



MT. VIEW SANITARY DISTRICT

# FY 2024-2025 ANNUAL BUDGET

## **Board of Directors**

Julia R. Halsne, President

Gregory T. Pyka, Vice President

David P. Maggi, Director

Brian A. Danley, Director

Jared Ruddell, Director

## **Board Appointees**

Lilia M. Corona, General Manager

J. Daniel Adams, District Legal Counsel

Stephanie L. Seregin, Board Secretary / Executive Assistant

## **Executive Team**

Stacey Ambrose, Deputy General Manager

Chris Elliott, District Engineer

Scott Biocic, Wastewater Operations Manager /  
Chief Plant Operator

Denise Gray, Chief Financial Officer /  
Administrative Services Manager

## **Mission Statement**

*To protect the public health and environment, in a safe and reliable manner, at a reasonable cost.*

## GOVERNING BODY / BOARD OF DIRECTORS

The Mt. View Sanitary District is governed by a five-member Board of Directors, elected in the County's general election, for alternating four-year terms. The election is District-based and non-partisan. Directors must reside within the District's boundaries.



### **Julia R. Halsne, President**

Term: 2023 – 2024 (District Area 3)

Secretary, Board of Directors, Stella's Stars High School, 2020 – Present

Senior Technical Expert, Haley and Aldrich, 2022 – Present

President, Dorothy M. Sakazaki Environmental Endowment Fund (DMSEEF), 2023 - Present

Ms. Halsne retired from East Bay Municipal Utility District as the Manager of Business Continuity. She is a Sr. Technical Expert with Haley & Aldrich supporting small water/wastewater agencies to develop/build their emergency preparedness & business continuity programs. She is a founding member on the Board of Directors for Stella Stars, a non-profit that provides education, room, board, health services, & nutrition for children for a small community in Kenya. She has been a resident of Contra Costa County for over 30 years. She has served on the Board since March 2023 & serves as Chair on the District's Public Information & Finance Committees. She also served on the MVSD Public Advisory Committee since 2021 & has over 22 years of experience in the water/wastewater industry.



### **Gregory T. Pyka, Vice President**

Term: 2022-2026 (District Area 2)

Mr. Pyka is a retired Sr. Pressure Equipment Inspector for the Shell Oil Products facility in Martinez, CA. He has been on the Board of Directors since 1993 and serves on the District's Personnel Committee (Chair) and Public Information Committee.



### **Brian A. Danley, Director**

Term: 2020 – 2024 (District Area 4)

California Association of Sanitation Agencies (CASA)

Mr. Danley is the Vice President/Civil Engineer at Alpha CM. He is a professional with 35 years of public infrastructure design, construction management, and program management experience with emphasis in the water and wastewater. He has been on the Board of Directors since 2016 and serves on the District's Planning Committee (Chair) and Ordinance Committee.



### **David P. Maggi, Director**

Term: 2020 – 2024 (District Area 5)

MT Diablo High School Sports Hall of Fame Director, 2006 – Present

Mr. Maggi retired as Managing Partner of Concord Ironworks in 2010. He has been on the Board of Directors since 2002 and serves on the District's Ordinance Committee (Chair) and Planning Committee. During his first term for MVSD, he was appointed and served for 2 years before being elected to his first 4-year term.



### **Jared Ruddell, Director**

Term: 2024 – 2024 (District Area 1)

Mr. Ruddell is a lifelong Martinez resident and has worked for the Martinez Unified School District for 14 years, currently Supervising all the District's custodial staff within the Operations department. Mr. Ruddell serves on the Finance Committee and the Personnel Committee for MVSD.

## Table of Contents

Following Governing Body / Board of Directors

General Manager Transmittal Letter & Budget Message .....	1
Board of Director Priorities and Strategic Goals .....	3
Debt Issuance and Management .....	4
District Functional Organization Chart.....	6
Personnel by Department.....	7
3-Year Budget Overview – All Funds.....	9
3-Year Summary Revenue Budgets – by Fund .....	10
3-Year Summary Expenditure Budgets – by Fund .....	11
Fund 3409 Percent of Budget by Department.....	12
Fund 3410 Percent of Budget by Department.....	14
Fund 3412 Percent of Budget by Department.....	15
Fund 3415 Long-term Indebtedness to Maturity – 2018 Installment Sales Agreement .....	17
Fund 3415 Long-term Indebtedness to Maturity – 2021 Installment Purchase Contract....	18
Summary Budget Rollup – Revenues and Expenditures.....	20
Summary Budget By Fund.....	21
3409 Fund Appropriations by Department & Account.....	22
3410 Fund Appropriations by Department & Account.....	25
3412 Fund Appropriations by Department & Account.....	26
3415 Fund Appropriations by Department & Account.....	27
Investment of District Funds Policy .....	28
Internal Control Policy .....	30
Financial Reserves Policy .....	33
Accounts Receivables - Write Offs Policy.....	37
Fixed Capital Assets Policy .....	38



**MT. VIEW SANITARY DISTRICT**

June 13, 2024

Honorable Members of the Board of Directors,

I am pleased to present to you the Annual Budget for Fiscal Year 2024-2025. This budget embodies Mt View Sanitary District’s (District) commitment to the protection of public health and the environment. The District is proud to have served our community for over 100 years. The District treated over 393 million gallons in the last year supporting a freshwater wetland and providing draught resistant habitat for wildlife and native vegetation. The District also continues to make the Wetland Fieldtrip educational program available to local elementary school students and support the Household Hazardous Waste Collection Facility.

The District proudly operates in compliance with all applicable laws and regulations. This budget, which is effective July 1, 2024, through June 30, 2025, provides a comprehensive financial framework for all District activities. The District operates as an enterprise fund and complies with all applicable Government Accounting Standards Board requirements.

