CROPPER ROWE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MT. VIEW SANITARY DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2024 and 2023

professional. personalized. service.

TABLE OF CONTENTS

CROPPER ROWE, LLP
CERTIFIED PUBLIC ACCOUNTANTS

2700 Ygnacio Valley Road, Ste 270
Walnut Creek, CA 94598
(925) 932-3860 tel
(925) 476-9930 efax
www.cropperaccountancy.com

INDEPENDENT AUDITOR'S REPORT

To the Governing Body of
Mt. View Sanitary District
Martinez, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Mt. View Sanitary District, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Mt. View Sanitary District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Mt. View Sanitary District, as of June 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Mt. View Sanitary 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 opinions.

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 Mt. View Sanitary District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 Mt. View Sanitary 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 Mt. View Sanitary 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 proportionate share of net pension liability, schedule of District's pension plan contributions, schedule of changes in the net OPEB liability and related rations, and schedule of OPEB contributions on pages 5-8 and 41-48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mt. View Sanitary District's basic financial statements. The accompanying combining financial statements and comparison of budget and actual expenses – General Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2024, on our consideration of the Mt. View Sanitary District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mt. View Sanitary 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 Mt. View Sanitary District's internal control over financial reporting and compliance.

Cropper Rowe LLP

CROPPER ROWE, LLP
Walnut Creek, California
November 14, 2024

MANAGEMENT'S DISCUSSION & ANALYSIS

MT. VIEW SANITARY DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

The following discussion and analysis of the financial performance of the Mt. View Sanitary District (the District) provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the District financial statements.

HIGHLIGHTS

Financial Highlights

♦ District total net position increased by $3,038,017 or 12.4%.

♦ Total capital assets, net of accumulated depreciation, decreased by $351,444, or 1.2%.

♦ Current assets increased by $2,843,300 or 24.8%. Current assets include cash, accounts receivable, and prepaid expenses. Current liabilities decreased by $231,173 or 13.4%. Current liabilities are primarily accounts payable, accrued expenses, current portion of long-term debt, construction deposits, and accrued vacations. The District's noncurrent liabilities increased by $113,766 or 0.7%.

♦ Total operating revenues increased by $658,239, or 7.5% from the previous year, The District's total operating expenses, inclusive of Facilities Rehabilitation, Capital, and depreciation increased by $624,563, or 6.9% from the previous year. The District-wide operating loss was $338,090. Operating expenses for the general fund, not including depreciation, OPEB, and Pension, totaled $7,542,164, and are approximately 0.4% ($33,023) less than budgeted for fiscal year 2023-2024.

♦ Permit and inspection fees decreased by $137,768 or 57.6% due primarily to a decline in new construction. Connection and franchise fee revenues decreased by $635,949 or 81.2% from the previous year. For capacity fees, the decrease is due primarily to a decline in new construction. It is anticipated that connection fee revenue will be limited to occasional infill projects in the future.

District Highlights

♦ The District celebrated 100 years of public service in 2023.

♦ The District continues to maintain the plantings and remove non-native invasive weeds in the completed Moorhen Marsh Enhancement Project. The Streambed Alteration Agreement with the California Department of Fish and Wildlife requires 80% survivorship of plantings for five years from 2019. The annual plant count required under the SAA was successful. The marsh creates the ideal habitat for many species, and it has been used by professional organizations for training purposes and is used for safe release of rehabilitated animals.

♦ In fiscal year 2023-2024 Sewer Service Charges were based on the fiscal year 2023 Proposition 218 process that culminated in a Board-approved three-year schedule of rate increases (fiscal year 2024 to 2026).

♦ The District completed an Affordability Study in 2023. Affordability is measured by the percentage of Median Household Income (MHI) spent annually on utility (water and wastewater) services. Households paying less than the affordability threshold are paying a cost that is affordable. The study concluded that residents in the District's service area pay utility service fees of 3.25% of the MHI, which is well below the 5.0% affordability threshold.

MT. VIEW SANITARY DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

♦ The Local Agency Formation Commission (LAFCO) completed the Wastewater Municipal Services Review (MSR) on June 12, 2024. The MSR purpose is to capture and analyze information about the governance structures and efficiencies, and to identify opportunities for greater coordination and cooperation between service providers. MSR determinations are positive and reflect a stable agency with sufficient capacity to continue providing wastewater services to its public. Recommendations were made to participate in the county-wide Hazard Mitigation Plan. The District staff have completed the Local Hazard Mitigation Plan County annexation and are waiting for the FEMA and OES review. LAFCO continues to recommend additional formal study to evaluate the long-term fiscal and other impacts of consolidation with CCCSD. MVSD and Central San have executed a Memorandum of Understanding and begun to conduct a joint feasibility study to address the potential of consolidation.

♦ The District's award-winning Wetlands Education Program that provides free wastewater, wetlands, and pollution prevention education to local schools held 35 field trips and 25 classroom programs.

♦ Mt. View Sanitary District has maintained the District Transparency Certificate of Excellence from the Special District Leadership Foundation (SDLF) since 2013 in recognition of its outstanding efforts to promote transparency and good governance. The Certificate was renewed in 2023. Staff are commended for their contributions that empower the public with information and facilitate engagement and oversight.

♦ The District continued to work on the following capital projects in fiscal year 2023-2024:

- UV Disinfection Replacement new UV equipment was installed and commissioned in both flow channels. The temporary motor control (MCC) was brought online, and loads were transferred, the new MCC was delivered to the site and installation began. Other construction progress included the lamp cleaning basin blower, the crane structure and hoist, the hydropneumatic tank and a significant amount of piping and mechanical work related to the class 3 water reuse pump station, the steel canopy over the MCC, electrical installations, instrumentation and SCADA upgrades, concrete repairs, and the Diversion Box A slide gate replacement. Supply chain delays have extended the time for completion of this project.
- The computerized risk model for Phase 2 of the Collection System Cleaning & CCTV was completed.
- Design and right-of-way-related activities continued the 888 Howe Road Sanitary Sewer Replacement.
- The Plant Improvement preliminary design work was completed, and a review of the report began. In light of the consolidation Feasibility Study (Study), the many aspects of this project are being vetted to ensure that only work required to continue to provide services to the public will progress before completion of the Study.
- Pipe repair at Central and Kelly.
- Iron adjustments following the City of Martinez paving projects.
- Various equipment purchases (air compressor, composite samplers, and algae harvester) and plant sand filter repair and maintenance project.

♦ The District Board of Directors approved the 2021 Strategic Plan in April 2021. Strategic Plan achievements in fiscal year 2023-2024 included:

- Quarterly reporting of Performance Metrics report were provided to the Board.

- Completion of 167% of annual target for sewer pipeline cleaning.
- Consistent staff participation in Bay Area Clean Water Agencies (BACWA), California association of Sanitary Agencies (CASA), and California Water Environment Association (CWEA).
- Routine 10-year Cash Flow projections reported to the Board.
- Significant progress continues in generating and updating Standard Operating Procedures (SOP) in all departments.
- Established intranet page for employee access to SOPs, employee forms, policies, procedures, and benefits.
- Improved employee participation in training opportunities, fully utilizing the training budget.
- Ongoing improved communication with the City of Martinez regarding both agency's projects.
- Significant increase in the District's community engagement through outreach, collaboration, presence in community events, and implementation of the Community Advisory Group.

USING THIS ANNUAL REPORT

District financial statements report information about the District's use of accounting methods like those used by private sector companies. The Statement of Net Position includes all District assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing the 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 revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of District operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about District cash receipts, cash disbursements, and net changes in cash resulting from operations, investing, and capital and noncapital financial activities. It provides answers to questions such as, "Where did the cash come from?", "Cash was used for what purpose?", and "What was the change in the cash balance during the reporting period?"

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about District finances is whether the District's overall financial position has improved or deteriorated. The Statement of Net Position and the Statement of Revenues and Expenses and Changes of Net Position report information about District activities in a way that will help answer this question. These two statements report the net position of the District and changes in them. You can think of the District net position - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in District net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider include changes in economic conditions, population growth, and new or changed legislation.

Changes in Net Position

District total net position increased from the previous year by $3,038,017 or 12.4%.

