Contribution Rate	7.75%			
Final Average Compensation Period	Three Year			
Sick Leave Credit	Yes			
Non-Industrial Disability	Standard			
Industrial Disability	No			
Pre-Retirement Death Benefits				
Optional Settlement 2	Yes			
1959 Survivor Benefit Level	No			
Special	No			
Alternate (firefighters)	No			
Post-Retirement Death Benefits				
Lump Sum	$2,000			
Survivor Allowance (PRSA)	No			
COLA	2%			

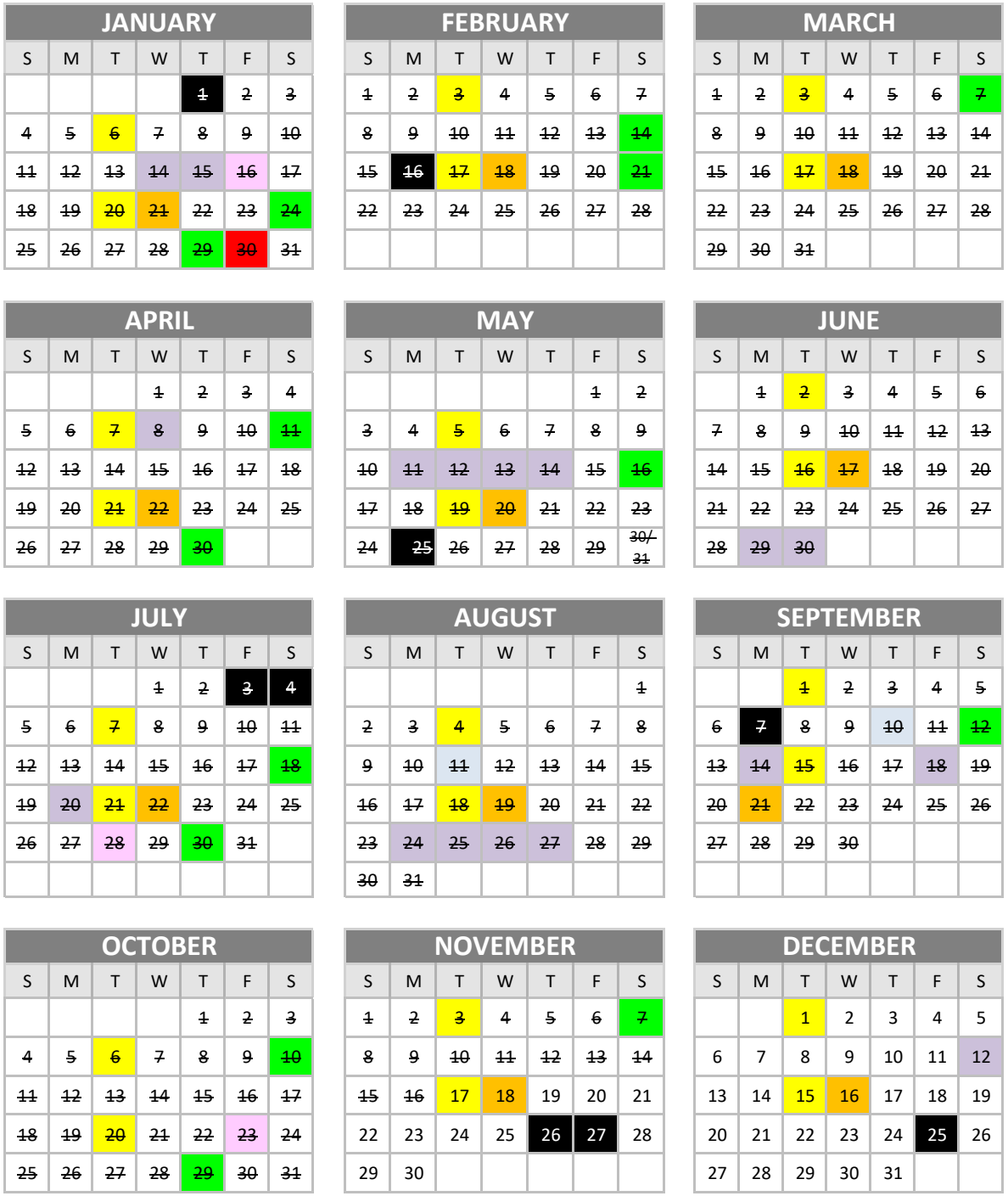
Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

Section 2 may be found on the CalPERS website
in the Forms & Publications section

2026 MCSD Board Calendar



JANUARY						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

FEBRUARY						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

MARCH						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

APRIL						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

MAY						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30/31

JUNE						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

JULY						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

AUGUST						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

SEPTEMBER						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

OCTOBER						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

NOVEMBER						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

DECEMBER						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Board Meeting
Legislative & Public Affairs Outreach Meeting
Calendar Committee Meeting
Franchise Committee Meeting
Special Board Meeting

Community Events

~~2/14 District Open House~~
~~2/21 WM Tet Parade~~
- ~~ISDOC Qrtly Meeting (1/29, 4/30, 7/30, 10/29)~~
- ~~Clean-up and/or Shredding event (Saturday)~~
~~(1/24, 3/7, 4/11, 5/16, 7/18, 9/12, 10/10, 11/7)~~

Conferences/Special Events

~~1/14-16 CASA Winter Conference~~
~~3/18 SDRMA Spring Education Day~~
~~4/07-08 CSDA Special Dist. Legislative Days~~
~~5/11-14 Special Dist. Leadership Academy~~
~~6/29-30 CSDA GM Leadership Summit~~
~~8/24-27 CSDA Annual Conference~~
~~9/18 State of OC San~~
12/12 District Employee Holiday Event

Holiday - District Closed

~~1/01 New Year's Day~~
~~2/16 President's Day~~
~~5/25 Memorial Day~~
~~7/04 Fourth of July~~
~~9/07 Labor Day~~
11/26 Thanksgiving Day
12/25 Christmas Day