**BUDGET ORGANIZATION & OVERVIEW**

The budget document is divided into sections, as outlined in the Table of Contents.

The FY 2024-2025 Annual Budget for the Mt. View Sanitary District includes Operations and Maintenance (O&M), Facilities Rehabilitation, Capital Improvement Program (CIP), and debt service budgets. It anticipates total annual revenue of \$11.1 million and \$11.4 million in expenditures. The final budget supports 19 full-time equivalent (FTE) positions.

The District receives revenue from limited sources. The Sewer Service Charge (SSC) is the primary revenue source for both O&M and CIP expenditures. Historically, the District has been able to fund a significant amount of its CIP through SSCs. Previously, the District has relied on the SSCs to pay for the O&M budget and, in recent years, the undertaking of tax-exempt financing to fund capital needs. The District assumed a second tax-exempt financing instrument of \$6 million in fiscal year 2021-2022 to continue funding the CIP. The O&M budget will continue to rely on SSCs as the primary revenue source.

The District Board approved a duly noticed Proposition 218 3-year rate increase in May 2023. This is the second year of the rate schedule. The increased revenue will fund essential facility repairs and vehicle acquisitions, and CIP projects. All capital projects will be vetted through a 3-

part process including the review of projects by Management and Operations staff and the Board Planning Committee.

In conclusion, I would like to recognize the support, cooperation, and assistance of the Board of Directors and their various committees for their guidance and vision for the District. I would also like to acknowledge the Executive and Administrative/Finance staff, whose hard work enabled the smooth and timely completion of the budget process.

Sincerely,

Lilia M. Corona  
General Manager



## **Board of Directors FY 2024-2025 Priorities and Strategic Goals**

### **VISION Statement**

- Maintain regulatory compliance.
- Proactively manage infrastructure while continuing our commitment to protect the public health and environment.
- Provide high values by managing long-term costs to protect future affordability.
- Enhance our customer service, public education, information, and outreach.
- Enhance the use of solid waste.
- Assure an adaptable organization by sustaining a well performing, highly qualified, team-based, versatile, motivated, innovative, and responsive workforce.

### **CORE VALUES**

- Quality customer service and high value to our rate payers
- Infrastructure health
- Financially responsible stewardship
- Protection and enhancement of the environment
- Meeting or exceeding all regulatory requirements
- Efficient and progressive techniques, equipment, and methodologies
- Public involvement and environmental education
- Employee welfare

### **FY 2024-2025 STRATEGIC GOALS**

- Product Quality
  - Plant Effluent Discharge
  - Collection System environmental regulatory compliance
  - Develop a formal Asset Management Plan and Resiliency Plans as required by the reissued NPDES permit
- Financial Viability
  - Develop a Long-Term Financial Plan that fully funds Operations & Maintenance (O&M) and the Capital Improvement Plan (CIP)
  - Investigate available grant funding opportunities and provide resources for application and management grants for the District's Capital Improvement Plan
- Employee and Leadership Development
  - Continue to develop a Continuous Improvement Culture
  - Implement standard Operating Procedures (SOPs) for all appropriate employee activities



## **FY 2024-2025 Debt Issuance and Management**

In October 2018, the Board of Directors of the Mt. View Sanitary District (MVSD) adopted the Debt Issuance and Management Policies (i.e., the Policy) and Resolution No. 1484-2018, which sets the parameters for the responsible, prudent, and limited use of tax-exempt financing. The Policy defines the purpose of debt issuance, authorizes the types of debt that may be issued or incurred, and describes the relationship of debt to the District. The relationship of debt to the District provides details on the structure of debt issues, method of sale, and investment of the proceeds of debt issues. The Debt Issuance Policies and Procedures also establish policy for the refunding/restructuring of debt, establishes goals of debt management, and specifies internal controls and reporting requirements to ensure transparency of the District's use of debt. Resolution No. 1484-2018 declared the District's intent to issue tax-exempt obligations to be used to reimburse itself for expenditures made prior to the issuance of such tax-exempt obligations.

Before the adoption of the Policy and Resolution No. 1484-2018, MVSD has primarily applied a pay-as-you-go philosophy while capital expenditures were stable from year to year. The tax-exempt financing was intended for use towards large capital improvements of approximately \$2,000,000 per year and to maintain an operational reserve of seven months of planned O&M expenditures plus \$1,000,000.

In 2018, the District used debt financing (i.e., the 2018 Installment Sales Agreement) to assist MVSD with financing large wastewater system improvement projects. The terms of the agreement were as follows:

Principal Amount: \$6,000,000  
Financing Term: 20 years  
Interest Rate: 4.20%  
Annual Payment: \$449,344.52

The agreement allows for the pre-payment of the debt with a 2% pre-payment penalty commencing on the 8th installment date.

In 2021, the District a second debt financing instrument (i.e., 2021 Installment Purchase Contract) to assist with financing wastewater system improvement projects, e.g., the replacement of its UV disinfection system at the District's wastewater treatment plant and various upgrades and replacements to the District's collection system (Resolution No. 1531-2021).



The terms of the agreement were as follows:

Principal Amount: \$6,000,000  
Financing Term: 20 years  
Interest Rate: 2.90%  
Annual Payment: \$397,458.38

The contract allows for the prepayment of the debt with a 1% prepayment penalty commencing on June 4, 2029 (eight years into the loan).