Revenues

Total revenues increased by $3,318,127 or 34.3%, compared to the previous fiscal year. Operating revenues increased by $658,239, or 7.5%, over the previous year driven primarily by an increase in Sewer Service Charges. Interest and investment income increased by $287,363 or 122.0%, versus the previous year. Connection and Franchise Fees decreased by $635,949, or 81.2%, over the previous year primarily due to a decline in new construction. Permit and inspection fees decreased by $137,768 or 57.6% due primarily to a decline in new construction.

Expenses

Operating expenses, inclusive of Facilities Rehabilitation, Capital, and depreciation increased by $624,563 or 6.9%, in fiscal year 2023-2024 compared to fiscal year 2022-2023.

Budgetary Highlights

The District adopts an annual budget each year that outlines the major elements of forthcoming operations and capital improvements. The District maintains an ongoing Capital Improvement Program that is updated periodically. In fiscal year 2022-2023, the District adopted an updated Ten-Year Facilities Replacement and Capital Improvement Plan (CIP) projecting expenditures of $51.3 million through fiscal year 2037-2038. The CIP encompasses all engineered studies and projects related to improvements, repairs, rehabilitation, and replacement of the District's collection system, pump station, plant, and marsh assets. The CIP Plan historically has been funded on a pay-as-you-go basis from District reserves. The approved CIP requires additional funding beyond current reserves. The District is working on an RFP for a Design/Build Electrical Infrastructure Upgrade project that is projected to bring in funding. The District continues to be proactive to implement asset management, facilitate financial planning (sewer rates and cash flow), promote organizational balance (staff's ability to manage and support the workload), and inform the Board of Directors and the public about infrastructure needs, upcoming projects, and proposed capital expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2023-2024, the District had a total of $28,521,719 invested in capital assets, net of accumulated depreciation.

The assets included land, collection system subsurface lines and pump· stations, treatment plant equipment and structures, the administration building, and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was $351,444, or 1.2%.

Capital asset additions, replacements, or rehabilitations completed during the fiscal year include the rehabilitation of the centrifuge, sand filter air compressor, and the purchase of a Water Algae Remover.

Long Term Liabilities

Long-term liabilities include accrued vacation, long-term debt, pension liability, and other post-employment benefits (OPEB). Through the California Employers' Retiree Benefits Fund (CERBT), the District pre-funds the District's OPEB obligation.

For more information about this report, please contact:

Mt. View Sanitary District
3800 Arthur Road
Martinez, CA 94563
(925) 228-5635

FINANCIAL STATEMENTS

MT VIEW SANITARY DISTRICT
Statements of Net Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash in County	$ 2,606,538	$ 429,621
Cash in Bank	122,594	113,188
Petty Cash	202	216
Investment in L.A.I.F.	11,151,743	10,448,964
Total Cash and Equivalents (Note 2)	13,881,077	10,991,989
Accounts Receivable (Note 3)	188,449	131,140
Current portion of Lease Receivable (Note 4)	77,150	188,285
Prepaid Expense	160,702	152,664
Total Current Assets	14,307,378	11,464,078
Noncurrent Assets		
Noncurrent portion of Lease Receivable (Note 4)	115,086	484,759
Capital assets, net of Accumulated Depreciation (Note 5)	28,521,719	28,873,163
Total Noncurrent Assets	28,636,805	29,357,922
TOTAL ASSETS	42,944,183	40,822,000
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits (Note 7)	1,045,139	671,283
Pension (Note 6)	2,169,373	2,167,661
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,214,512	2,838,944
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Expenses	659,043	904,033
Current Portion of Long-term Debt (Note 8)	487,815	471,079
Current Portion of Lease Payable (Note 4)	8,839	7,627
Current Portion of Subscriptions Payable (Note 4)	11,250	24,602
Current Portion of Accrued Vacations	128,202	114,364
Construction Deposits	205,538	210,155
Total Current Liabilities	1,500,687	1,731,860
Noncurrent Liabilities:		
Noncurrent Portion of Long-term Debt (Note 8)	9,743,833	10,231,649
Noncurrent Portion of Lease Payable (Note 4)	10,186	19,025
Noncurrent Potion of Subscriptions Payable	10,547	-
Noncurrent Portion of Accrued Vacations	128,202	114,364
Net OPEB Liability (Note 7)	1,325,738	1,157,597
Net Pension Liability (Note 6)	4,874,871	4,456,976
Total Noncurrent Liabilities	16,093,377	15,979,611
TOTAL LIABILITIES	17,594,064	17,711,471
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits (Note 7)	697,897	562,518
Pension (Note 6)	112,031	208,626
Lease (Note 4)	180,030	641,673
TOTAL DEFERRED INFLOWS OF RESOURCES	989,958	1,412,817
NET POSITION		
Net investment in capital assets	18,249,249	18,119,181
Unrestricted	9,325,424	6,417,475
TOTAL NET POSITION	$ 27,574,673	$ 24,536,656

The accompanying notes are an integral part of these financial statements.

MT VIEW SANITARY DISTRICT
Statements of Revenues, Expenses And Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
OPERATING REVENUES		
Service charges	$ 9,298,100	$ 8,502,093
Permit and inspection fees	101,568	239,336
Total operating revenues	9,399,668	8,741,429
OPERATING EXPENSES		
Sewage collection	1,060,787	1,803,809
Sewage treatment	3,169,627	3,033,450
Sewage disposal	742,800	726,070
Administrative and general	3,125,963	2,027,551
Depreciation and amortization	1,638,581	1,522,315
Total operating expenses	9,737,758	9,113,195
OPERATING INCOME (LOSS)	(338,090)	(371,766)
NON-OPERATING REVENUES (EXPENSES)		
Taxes	501,924	483,717
Interest income	522,849	235,486
Rents and leases	196,123	198,919
Interest expense	(373,382)	(393,800)
Other non-operating revenues (expenses)	2,381,107	23,993
Total non-operating revenues (expenses)	3,228,621	548,315
Change in net position before connection and franchise fees	2,890,531	176,549
Franchise and connection fees	147,486	783,435
CHANGE IN NET POSITION	3,038,017	959,984
Net Position - Beginning	24,536,656	23,576,672
Net Position - Ending	$ 27,574,673	$ 24,536,656

The accompanying notes are an integral part of these financial statements.

MT VIEW SANITARY DISTRICT
Statements of Cash Flows
June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	$ 9,342,359	$ 8,706,339
Payments to suppliers	(3,459,673)	(4,537,125)
Payments to employees and related benefits	(4,620,221)	(4,120,054)
Net cash provided by (used in) operating activities	1,262,465	49,160
CASH FLOWS FROM NONNCAPITAL FINANCING ACTIVITIES:		
Receipt of taxes	501,924	483,717
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Franchise and connection fees received	147,486	783,435
Lease and subscription payments	(472,075)	(210,760)
Principal received / (paid), net	(471,080)	(454,935)
Interest payments	(373,382)	(393,800)
Acquisition and construction of capital assets	(1,287,137)	(3,125,860)
Net cash provided by (used in) in capital and related financing activities	(2,456,188)	(3,401,920)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	522,849	235,486
Rents and leases	676,931	378,439
Other income	2,381,107	23,993
Net cash provided by (used in) investing activities	3,580,887	637,918
Net increase (decrease) in cash and cash equivalents	2,889,088	(2,231,125)
Cash and cash equivalents, July 1	10,991,989	13,223,114
Cash and Cash equivalents, June 30	$ 13,881,077	$ 10,991,989
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	$ (338,090)	$ (371,766)
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation expense	1,638,581	1,522,315
GASB 68 effect on pension expense	319,588	(380,805)
GASB 75 effect on OPEB expense	(70,336)	(24,057)
(Increase) decrease in:		
Accounts receivable	(57,309)	(35,090)
Prepaid expenses	(8,038)	(13,898)
Increase (decrease) in:		
Accounts payable and accrued expenses	(244,990)	(852,370)
Refundable deposits	(4,617)	183,735
Accrued vacation	27,676	21,096
Net cash provided by operating activities	$ 1,262,465	$ 49,160

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Mt. View Sanitary District was organized in 1923 under the Sanitary District Act of 1923 (Health and Safety Code 4600) and is one of the oldest districts of its type in California, having provided sewerage services for nearly 100 years. The district serves an estimated 22,000 people in an area of about 4,100 acres situated in the rolling hills in, and east of, the City of Martinez. About one-third of the District's area lies within the City. The District provides sewage collection, treatment, and disposal services within its boundaries for about 8,370 parcels.