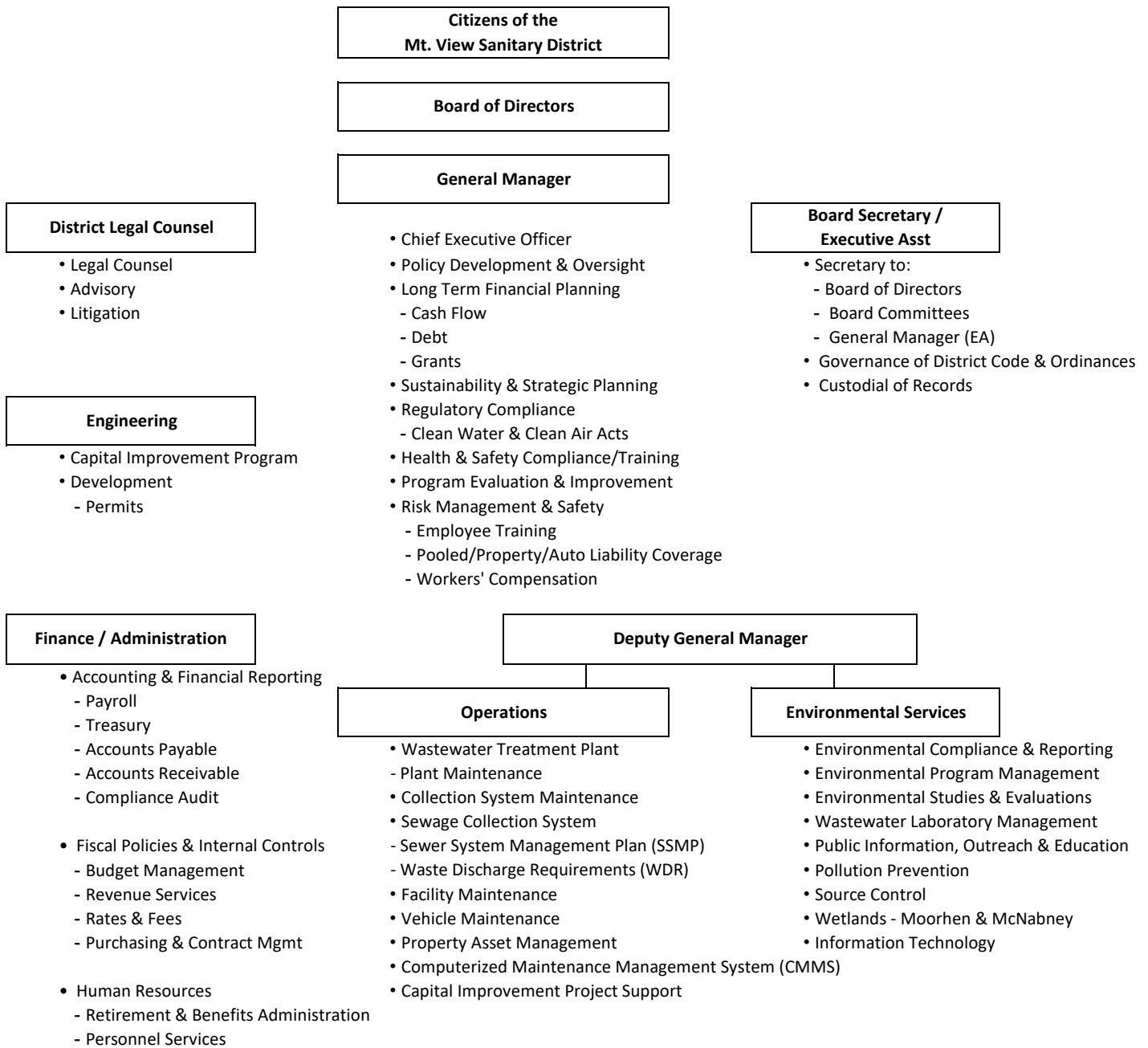
The Debt Issuance and Management Policy provides for the conservative use of debt, with the goal that over time the long-term financial planning model, e.g., cashflow will establish the amount of funding needed for ongoing capital improvements which generally will be collected through Sewer Service Charge rates (SSC) and capacity fees, while debt may be used to cover the level of funding needed for the remaining portion of the capital program.

As of June 30, 2023, total outstanding debt associated with wastewater system improvement projects was \$10,702,728 million, to be reduced to \$10,231,649 million by June 30, 2024, and then \$9,743,834 by June 30, 2025, through regularly scheduled debt service principal payments. As noted in the “Debt” section of this document, i.e., the Amortization Schedules for each financing instrument.

The District determined its capital needs and issued debt as a vehicle used to fund capital projects. Various standards must have been met to issue debt in the municipal market. The Debt Service Coverage Ratio (DSCR) is calculated by dividing annual net operating revenues (calculated by subtracting total operating expenses excluding depreciation from total operating revenues) by the system's annual principal and interest payments on all long-term debt. A DSCR of at least 2.0% is considered very strong and shows that an agency can cover two times its debt. Many lenders will set minimum DSCR requirements between 1.2% and 1.25%. The District's DSCR is strong at 2.9% (gross revenues including capacity fees and after payment of O&M, plus tax revenues / total debt service), which is greater than the minimum of 2.0% as recommended.