The District is governed by a five-member elected Board of Directors and has 19 full-time employees. The District receives funding from local government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since the Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations, and be accountable for fiscal matters.

Financial Reporting Entity

For financial reporting purposes and in conformity with the Governmental Accounting Standards Board (GASB) Codification Section 2100, which defines the governmental entity, the District includes all funds that are controlled by, or are dependent on, the Board of Directors of the District. Since no other entities are controlled by, or rely upon, the District, the reporting entity consists solely of the District.

Dorothy M. Sakazaki Environmental Endowment Fund

The Dorothy M. Sakazaki Environmental Endowment Fund (the Fund) is a legally separate entity from the District. The Fund and the District have the same Board of Directors.

During the Fund's reporting year end of December 31, 2023, the Fund's net assets increased by $11,652 due to investment income earnings, to $200,327, which is deemed immaterial to the District as a whole.

Basis of Accounting

The District applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued GASB No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements. This statement incorporates pronouncements issued on or before November 30, 1989, into GASB authoritative literature. This includes pronouncements by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions (APB), and the Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, unless those pronouncements conflict with or contradict with GASB pronouncements.

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost and expenses, including depreciation, of providing goods or services to its customers be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expense incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise funds are used to account for activities similar to those in the private sector, where the proper matching of revenues and costs is important, and the full accrual basis of accounting is required. With this measurement focus, all assets and liabilities of the enterprise are recorded on its statement of net position, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for services. Operating expenses for the District include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

For internal operating purposes, the District's Board of Directors has established four separate sub-funds, each of which includes a separate self-balancing set of accounts and a separate Board approved budget for revenues and expenses. These sub-funds are combined into the single enterprise fund presented in the accompanying financial statements. The nature and purpose of these sub-funds are as follows:

General Fund - Accounts for services rendered on a cost-reimbursement basis within the District. The District maintains one enterprise fund, the General Fund, which is used to account for operating revenue and expenses related to providing service to its customers.

Capital Outlay Fund - Used to account for the construction and acquisition of capital improvements by the District.

Debt Service Fund - Used to account for the District's financing activities.

Facilities Rehabilitation Fund - Used to account for the repair or replacement of the collection system and other aging systems of the plant from proceeds of the ad valorem tax collections.

That portion of the District's net position which is allocable to each of these sub-funds has been shown separately in the supplementary information to the financial statements.

The District's Board of Directors adopts annual budgets on a basis consistent with accounting principles generally accepted in the United States of America.

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are carried at fair value. Fair value is based on quoted market price if applicable and/or are available. Otherwise, the fair value hierarchy is as follows.

Level 1 – Values are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs, other than quoted prices, included within Level 1 that are observable for the asset or liabilities at the measurement date.

Level 3 – Certain inputs are unobservable inputs (supported by little or no market activity, such as the District's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date).

LAIF determines fair value on its investment portfolio based on market quotations for these securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available.

Prepaids

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

Inventory

Inventory is valued at average cost and is used primarily for internal purposes.

Pensions

For purposes of measuring the net pension liability (NPL) and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position (FNP) of the District's Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

	Fiscal Year 2024	Fiscal Year 2023
Valuation Date	June 30, 2023	June 30, 2022
Measurement Date	June 30, 2024	June 30, 2023

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant, and Equipment

Purchased capital assets are stated at historical cost. Capital assets contributed to the District are stated at estimated fair value at the time of contribution. The capitalization threshold for capital assets is $5,000. Expenditures which materially increase the value or life of capital assets are capitalized and depreciated over the remaining useful life of the asset. The term depreciation includes amortization of intangible assets.

Depreciation of exhaustible capital assets has been provided using the straight-line method as follows:

	Years
Sewage Collection Facilities	75
Intangible Assets	75
Sewage Treatment Plant and Pumping Plants	40
Buildings	50
Furniture and Equipment	5 – 15
Motor Vehicles	6 – 15

Lease Obligations

Leases- The District is a lessor of parcels of land to billboards. In the financial statements the lease receivable is reported as an asset and future revenues are reported as deferred in flows.

Lease Obligations- The District leases a copier under an operating lease agreement. In the financial statements, the operating lease and the related lease obligations are reported as liabilities in the Statement of Net Position.

Accrued Vacation and Sick Leave Benefits

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Property Taxes

Property tax revenue is recognized in the fiscal year for which the tax is levied. The County of Contra Costa levies, bills and collects property taxes for the District; all material amounts are collected by June 30.

General County taxes collected are the same as the amount levied since the County participates in California's alternative method of apportionment called the Teeter Plan. The Teeter Plan as provided in Section 4701 at seq. of the State of Revenue and Taxation Code establishes a mechanism for the county to advance the full amount of property tax and other levies to taxing agencies based on the tax levy, rather than on the basis of actual tax collections. Although this system is a simpler method to administer, the County assumes the risk of delinquencies. The County in return retains the penalties and accrued interest thereon.

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes (continued)

Secured Property tax bills are mailed annually, during the month of October, on the current secured tax roll to the owner of the property as of the lien date (January 1). Payments can be made in two installments and are due on November 15 and March 15. Delinquent accounts are assessed a penalty of 10 percent. Accounts which remain unpaid on June 30 are charged an additional 1 ½ percent per month. Unsecured property tax is due on July 1 and becomes delinquent on August 31. The penalty percentage rates are the same as secured property tax.

Net Position

In the Statement of Net Position net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets, net of accumulated depreciation, reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted - This amount is all net position that do not meet the definition of "net investment in capital assets" or "restricted."

Statement of Cash Flows

For purposes of the statement of cash flows, all highly liquid investments, including restricted assets, with maturities of three months or less when purchased, are considered to be cash equivalents. Included therein are petty cash, bank accounts, and the State of California Local Agency Investment Fund (LAIF). Restricted assets are debt service amounts maintained by fiduciaries and not available for general expenses.

Use of Estimates

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

Implemented New GASB Pronouncements

For the year ended June 30, 2024, the District implemented the following GASB pronouncements

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

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Implemented New GASB Pronouncements (continued)

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 (fiscal year 2024). The District has determined the implementation of this Pronouncement will not have a material impact on the financial statements.

Upcoming New GASB Pronouncements

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

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Upcoming New GASB Pronouncements (continued)

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 (fiscal year 2025), and all reporting periods thereafter. The District has not yet determined whether the implementation of this Pronouncement will have a material impact on the financial statements.

GASB Statement No. 102, *Certain Risk Disclosures.* - The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making District. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.
The requirements of this Statement are effective for fiscal years beginning after June 15, 2024 (fiscal year 2025), and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 103, *Financial Reporting Model Improvements* . - The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This Statement addresses the following components of the financial reporting model: (1) Management's Discussion and Analysis, (2) Unusual or Infrequent Items, (3) Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, (4) major Component Unit Information, and (5) Budgetary Comparison Information.

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Upcoming New GASB Pronouncements (continued)

The Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that “boilerplate” discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units. These requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position.

This Statement requires governments to present each major component unit separately in the reporting entity’s statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements. The requirement for presentation of major component unit information will improve comparability.

The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.
The requirements of this Statement are effective for fiscal years beginning after June 15, 2025 (fiscal year 2026), and all reporting periods thereafter. Earlier application is encouraged.

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Upcoming New GASB Pronouncements (continued)

GASB Statement No. 104, *Disclosure of Certain Capital Assets*
The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025 (fiscal year 2026), and all reporting periods thereafter. Earlier application is encouraged.

2. CASH AND EQUIVALENTS

Summary of Cash and Equivalents

Cash and equivalents as of June 30, 2024 and 2023, are classified in the accompanying financial statements as follows:

	2024	2023
Cash	$ 2,606,538	$ 429,621
Cash in bank	122,594	113,188
Petty cash	202	216
Cash equivalents – investment in LAIF	11,151,743	10,448,964
Total Cash and Equivalents	$ 13,881,077	$ 10,991,989

2. CASH AND EQUIVALENTS (continued)

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; and certificates of participation. State code prohibits the District from investing in investments with a rating of less than A or equivalent.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

	California State Limits		
Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	None	None
Banker's Acceptance	180	40%	30%
Commercial Paper	270	25%	10%
Collateralized Certificates of Deposit	5 years	30%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

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. The District's investments at year end are held in external investment pools which are liquid investments.

Credit Risk

Credit risk is the risk that an issue of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code and the actual rating as of June 30, 2024, for each investment type.

				Rating at Year-End	
Investment Type	Fair Value	Minimum Legal Rating	Not Required To Be Rated	AAA	Unrated
Cash	$ 2,729,334	N/A	$ 2,729,334	$ -	$ -
State Investment Pool	11,151,743	N/A	-	-	11,151,743
Total	$ 13,881,077		$ 2,729,334	$ -	$ 11,151,743

2. CASH AND EQUIVALENTS (continued)

Concentration of Credit Risk

During the current fiscal year, the District invested 80% of its monies in the State Investment Pool (LAIF) which is not limited by the California Government Code.

At June 30, 2024 and 2023, the District respectively had $122,594 and $113,188 on deposit at the bank. The full amounts were under the $250,000 FDIC insured limit.

Investment in the State Investment Pool

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

Custodial Credit Risk – Investments

Custodial risk for investments is the risk that, in the event of the failure of the counterparty (e.g., the broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk. The District's policy is to use the services of the Treasurer's Office of the County of Contra Costa, which will transact the District's investment decisions in compliance with the requirements of the District's policy. The County Treasurer's Office will execute the District's investments through such broker-dealers and financial institutions as are approved by the County Treasurer, and through the State Treasurer's Office for investment in the Local Agency Investment Fund.

Investment in Fair Value

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

3. ACCOUNTS RECEIVABLE

At June 30, 2024 and 2023, accounts receivable were comprised of the following:

Year Ending June 30,	2024	2023
Northern California Veteran's Hospital	$ 51,317	$ 41,452
LAIF interest	128,385	82,102
Advance on supplemental taxes	5,471	7,296
All Other	3,276	290
Total	$ 188,449	$ 131,140

4. LEASES AND SUBSCRIPTIONS

Leases as Lessee

The District as lessee leases a copier under an operating lease with terms from April 2021 through June 2026. The original cost of the copier was $40,050. As of June 30, 2024, the copier has accumulated $24,157 of amortization, for carrying amount of $15,893.

The following is a schedule of future minimum principal and interest payments to be paid under the operating lease entered into by the District as lessee that has initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2024.

Year Ending June 30,	Principal	Interest	Total
2025	$ 8,839	$ 905	$ 9,744
2026	10,186	339	10,525
Total	$ 19,045	$ 1,244	$ 20,269

As of the year ended June 30, 2024, total amortization expense for leased assets was $7,629.

Subscriptions

The District has entered into an annual subscription agreement with Caselle with initial terms from November 2023 until canceled. The District has estimated the life of the subscription to be three years. The cost of the subscription over the estimated life to is $16,900. As of June 30, 2024, the subscription agreement has accumulated $3,568 of amortization, for a carrying value of $13,332.

The District has entered into a subscription agreement with GovInvest with terms from October 2023 through October 2026. The cost of the subscription over the agreement period is $38,797. As of June 30, 2024, the subscription agreement has accumulated $9,143 of amortization, for a carrying value of $29,654.

The following is a schedule of future minimum principal and interest payments to be paid under the subscription agreements entered into by the District as lessee that has initial or remaining non-cancelable subscription terms in excess of one year as of June 30, 2024.

Year Ending June 30,	Principal	Interest	Total
2025	$ 11,250	$ 1,350	$ 12,600
2026	10,547	2,683	13,230
Total	$ 21,797	$ 4,033	$ 25,830

Leases as Lessor

The District as lessor leases various parcels of land for cell towers and billboards under operating leases with terms from August 2020 through December 2026.

The following is a schedule of the future minimum rentals to be received under operating leases entered into by the District as lessor that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2024.

Year Ending June 30,	Total
2025	$ 74,304
2026	76,328
2027	38,758
Total	$ 189,390

As of the year ended June 30, 2024, total rental income was $196,123. The District's balance for future rental revenues at June 30, 2024, is $180,030.

5. LAND, PROPERTY, PLANT AND EQUIPMENT, AND CONSTRUCTION IN PROGRESS

Property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2024.

	Beginning of Year	Additions	Transfers/ Retirements	End of Year
Capital assets not being depreciated				
Land	$ 275,455	$ -	$ -	$ 275,455
Construction in progress	5,347,561	1,048,707	-	6,396,268
Total non-depreciable assets	5,623,016	1,048,707	-	6,671,723
Capital assets being depreciated				
Infrastructure	1,437,055	-	-	1,437,055
Subsurface lines	886,916	-	(49,064)	837,852
Collection facilities	12,389,281	-	(1,242,000)	11,147,281
Sewage treatment	20,214,627	137,684	(3,401,961)	16,950,350
Disposal plant	8,473,738	51,109	(621,594)	7,903,253
General plant	5,266,951	-	(1,442,717)	3,824,234
Total depreciated assets	48,668,568	188,793	(6,757,336)	42,100,025
Less accumulated depreciation				
Infrastructure	(353,924)	(22,325)	-	(376,249)
Subsurface lines	(101,922)	(1,197)	49,064	(54,055)
Collection facilities	(6,409,978)	(280,693)	1,227,819	(5,462,852)
Sewage treatment	(13,179,850)	(798,859)	3,326,136	(10,652,573)
Disposal plant	(1,820,138)	(262,567)	621,594	(1,461,111)
General plant	(3,595,469)	(135,121)	1,428,522	(2,302,068)
Total accumulated depreciation	(25,461,281)	(1,500,762)	6,653,135	(20,308,908)
Total depreciated capital assets, net	23,207,287	(1,311,969)	(104,201)	21,791,117
Capital assets being amortized				
Leased equipment	$ 40,050	$ -	$ -	$ 40,050
Subscription assets	58,018	63,776	-	121,794
Total capitalized assets being amortized	98,068	63,776	-	161,844
Less accumulated amortization				
Leased equipment	(16,529)	(7,628)	-	(24,157)
Subscription assets	(38,679)	(40,129)	-	(78,808)
Total accumulated amortization	(55,208)	(47,757)	-	(102,965)
Total amortized capital assets, net	42,860	16,019	-	58,879
Capital assets, net	$28,873,163	$ (247,243)	$ (104,201)	$28,521,719

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District joined with other entities to form the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool currently operating as a common risk management and insurance program for the member entities. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost. Through CSRMA, the District purchases property insurance and workers' compensation insurance.

Type of Insurance Coverage	Insurer	Limits	Self-Insured Deductible Per Occurrence
All-Risk Property			
Special Form Property	Alliant Property Insurance Program (APIP)	$52,292,225	$5,000
Public Entity Pollution Liability	Interstate Fire & Casualty Insurance Company	$2,000,000	$100,000 Retention
Liability			
General Liability	CSRMA Pool	$15,750,000	$2,500 (E&O) $25,000
Excess Liability	Berkeley Insurance Company & Allied World International Assurance Company	$5,000,000 Part of $10,750,000 quota-share	-
Pollution (Aggregate) / (Occurrence)	Indian Harbor Insurance Company	$5,000,000/ $1,000,000	$25,000
Cyber Liability	Lloyd's of London	$2,000,000	$50,000 Retention
ID Fraud	Traveler's Insurance Co.	$25,000	-
Alliant Mobile Vehicle Program (AMVP)	AGCS Marine Insurance Company	$366,740	Per schedule on file
Deadly Weapons Response	Lloyd's of London	$500,000	-
Workers' Compensation			
Employer's Liability	CSRMA	$1,000,000	-
Excess Workers' Comp. Employer's Liability	Safety National Casualty Insurance	$1,000,000	-

6. PENSION PLANS

General Information about the Pension Plan

Plan Description:

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes and membership information is listed in the June 30, 2023, Miscellaneous Risk Pool Actuarial Valuation Report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications. All qualified permanent employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

6. PENSION PLANS (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 years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous	
	Prior to	On or after
Hire Date	January 1, 2013	January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.000%	8.25%
Required employer contribution rates	17.550%	8.480%

Contributions:

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the costs of benefits earned by employees during the year, with an additional amount to pay any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the measurement period ended June 30, 2023 (the measurement date), for employees hired before January 1, 2013, the active employee contribution rate is 8.000 percent of annual payroll, and the average employer's rate is 17.550 percent of annual payroll. For employees hired after January 1, 2013, the active employee contribution rate is 8.250 percent of annual payroll, and the average employer's rate is 8.480 percent of annual payroll.