# Mt. View Sanitary District Department Organization Chart

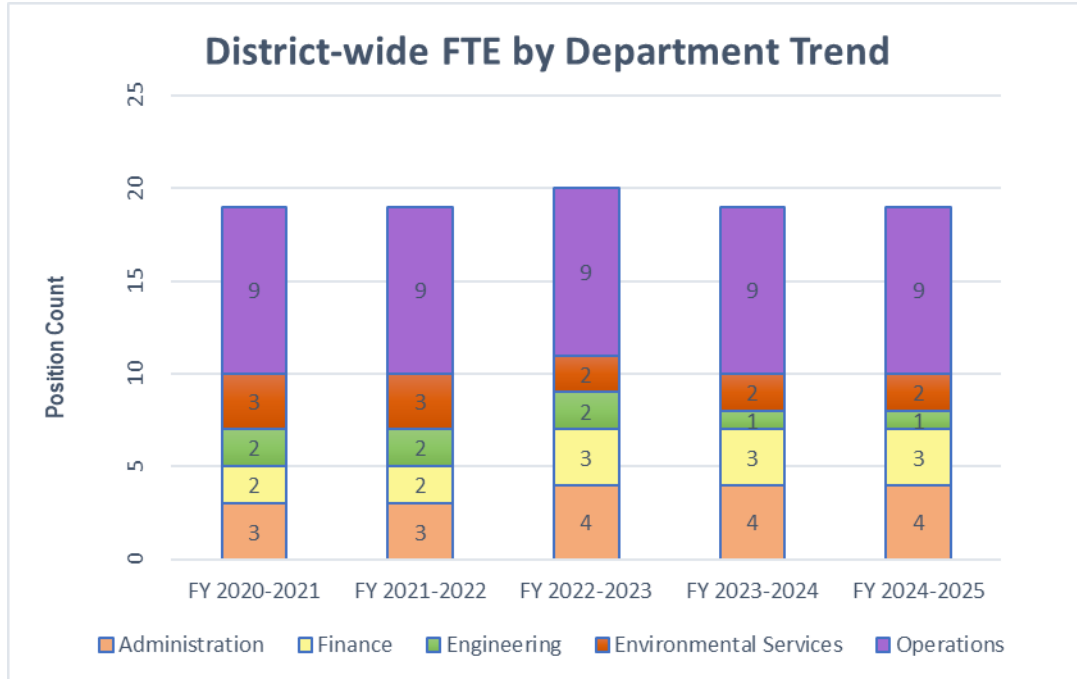


**AUTHORIZED PERSONNEL BY DEPARTMENT  
FY 2024-2025 ANNUAL BUDGET**

	<u>FY 2020-2021</u>	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>	<u>FY 2023-2024</u>	<u>FY 2024-2025</u>
<b>Administration</b>					
Accounting Technician	-	-	-	-	-
Administrative Assistant (HR)	1	1	1	1	1
Deputy General Manager	-	-	1	1	1
Board Secretary/Executive Assistant	1	1	1	1	1
General Manager	1	1	1	1	1
<b>Administration</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Finance</b>					
Administrative Assistant (Procurement)	-	-	1	1	1
Accounting & Financial Analyst	1	1	1	1	1
CFO/Administrative Services Manager	1	1	1	1	1
<b>Finance</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Engineering</b>					
Associate/Senior Engineer	1	1	1	-	-
District Engineer	1	1	1	1	1
<b>Engineering</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>
<b>Environmental Services / Outreach / Lab / Marsh</b>					
Environmental Services Manager	1	1	-	-	-
Laboratory Analyst	1	1	1	1	1
Public Outreach Coordinator	1	1	1	1	1
<b>Environmental Services</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Operations</b>					
Collections Maintenance Lead	1	1	1	1	1
Lead Wastewater Operator	1	1	-	-	-
Plant Supervisor	-	-	1	1	1
Utility Laborer	1	1	1	1	1
Wastewater Operations Manager/CPO	1	1	1	1	1
Wastewater Operator I/II	5	5	5	5	5
<b>Operations</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>Total All Departments</b>	<b>19</b>	<b>19</b>	<b>20</b>	<b>19</b>	<b>19</b>

## FY 2024-2025 Personnel Summary

The District staff consists of 19 full-time equivalents (FTE).