For the year ended June 30, 2023, the contributions to pension for the Plan were as follows:

Miscellaneous Plan	Hired prior to 1/1/2013 Rate	Hired on or after 1/1/2013 Rate
$ 639,445	17.550%	8.480%

6. PENSION PLANS (continued)

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

The following table shows the Plan's proportionate share of the collective net pension liability over the measurement period:

	Proportionate Share of Net Pension Liability	Proportionate Share of Net Position Liability
Balance at: 6/30/2023	$ 4,456,976	0.09525%
Balance at: 6/30/2024	4,874,871	0.09749%
Total change in Net Pension Liability	$ 417,895	0.00224%

The District's net pension liability at June 30, 2024, of $4,874,871 is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2023, and the total pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2024 and 2023, the District recognized pension expense (revenue) of $319,589 and $(380,804), respectively, for the Plan. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year Ended June 30, 2024		
Pension contributions subsequent to measurement date	$ 639,445	$ -
Differences between actual and expected experience	249,035	(38,631)
Changes in assumptions	294,318	-
Proportionate share of contributions	24,215	(73,400)
Differences between projected and actual investment earnings	789,285	-
Adjustment due to differences in proportions	173,075	-
Total	$ 2,169,373	$ (112,031)
Year Ended June 30, 2023		
Pension contributions subsequent to measurement date	$ 615,398	$ -
Differences between actual and expected experience	89,505	(59,946)
Changes in assumptions	456,710	-
Proportionate share of contributions	-	(143,443)
Differences between projected and actual investment earnings	816,400	-
Adjustment due to differences in proportions	189,648	(5,237)
Total	$ 2,167,661	$ (208,626)

6. PENSION PLANS (continued)

Of the $2,169,373 reported above as deferred outflows of resources, $639,445 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025 (measurement period ended June 30, 2024). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30, 2024		Year Ended June 30, 2023	
Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources	Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2025	$ 457,081	2024	$ 342,032
2026	317,854	2025	319,198
2027	620,313	2026	183,069
2028	22,648	2027	499,338
Thereafter	-	Thereafter	-

The amounts above are the net of outflows and inflows recognized in the measurement period ended June 30, 2024 and 2023.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability:

For the measurement period ending June 30, 2023 (the measurement date), the collective total pension liability was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. Both the June 30, 2024, total pension liability and the June 30, 2023, total pension liability were determined using the following actuarial methods and assumptions:

	Miscellaneous	
Year Ended June 30,	2024	2023
Valuation Date	June 30, 2022	June 30, 2021
Measurement Date	June 30, 2023	June 30, 2022
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Projected Salary Increase	Varies by entry age and service	Varies by entry age and service
Mortality Rate Table	Membership Data for all Funds. The mortality rates include generational mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.	Derived using CalPERS' Membership Data for all Funds. The mortality rates include generational mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.
Post Retirement Benefit Increase:	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

6. PENSION PLANS (continued)

Discount Rate:

The discount rate used to measure the total pension liability was 6.90% at June 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return:

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class for June 30, 2024 and 2023, is as follows:

	2024		2023	
Asset Class	Assumed Asset Allocation	Real Return(1)(2)	Assumed Asset Allocation	Real Return(1)(2)
Global Equity – Cap-weighted	30%	4.54%	30%	4.54%
Global Equity – Non-Cap-weighted	12%	3.84	12%	3.84
Private Equity	13%	7.28	13%	7.28
Treasury	5%	0.27	5%	0.27
Mortgage-backed Securities	5%	0.5	10%	0.5
Investment Grade Corporates	10%	1.56	5%	1.56
High Yield	5%	2.27	5%	2.27
Emerging Market Debt	5%	2.48	5%	2.48
Private Debt	5%	3.57	5%	3.57
Real Assets	15%	3.21	15%	3.21
Leverage	-5%	-0.59	-5%	-0.59
	100%		100%	

1) An expected inflation of 2.30% used for this period. 2) Figures are based on the 2021 Asset Liability Management study.

6. PENSION PLANS (continued)

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

The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 6.90 percent for June 30, 2024 and 2023, as well as what the District's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.90%) or 1-percentage point higher (7.90%) than the current rate:

	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
June 30, 2024	$7,429,344	$4,874,871	$2,772,320
June 30, 2023	$6,849,107	$4,456,976	$2,488,846

Pension Plan Fiduciary Net Position:

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

Payable to the Pension Plan:

At June 30, 2024 and 2023, there were no outstanding accounts payable for contributions to the pension plan.

7. OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about Other Post- Employment Benefits (OPEB)

Plan Description:

The District provides post-retirement benefits to eligible employees. Eligibility is based upon active employee status of the District at the time of retirement, completion of a five year vesting period of employment with the District is required, having achieved the eligibility age to retire under CalPERS (classic or PEPRA membership determines age eligibility), and not receiving health care benefits from any other source other than Medicare or workers' compensation.

Employees Covered:

As of the July 1, 2023 and 2022, actuarial valuations, the following current and former employees were covered by the benefit terms under the Plan:

	2023	2022
Active employees	19	19
Inactive employees or beneficiaries currently receiving benefits	13	13
Inactive employees entitled to, but not yet receiving benefits	-	-
Total	32	32

7. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Contributions:

The District's plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the District and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal years June 30, 2024 and 2023, the District's implied subsidies were $52,878 and $52,909, respectively, which accounted for all contributions.

Net OPEB Liability:

The District's Net OPEB Liabilities were measured on June 30, 2023, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation dated June 30, 2023, to determine the total OPEB liabilities, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

	June 30, 2023	June 30, 2022
Discount Rate	6.00%	6.50%
Inflation	2.75% per year	2.75% per year
Salary Increases	3.0% per year in the future	3.0% per year in the future
Investment rate of Return	6.50%	6.50%
Mortality Rate	Taken from the 2021 CalPERS valuation, using 2017 valuation rates, projected to future years with the ultimate rates of Projection Scale MP-2021.	Taken from the 2017 CalPERS' valuation
Pre-retirement turnover	Taken from the 2017 CalPERS' Assumption Model for Public Agency-Miscellaneous 2.7% at 55	Taken from the 2017 CalPERS' Assumption Model for Public Agency-Miscellaneous 2.7% at 55
Healthcare trend rate	Medical premiums assumed to increase 5.50% per year	Medical premiums assumed to increase 5.50% per year
Coverage election	100% of retiring employees who are eligible for benefits are assumed to elect upon retirement	100% of retiring employees who are eligible for benefits are assumed to elect upon retirement
Funding Method	The entry Age actuarial cost method has been used with normal costs calculated as a level percentage of payroll.	The entry Age actuarial cost method has been used with normal costs calculated as a level percentage of payroll.
Turnover	Rates differ by age and years of service, taken from the 2021 CalPERS valuation.	Rates differ by age and years of service, taken from the 2017 CalPERS valuation.
Age-specific medical claims	The estimated per person medical claims during the 2022-2023 fiscal year varies by age.	The estimated per person medical claims during the 2021-2022 fiscal year varies by age.
Disability	Incidence of disability is considered to be included in the termination and retirement rates here, so no explicit recognition of disablement has been included.	n/a

7. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Long-Term Expected Rate of Return:

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The asset class percentages are taken from the current composition of the CERBT trust, and the expected yields are taken from a CalPERS publication for the Pension Fund:

Asset Class	Target Allocation	Real return, next 10 years
Global equity	59%	5.25%
Fixed income	25%	0.99%
Treasury securities	5%	0.45%
Real estate trusts	8%	4.50%
Commodities	3%	3.00%
Total	100%	

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	$ 4,309,746	$ 3,708,846	$ 600,900
Changes recognized for the measurement period:			
Service cost	210,333	-	210,333
Interest	273,525	-	273,525
Contributions – employer	-	421,340	(421,340)
Net investment income	-	(493,238)	493,238
Benefit payments	(203,337)	(203,337)	-
Administrative expense	-	(941)	941
Net changes	280,521	(276,176)	556,697
Balance at June 30, 2023	4,590,267	3,432,670	1,157,597
Changes recognized for the measurement period:			
Service cost	216,643	-	216,643
Interest	291,751	-	291,751
Differences between actual and			-
expected experience	(356,681)	-	(356,681)
Assumption changes	418,570	-	418,570
Benefit changes	75,819	-	75,819
Contributions – employer	-	257,526	(257,526)
Net investment income	-	221,433	(221,433)
Benefit payments	(203,594)	(203,594)	-
Administrative expense	-	(998)	998
Net changes	442,508	274,367	168,141
Balance at June 30, 2024	$ 5,032,775	$ 3,707,037	$ 1,325,738

7. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Long-Term Expected Rate of Return (continued):

Discount Rate:

The discount rate used to measure the total OPEB liabilities at June 30, 2024 was 6.00 percent and at June 30, 2023, was 6.50 percent. The cash flows of the OPEB plan were projected to future years, assuming that the District will contribute an amount so that the assets always exceed expected benefits to retirees. Under that projection, the plan assets are projected to be adequate to pay all benefits to retirees in all future years, so the discount rate has been set equal to the long-term expected rate of return on investments, 6.00 percent.