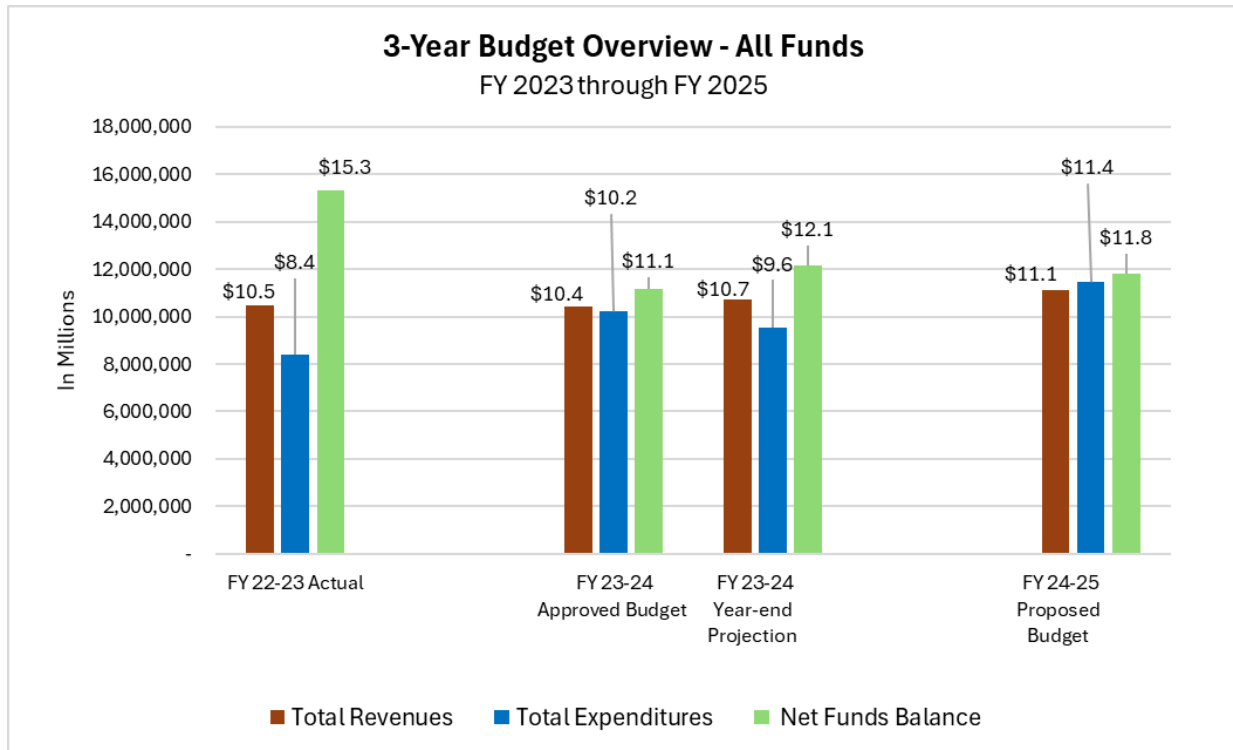


In FY 20-21, the General Manager (GM) eliminated the District Biologist position and established a Public Outreach Coordinator position in response to performance gaps in the District’s public outreach. In FY 22-23, the GM recommended the reinstatement of the Deputy General Manager position with the advent of the GM’s retirement within the next five (5) years and to support the District in the transition and ideally be a candidate for the next GM. The Environmental Services Manager (ESM) was promoted to Deputy General Manager with an increase in responsibilities while the ESM position was eliminated. In FY 23-24, the District’s Associate Engineer resigned and due to political and economic challenges faced by the District, the GM froze the position indefinitely. The Board of Directors has authorized 19 FTE for FY 24-25. The District remains at a 5% decrease in FTEs from FY 22-23, and remains level since FY 23-24.

### 3-Year Budget Overview - All Funds

Fund 3409, 3410, 3412

The chart below demonstrates a 3-year trend of Revenues received, total Expenditures, and the Annual Net Reserve Fund Position.



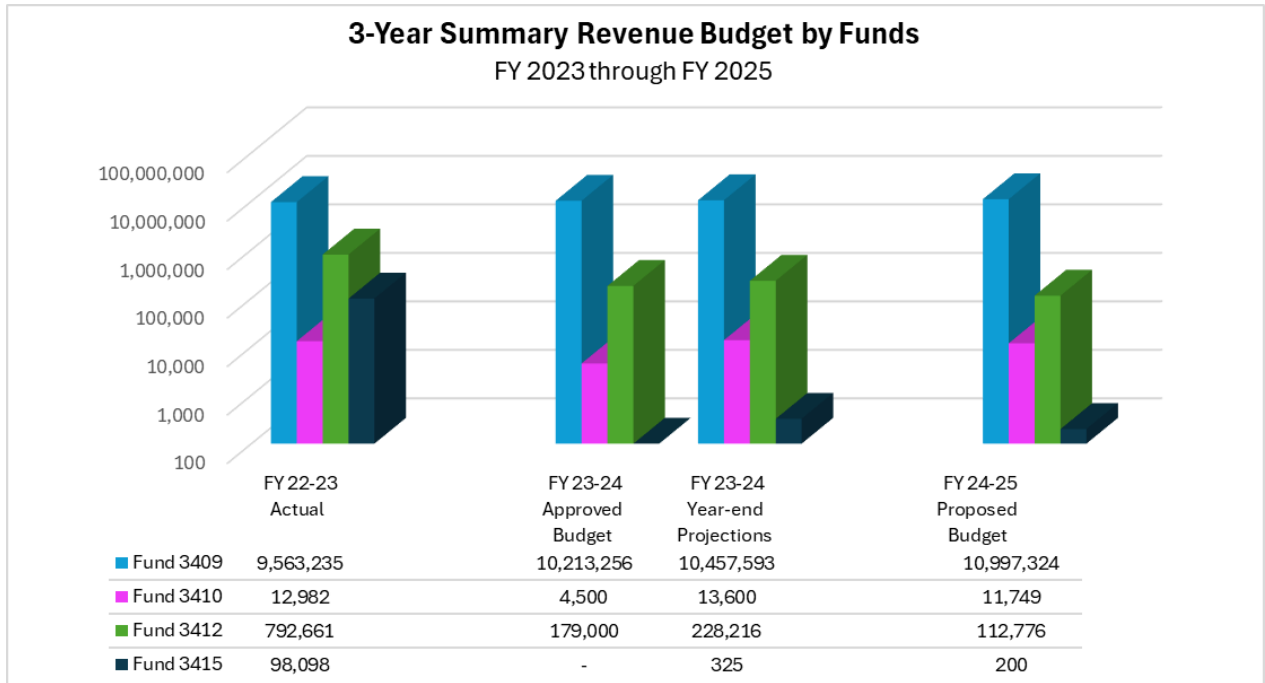
Mt. View Sanitary District’s 3-year trend reflects actuals from fiscal year 2022-2023 in comparison to the current fiscal year 2023-2024 approved budget and projected year-end expenditures, and the proposed budget for fiscal year 2024-2025. The FY25 proposed expenditure budget totals \$11.1 million for all funds, inclusive of all departments’ activities, and the capital improvement plan; this is an increase of \$1.2 million or 12% from the FY24 adopted budget. The increase is primarily attributable to increased costs with utilities of approximately 30%, an increase in health benefits, including disability benefits ranging from 12 – 30%, the PERS Unfunded Accrued Liability (UAL) payment along with a 20% increase for the Other Post Employment Benefit (OPEB) Trust Fund payment, an increase of 7% in salaries resulting from the total compensation study, and an increase in estimated repairs and maintenance costs with the reduction of planning capital projects. The FY25 projected revenue budget totals \$11.1 million for all funds, this consists predominantly of a 9.46% increase in Sewer Service Charges of which \$1.9 million has been targeted for capital projects and \$6.7 million will be held in Reserves.