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

The following presents the Net OPEB Liability of the District if it were calculated using a discount rate that is one percentage point higher or lower than the current discount rate, for the measurement period ended June 30, 2023 and 2022:

	1% Decrease	Discount Rate	1% Increase
June 30, 2023	5.00%	6.00%	7.00%
	$2,110,744	$1,325,738	$701,025
June 30, 2022	5.50%	6.50%	7.50%
	$1,810,441	$1,157,597	$631,816

Sensitivity of the Net OPEB Liability to the Changes in the Health Care Cost Trend Rates:

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point higher or lower than the current rate, for the measurement period ended June 30, 2024 and 2023:

	1% Decrease	Trend Rate	1% Increase
June 30, 2023	4.50%	5.50%	6.50%
	747,468	$1,325,738	$2,052,402
June 30, 2022	4.50%	5.50%	6.50%
	$640,155	$1,157,597	$1,801,047

OPEB Plan Fiduciary Net Position:

CERBT issues a publicly available financial report that may be obtained from CalPERS, Prefunding Programs, CERBT (OPEB), P.O. Box 1494, Sacramento, CA 95812-1494

Recognition of Deferred Outflows and Deferred Inflows of Resources:

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expenses.

The recognition period differs depending on the source of the gain or loss; net differences arising between projected and actual earnings on OPEB plan investments are recognized over five years. All other differences are recognized over the expected average remaining service lifetime (EARSL).

7. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

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

For the years ended June 30, 2024 and 2023, the District recognized OPEB expense (benefit) of $(70,336) and $(24,057), respectively.

At June 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Year Ended June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 233,212	$ -
Differences between expected and actual experience	-	(453,695)
Changes of assumptions	355,150	(9,212)
Net differences between projected and actual earnings on plan investments	456,777	(234,990)
Total	$ 1,045,139	$ (697,897)

Year Ended June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 53,932	$ -
Differences between expected and actual experience	-	(199,051)
Changes of assumptions	-	(10,983)
Net differences between projected and actual earnings on plan investments	617,351	(352,484)
Total	$ 671,283	$ (562,518)

The $233,212 and $53,932 of reported deferred outflows of resources related to contributions subsequent to the measurement dates that will be and are recognized as a reduction of the net OPEB liability in the year ended June 30, 2025 and 2024, respectively.

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

Year Ended June 30, 2024		Year Ended June 30, 2023	
Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources	Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2025	$4,187	2024	$(5,359)
2026	(10,696)	2025	(5,522)
2027	106,802	2026	(20,405)
2028	2,163	2027	97,093
2029	6,521	2028	(7,544)
Thereafter	5,053	Thereafter	(3,430)

8. LONG-TERM DEBT

On October 1, 2018, the District entered into an arrangement with Municipal Finance Corporation ("MFC") in the form of an installment sale agreement to finance the acquisition, construction and installation of certain additions, betterments, extensions or improvements to the District sewer system ("the 2018 Project"). The agreement, fully funded in October 2018 and maturing in October 2038, calls for MFC to provide an advance payment of $6,000,000 to the District in exchange for a series of twenty (20) annual principal and interest installment payments. Interest accrues annually at a fixed rate of 4.2% on the unpaid principal. Title to the components of the 2018 Project immediately and automatically vest in the District upon their acquisition and construction.

The agreement requires the District to irrevocably pledge Revenues in excess of Operation and Maintenance costs for any fiscal year ("net revenues") to the payment of the 2018 Project installment payments. It also stipulates the District will set and collect rates and charges that are sufficient to yield net revenues that are at least equal to 115% of the required debt service for a given fiscal year.

Project installment note principal payments as of June 30, 2024, for each of the next five fiscal years are:

Fiscal Year	Principal	Interest	Total
2025	242,417	$ 206,927	$ 449,344
2026	252,599	196,745	449,344
2027	263,208	186,137	449,345
2028	274,263	175,082	449,345
2029	285,782	163,563	449,345
2030-2034	1,619,357	627,366	2,246,723
2035-2039	1,989,212	257,510	2,246,722
Total	$ 4,926,838	$ 1,813,330	$ 6,740,168

On June 1, 2021, the District entered into an arrangement with Municipal Finance Corporation ("MFC") in the form of an installment purchase agreement to finance the acquisition, construction and installation of certain additions, betterments, extensions or improvements to the District sewer system ("the 2021 Project"). The agreement, fully funded in June 2021 and maturing in June 2041, calls for MFC to provide an advance payment of $6,000,000 to the District in exchange for a series of twenty (40) semi-annual principal and interest installment payments. Interest accrues annually at a fixed rate of 2.90% on the unpaid principal. Title to the components of the 2021 Project immediately and automatically vest in the District upon their acquisition and construction.

The agreement requires the District to irrevocably pledge Revenues in excess of Operation and Maintenance costs for any fiscal year ("net revenues") to the payment of the 2021 Project installment payments. It also stipulates the District will set and collect rates and charges that are sufficient to yield net revenues that are at least equal to 115% of the required debt service for a given fiscal year.

8. LONG-TERM DEBT (continued)

Project installment note principal payments as of June 30, 2024, for each of the next five fiscal years are:

Fiscal Year	Principal	Interest	Total
2025	$ 245,398	$ 152,060	$ 397,458
2026	252,566	144,892	397,458
2027	259,944	137,514	397,458
2028	267,538	129,921	397,459
2029	275,353	122,105	397,458
2030-2034	1,502,222	485,070	1,987,292
2035-2039	1,734,834	252,458	1,987,292
2040-2041	766,955	27,962	794,917
Total	$ 5,304,810	$ 1,451,982	$ 6,756,792

REQUIRED SUPPLEMENTARY INFORMATION

This page is intentionally left blank.

MT. VIEW SANITARY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2024

Schedule of the District's Proportionate Share of the Net Pension Liability
Last 10 Years

	Fiscal year ended June 30,			
	2024	2023	2022	2021
Measurement date	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Plan's Proportion of the Net Pension Liability/(Asset)	0.097490%	0.095250%	0.035630%	0.034070%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$4,874,871	$4,456,976	$1,927,014	$3,707,290
Plan's Covered-Employee Payroll	$2,533,614	$2,396,258	$2,110,814	$1,914,191
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	192.41%	186.00%	91.29%	193.67%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	72.84%	84.12%	74.81%	74.87%
Plan's Proportionate Share of Aggregate Employer Contributions (Fiduciary Net Position)	$13,351,581	$14,309,642	$12,266,788	$11,124,101

MT. VIEW SANITARY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2024

Schedule of the District's Proportionate Share of the Net Pension Liability
Last 10 Years

2020	2019	2018	2017	2016	2015
6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
0.034620%	0.035120%	0.036000%	0.036870%	0.390800%	0.036480%
$3,547,021	$3,384,056	$3,566,173	$3,190,315	$2,682,252	$2,269,996
$1,765,842	$1,684,405	$1,543,243	$1,482,872	$1,325,538	$1,273,446
200.87%	200.91%	231.08%	215.14%	202.35%	178.26%
73.49%	73.55%	70.77%	74.44%	74.65%	77.48%
$10,166,255	$9,136,745	$8,264,679	$8,016,342	$7,805,372	$ 2,596,213

MT. VIEW SANITARY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2024

Schedule of the District's Pension Plan Contributions
Last 10 Years

	Fiscal year ended June 30,			
	2024	2023	2022	2021
Measurement date	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Actuarially Determined Contributions	$ 639,445	$ 615,398	$ 556,035	$ 497,413
Contributions in Relation to the Actuarially Determined Contribution - Employer	$ (639,445)	$ (615,398)	$ (556,035)	$ (497,413)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$2,396,258	$2,110,814	$1,914,191	$1,765,842
Contributions as a Percentage of Covered-Employee Payroll	26.69%	29.15%	29.05%	28.17%

Notes to Schedule:

Valuation Date: June 30, 2021

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry age normal cost method
Amortization Remaining Period Method	Differs by employer rate plan but not more than 20 years.
Asset valuation method	Market Value of Assets
Inflation rate	2.30% compounded annually
Overall payroll growth	2.80% compounded annually
Salary increase	Varies by Entry Age and Service
Discount rate	6.80%, net of investment and administrative expenses
Mortality	Derived using CalPERS' Membership Data for all Funds. The pre-retirement rates are for 2017 and are projected generationally for future years using 80% of the Society of Actuaries' Scale MP-2020. The post- retirement mortality rates are for 2017 and are projected generationally for future years using 80% of the Society of Actuaries' Scale MP-2020.

MT. VIEW SANITARY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2024

Schedule of the District's Pension Plan Contributions
Last 10 Years

2020	2019	2018	2017	2016	2015
6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
$ 457,005	$ 533,805	$ 473,404	$ 448,604	$ 397,863	$ 357,937
$ (457,005)	$ (533,805)	$ (473,404)	$ (448,604)	$ (397,863)	$ (357,937)
$ -	$ -	$ -	$ -	$ -	$ -
$1,684,405	$ 1,684,405	$ 1,543,243	$ 1,482,872	$ 1,325,538	$ 1,273,446
27.13%	31.69%	30.68%	30.25%	30.02%	28.11%

MT. VIEW SANITARY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2024

Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Years*

Reporting Date - June 30,		2024	2023
Total OPEB liability			
Service cost		$ 216,643	$ 210,333
Interest		291,751	273,525
Changes of benefit terms		75,819	-
Differences between actual and expected experience		(356,681)	-
Changes of assumptions		418,570	-
Benefits paid to retirees		(203,594)	(203,337)
Net change in total OPEB liability		442,508	280,521
Total OPEB Liability - beginning		4,590,267	4,309,746
Total OPEB Liability - ending	(a)	5,032,775	4,590,267
Plan Fiduciary Net Position			
Employer contributions		257,526	421,340
Net investment income		221,433	(493,238)
Benefits paid to retirees		(203,594)	(203,337)
Administrative expense		(998)	(941)
Net change in plan fiduciary position		274,367	(276,176)
Plan fiduciary net position- beginning		3,432,670	3,708,846
Plan fiduciary net position- ending	(b)	3,707,037	3,432,670
Net OPEB liability- ending	(a) - (b)	$ 1,325,738	$ 1,157,597
Plan fiduciary net position as a percentage of the total OPEB liability		73.66%	74.78%
Covered-employee payroll (per actuary report)		$ 2,489,465	$ 2,396,258
Net OPEB liability as a percentage of covered-employee payroll		53.25%	48.31%

Notes to Schedule:
Historical information is required only for measurement periods for which GASB No. 75 is applicable.
Future years' information will be displayed, up to 10 years, as information becomes available.

MT. VIEW SANITARY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2024

Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Years*

2022	2021	2020	2019	2018
$ 127,479	$ 123,766	$ 50,706	$ 49,229	$ 47,795
278,354	265,669	259,618	250,366	240,301
-	-	-	-	-
(286,142)	-	(11,067)	-	-
-	-	(18,067)	-	-
(184,614)	(203,967)	(172,213)	(142,314)	(124,186)
(64,923)	185,468	108,977	157,281	163,910
4,374,669	4,189,201	4,080,224	3,922,943	3,759,033
4,309,746	4,374,669	4,189,201	4,080,224	3,922,943
336,648	358,410	480,420	142,314	322,489
768,732	90,981	135,756	152,625	174,067
(184,614)	(203,967)	(172,213)	(142,314)	(124,186)
(1,057)	(1,244)	(464)	(1,039)	(882)
919,709	244,180	443,499	151,586	371,488
2,789,137	2,544,957	2,101,458	1,949,872	1,578,384
3,708,846	2,789,137	2,544,957	2,101,458	1,949,872
$ 600,900	$ 1,585,532	$ 1,644,244	$ 1,978,766	$ 1,973,071
86.06%	63.76%	60.75%	51.50%	49.70%
$ 2,110,814	$ 2,118,206	$ 1,684,405	$ 1,648,895	$ 1,482,872
28.47%	74.85%	97.62%	120.01%	133.06%

MT. VIEW SANITARY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2024

Schedule of OPEB Contributions
Last 10 Years*

Fiscal Year Ended June 30,	2024	2023
Actuarially determined contributions (ADC)	$ 257,526	$ 421,340
Contributions in relation to the ADC	(257,526)	(421,340)
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	2,489,465	2,396,258
Contributions as a percentage of covered-employee payroll	10.34%	17.58%

Notes to Schedule:
*Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022 and 2021 were selected by the District after consultation with the actuary.
Future years' information will be displayed, up to 10 years, as information becomes available.

Method and assumptions used to determine contribution:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll
Inflation	2.75%
Long-term investment rate of return	6.00%
Discount rate	6.00%
Healthcare cost-trend rates	5.5% per annum
Payroll growth	3.0% per annum
Coverage elections	100% of eligible employees assumed to elect coverage upon retirement, remaining covered for life. Employees with no current medical assumed to elect employee-only medical upon retirement.
Mortality	Taken from the 2021 CalPERS valuation projected to future years with the ultimate rates of projection scale MP-2021.
Retirement rates	Taken from the 2021 CalPERS valuation with a 2.7% at 55 retirement plan.
Disability	Insidence of disability is considered to be included in the termination and retirement rates, no explicit recognition of disablement has been
Turnover (withdrawal)	Taken from the 2021 CalPERS pension valuation

Schedule of OPEB Contributions
Last 10 Years*

2022	2021	2020	2019	2018
$ 336,648	$ 358,410	$ 197,905	$ 136,348	$ 115,314
(336,648)	(358,410)	(197,905)	(136,348)	(115,314)
$ -	$ -	$ -	$ -	$ -
2,110,814	2,118,206	1,684,405	1,648,895	1,482,872
15.95%	16.92%	11.75%	8.27%	7.78%