To assure an increase in total appropriations does not occur, close monitoring of the planned expenditures is essential for the Financial sustainability of the District’s Reserve Funds.

### 3-Year Summary Revenue Budget by Fund Fund 3409, 3410, 3412 & 3415

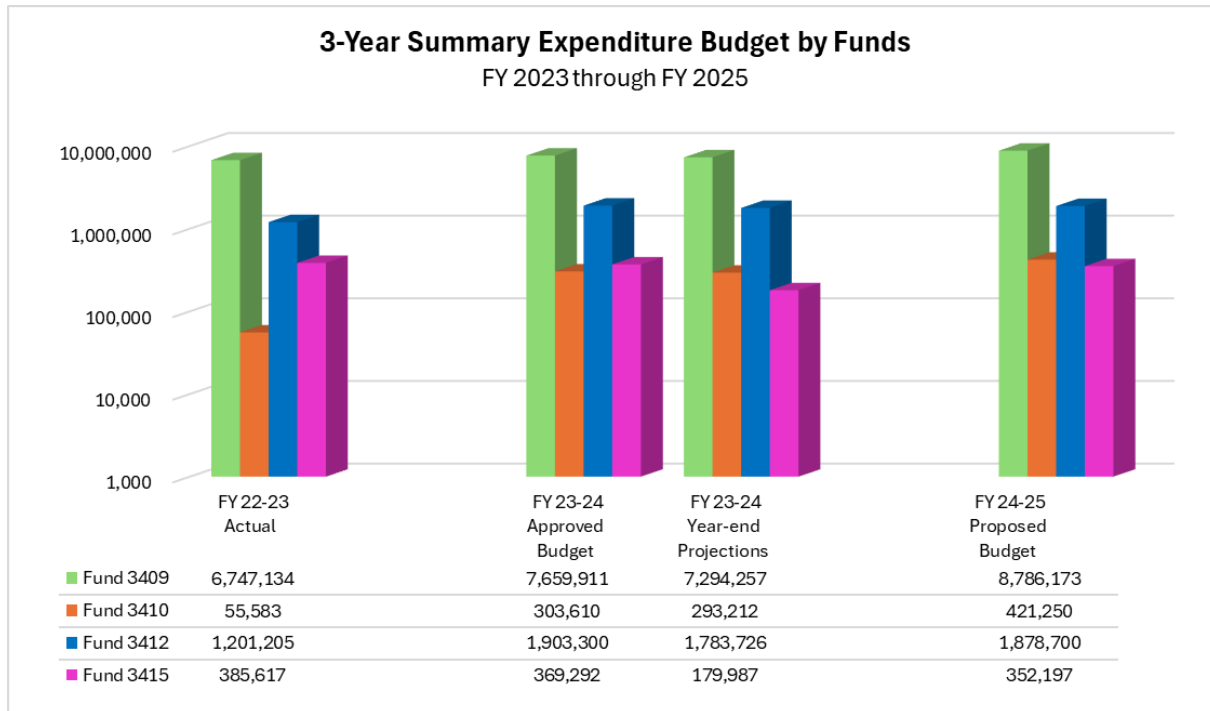
The following two charts represent a summation of Revenues received versus Expenditures by Fund over a 3-year period.

#### Revenue Chart



The first cluster of columns represents actual revenues in fiscal year 2022-2023, where the total revenues collected, inclusive of all funds, were slightly more than \$10.4 million. The next cluster of columns (grouped in two) embody the current fiscal year 2023-2024 and compares the approved revenue budget of \$10.4 million to the year-end projections of \$10.7 million. The revenues were consistent as planned and level in the current year. The primary drivers were the Sewer Service Charges of \$9.3 million reflected in Fund 3409. The proposed fiscal year 2024-2025 revenues are shown in the final cluster at approximately \$11.1 million, inclusive of all funds. The revenues estimated in FY25 account for the second year of the approved 3-year rate increase schedule, with a 9.46% increase Sewer Service Charges shown in Fund 3409.

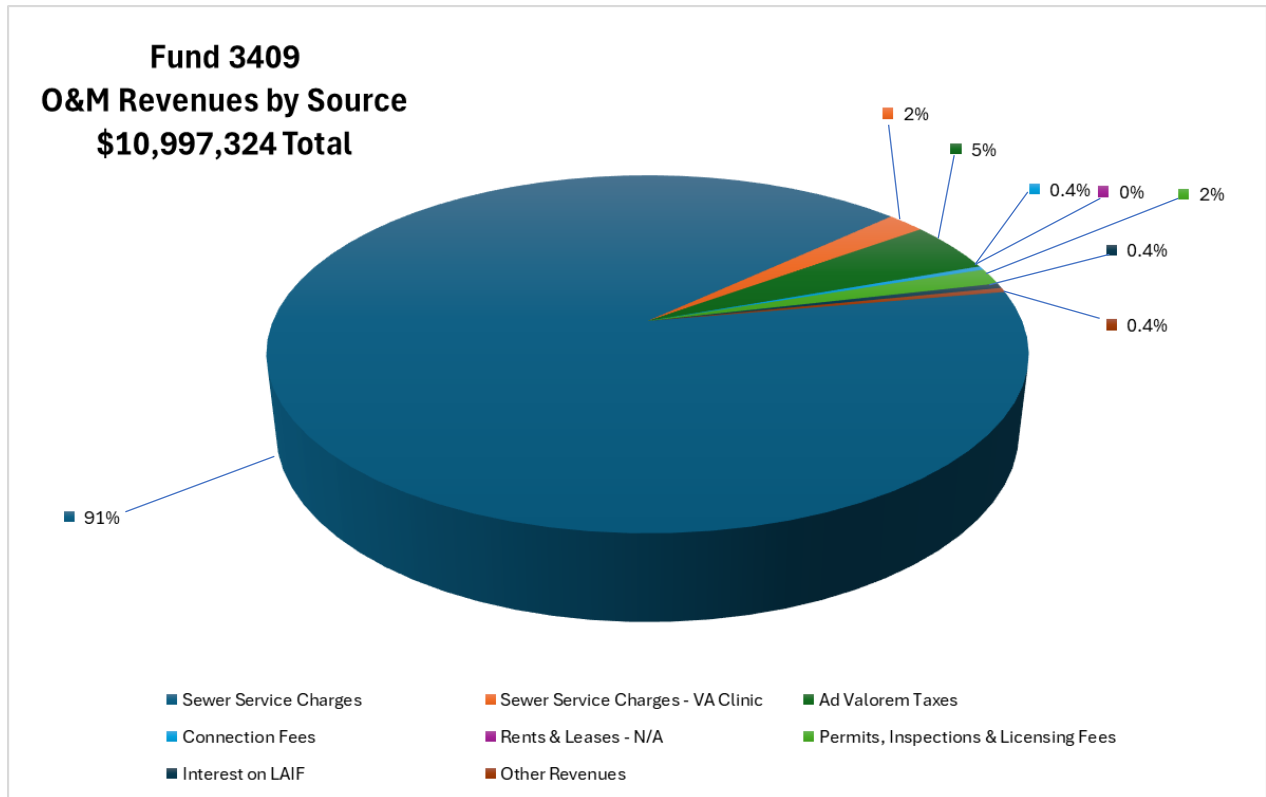
## Expenditure Chart



The first cluster represents actual expenditures from fiscal year 2022-2023 totaling \$8.4 million. The next cluster of columns represents the current fiscal year 2023-2024 and compares the approved budget appropriations of \$10.2 million to the year-end projections of \$9.6 million. The actual expenditures in this current fiscal year were slightly less than anticipated; this is constant across all funds. The proposed fiscal year 2024-2025 anticipated expenditures are shown in the final cluster at approximately \$11.4 million, inclusive of all funds. Close monitoring of expenses in all funds is key in this upcoming fiscal year to ensure the sustainability of the Reserve Fund and to achieve the ending Net Position of approximately \$11.8 million for future capital outlay projects.

## Fund 3409 – Operations & Maintenance (O&M) Percent of Budget by Department

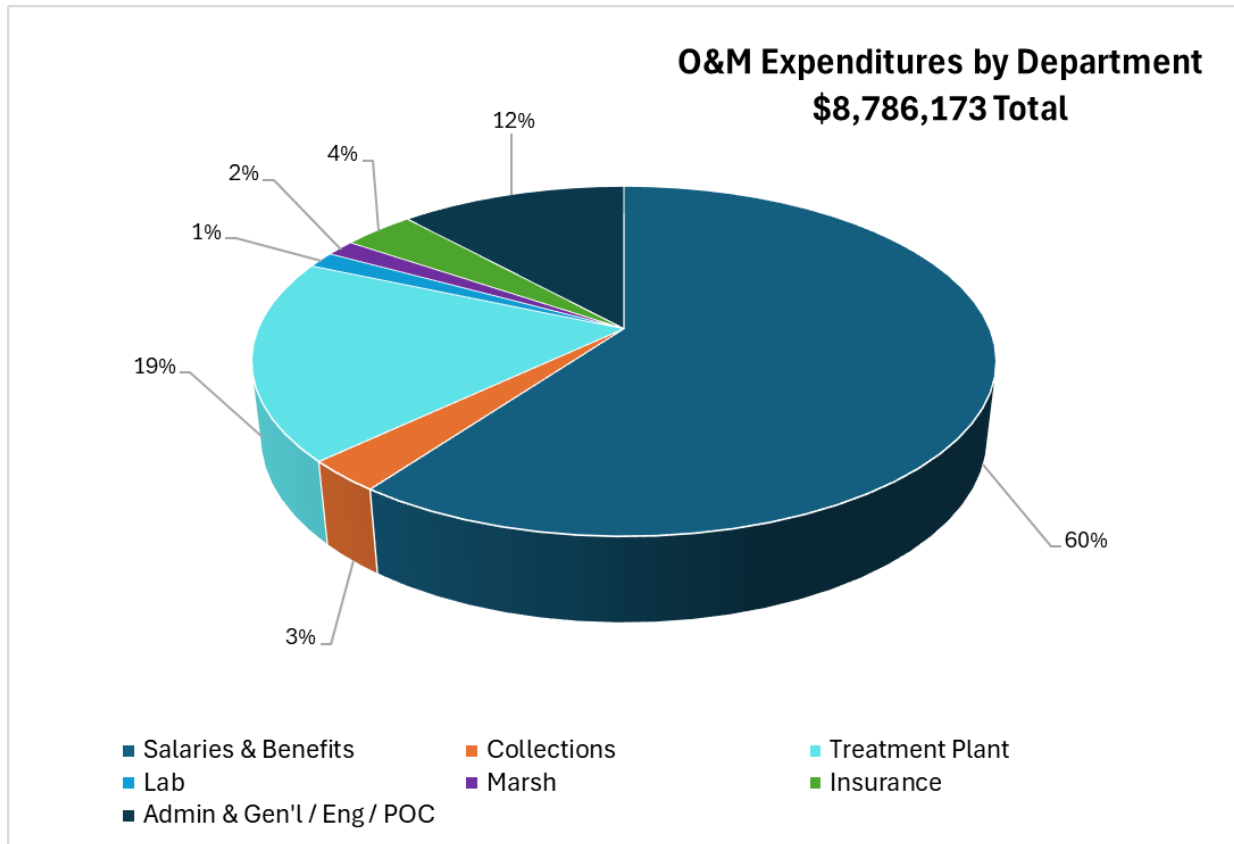
The chart below illustrates the percent allocation for each source of revenue received by the District. Total Revenues for FY 2024-2025 are approximately \$11 million.