OTHER SUPPLEMENTARY INFORMATION

MT. VIEW SANITARY DISTRICT

Combining Statement of Net Position

For the Year Ended June 30, 2024

	General Fund	Facilities Rehabilitation	Capital Outlay	Debt Service	Total
ASSETS					
Current Assets:					
Cash in County including Petty Cash	$ 2,572,925	$ 5,481	$ 27,364	$ 768	$ 2,606,538
Payroll - Direct Deposit	122,594	-	-	-	122,594
Petty Cash	202	-	-	-	202
Investment in L.A.I.F.	7,731,228	871,914	2,542,438	6,163	11,151,743
Total Cash and Equivalents	10,426,949	877,395	2,569,802	6,931	13,881,077
Accounts Receivable	152,768	9,378	26,233	70	188,449
Lease Receivable, current	77,150	-	-	-	77,150
Prepaid Expense	160,702	-	-	-	160,702
Total Current Assets	10,817,569	886,773	2,596,035	7,001	14,307,378
Noncurrent Assets					
Lease Receivable, net of current portion	115,086				115,086
Capital Assets, net of Accumulated Depreciation	28,521,719	-	-	-	28,521,719
Total Noncurrent Assets	28,636,805	-	-	-	28,636,805
TOTAL ASSETS	39,454,374	886,773	2,596,035	7,001	42,944,183
DEFERRED OUTFLOWS OF RESOURCES					
Deferred OPEB Outflows	1,045,139	-	-	-	1,045,139
Deferred Pension Outflows	2,169,373	-	-	-	2,169,373
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,214,512	-	-	-	3,214,512
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Expenses	408,260	45,639	64,684	140,460	659,043
Current Portion of Long-term Debt	-	-	-	487,815	487,815
Current Portion of Accrued Vacations	128,202	-	-	-	128,202
Current Portion of Leases Payable	8,839	-	-	-	8,839
Current Portion of Subscriptions Payable	11,250	-	-	-	11,250
Construction Deposits	9,420	-	196,118	-	205,538
Total Current Liabilities	565,971	45,639	260,802	628,275	1,500,687
Noncurrent Liabilities:					
Noncurrent Portion of Long-term Debt	-	-	-	9,743,833	9,743,833
Noncurrent Portion of Lease Payable	10,186	-	-	-	10,186
Noncurrent Portion of Subscriptions Payable	10,547	-	-	-	10,547
Noncurrent Portion of Accrued Vacations	128,202	-	-	-	128,202
Net OPEB Liability	1,325,738	-	-	-	1,325,738
Net Pension Liability	4,874,871	-	-	-	4,874,871
Total Noncurrent Liabilities	6,349,544	-	-	9,743,833	16,093,377
TOTAL LIABILITIES	6,915,515	45,639	260,802	10,372,108	17,594,064
DEFERRED INFLOWS OF RESOURCES					
Deferred OPEB Inflows	697,897	-	-	-	697,897
Deferred Pension Inflows	112,031	-	-	-	112,031
Deferred Lease Inflows	180,030	-	-	-	180,030
TOTAL DEFERRED INFLOWS OF RESOURCES	989,958	-	-	-	989,958
NET POSITION					
Investment in capital assets, net of related debt	28,480,897	-	-	(10,231,648)	18,249,249
Designated for capital projects (unrestricted)	-	-	-	-	-
Other unrestricted	6,282,516	841,134	2,335,233	(133,459)	9,325,424
TOTAL NET POSITION	$ 34,763,413	$ 841,134	$ 2,335,233	$ (10,365,107)	$ 27,574,673

MT. VIEW SANITARY DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024

	General Fund	Facilities Rehabilitation	Capital Outlay	Debt Service	Total
Operating Revenues					
Service charges	$ 9,298,100	$ -	$ -	$ -	$ 9,298,100
Permit and inspection fees	101,568	-	-	-	101,568
Total operating revenues	9,399,668	-	-	-	9,399,668
Operating Expenses					
Sewage collection	970,173	-	90,614	-	1,060,787
Sewage treatment	3,106,020	31,593	32,014	-	3,169,627
Sewage disposal	742,165	-	635	-	742,800
Administrative and general	2,973,058	11,082	141,820	3	3,125,963
Depreciation and amortization	1,638,581	-	-	-	1,638,581
Total operating expenses	9,429,997	42,675	265,083	3	9,737,758
Operating Income (Loss)	(30,329)	(42,675)	(265,083)	(3)	(338,090)
Non-Operating Revenues (Expenses):					
Taxes	501,924	-	-	-	501,924
Interest income	393,071	17,488	111,972	318	522,849
Rents and leases	196,123	-	-	-	196,123
Interest Expense	(4,290)	-	-	(369,092)	(373,382)
Other income (expense)	2,380,107	-	1,000	-	2,381,107
	3,466,935	17,488	112,972	(368,774)	3,228,621
Income (loss) before connection and franchise fees, and transfers	3,436,606	(25,187)	(152,111)	(368,777)	2,890,531
Franchise and connection fees	30,248	-	117,238	-	147,486
Transfers in (out)	(1,822,447)	724,351	251,293	846,803	-
Change in Net Position	1,644,407	699,164	216,420	478,026	3,038,017
Net Position - Beginning of Year	33,119,006	141,970	2,118,813	(10,843,133)	24,536,656
Net Position - End of Year	$ 34,763,413	$ 841,134	$ 2,335,233	$ (10,365,107)	$ 27,574,673

MT. VIEW SANITARY DISTRICT
Comparison of Budget to Actual
General Fund
For the Year Ended June 30, 2024

	Sewage Collection	Sewage Treatment	Sewage Disposal	Administration & General	Total	General Fund FY 2023-24 Budget	Variance Favorable (Unfavorable)
Salaries and Wages	$ 435,808	$ 1,089,521	$ 326,856	$ 871,617	$ 2,723,802	$ 2,854,483	$ 130,681
Employee Benefits	295,683	739,207	221,762	591,366	1,848,018	1,923,686	75,668
Total Salaries and Benefits	731,491	1,828,728	548,618	1,462,983	4,571,820	4,778,169	206,349
Directors' Fees	-	-	-	23,294	23,294	28,382	5,088
Clothing and Supplies	-	52,783	-	-	52,783	42,790	(9,993)
Election Expense	-	-	-	300	300	12,000	11,700
Gasoline and Oil	15,289	2,656	-	-	17,945	19,500	1,555
Insurance	37,481	93,703	28,111	74,963	234,258	310,693	76,435
Memberships	6,487	61,073	18,086	39,795	125,441	118,970	(6,471)
Office Expenses	-	14	-	-	14	-	(14)
Operating Supplies	-	-	-	43,416	43,416	47,240	3,824
Chemicals	-	307,605	-	-	307,605	200,000	(107,605)
Contractual Services	86,839	134,056	80,607	508,781	810,283	749,765	(60,518)
Professional Services	-	-	5,517	271,427	276,944	327,078	50,134
Printing and Publications	-	-	-	2,478	2,478	1,000	(1,478)
Rents and Leases	1,007	1,163	-	-	2,170	18,000	15,830
Repairs and Maintenance	19,172	143,846	7,690	47,950	218,658	211,000	(7,658)
Small Tools	3,409	10,035	2,574	71	16,089	6,500	(9,589)
Research and Monitoring	-	12,211	50,962	-	63,173	76,300	13,127
Travel and Meetings - Admin./General	-	-	-	11,938	11,938	9,500	(2,438)
Bad Debt Expense	-	-	-	-	-	-	-
Utilities	68,998	458,147	-	75,895	603,040	607,800	4,760
Depreciation and amortization	-	-	-	1,638,581	1,638,581	-	(1,638,581)
OPEB Expense (Benefit)	-	-	-	(70,336)	(70,336)	-	70,336
Pension Expense (Benefit)	-	-	-	319,588	319,588	-	(319,588)
Other	-	-	-	160,515	160,515	10,500	(150,015)
Total General Fund Operating Expenses	$ 970,173	$ 3,106,020	$ 742,165	$ 4,611,639	$ 9,429,997	$ 7,575,187	$ (1,854,810)

CROPPER ROWE, LLP
CERTIFIED PUBLIC ACCOUNTANTS

2700 Ygnacio Valley Road, Ste 270
Walnut Creek, CA 94598
(925) 932-3860 tel
(925) 476-9930 efax
www.cropperaccountancy.com

INDEPENDENT AUDITOR'S 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*

To the Governing Body of
Mt. View Sanitary District
Martinez, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Mt. View Sanitary District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Mt. View Sanitary District's basic financial statements, and have issued our report thereon dated November 14, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mt. View Sanitary District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mt. View Sanitary District's internal control. Accordingly, we do not express an opinion on the effectiveness of Mt. View Sanitary District's internal control.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency.

- Monitoring o f Year-End Closing

  During our review of the District's year-end closing procedures, we noted a deficiency in the review and application of accounting standards related to the write-off of capital assets. Specifically, it was observed that when capital assets were written off, the District incorrectly wrote off the accumulated depreciation for these assets in the full amount of the original asset cost, rather than in the amount that had been depreciated to date. This resulted in inaccurate reporting of the District's accumulated depreciation and net book value of assets.

  The identified deficiency lies within the District's monitoring activities. Although the District's staff is knowledgeable of the relevant accounting standards, an error was made in the calculation of write-off. A comprehensive review of the year-end closing process, including all capital asset transactions, would likely have prevented this error.

We recommend enhancing the District's monitoring process for year-end close by implementing an additional level of review over the year-end closing procedures. This could include a checklist or review protocol focused on significant, high-impact areas and on areas where non-standard adjustments have been made during the year, such as asset write-offs and accumulated depreciation calculations. Establishing these controls will help ensure that financial statements accurately reflect the District's financial position, thereby supporting reliable financial reporting and mitigating similar errors in future closing processes.

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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mt. View Sanitary District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cropper Rowe LLP

CROPPER ROWE, LLP
Walnut Creek, California
November 14, 2024