The Sewer Service Charges are the District’s primary revenue source at 91% or \$10 million. The District is guaranteed this revenue in equal installments in December and April of each fiscal year due to participation in the Contra Costa County Teeter Plan. The Teeter Plan provides California counties with an optional alternative method for allocating delinquent property and supplemental tax revenues. Using the modified accrual method of accounting under the Teeter Plan, Contra Costa County allocates tax revenues to the District based on the total amount of sewer service charges billed in August each year, but not yet collected. In exchange, Contra Costa County keeps the penalties and interest on the delinquent taxes when collected. The Ad Valorem taxes are the next biggest revenue stream but only account for 4% or approximately \$490k. All other revenue streams are minimal, including development-related fees (connection, permits, inspections, etc.), which are used for capital improvements projects.

It is important to note that the District no longer anticipates revenues from Rent & Leases after the sell of the Cell Sites and Billboards.

The expenditure chart below shows the percentage of the budget allocated for FY 2024-2025 by Department.



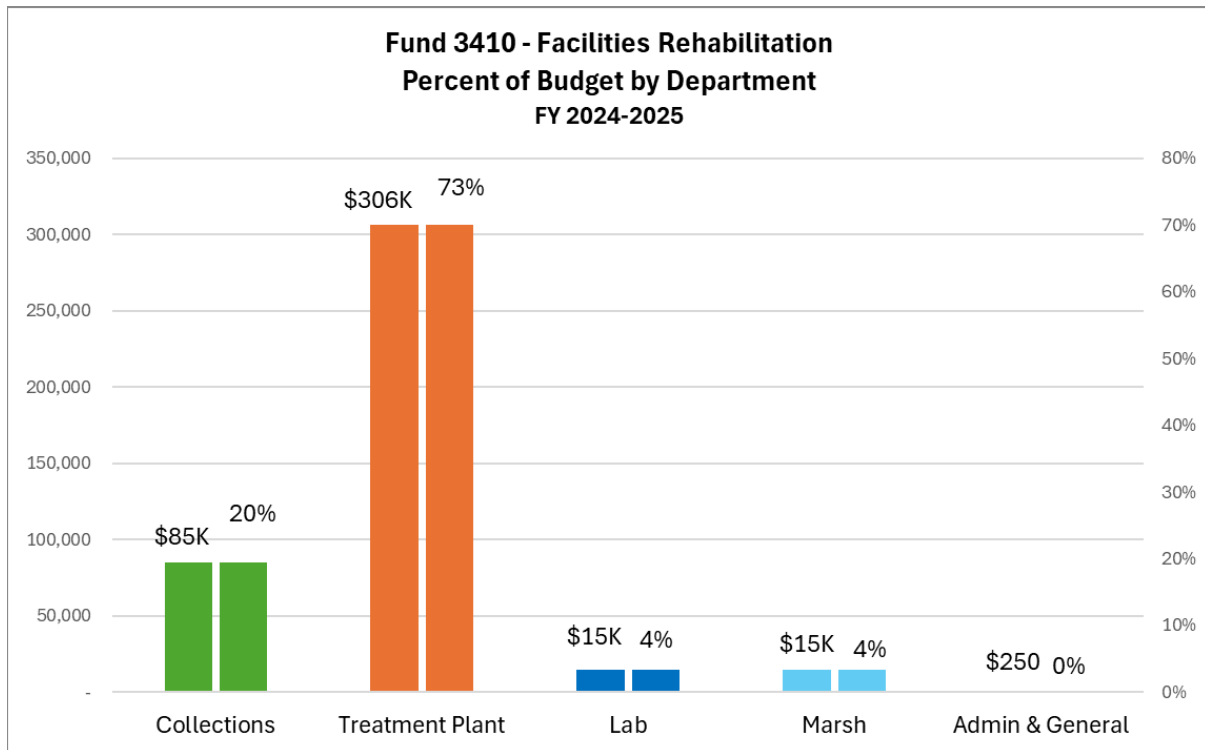
The FY25 Budget appropriates nearly \$9 million in expenditures. Salaries and benefits equate to 60% or \$5.3 million of the total budget expenses. A compensation study was completed in FY24 to ensure salaries are competitive and parallel with other agencies to retain valued employees. Cumulatively, the District approved a cost of living adjustment (COLA) for all employees at 3.666%. Altogether the salaries increased by 11% from FY24. Within the insurance apportionment, the District’s Liability/Property Insurance premium payments are estimated at \$326k which is a 5% increase from fiscal year 2023-2024; in benefits, the PERS Health payment for active employees has an increase of 12% or approximately \$55k, and the CalPERS Unfunded Liability Payment realized a significant increase of 23% or \$72k.



## Fund 3410 – Facilities Rehabilitation Percent of Budget by Department

Revenues received in the Facilities Rehabilitation Fund are marginal and primarily come from interest. The other component considered a revenue source is the interfund transfer of Ad Valorem Taxes (transferred from Fund 3409). The anticipated amount of Ad Valorem for FY25 is \$481,950.

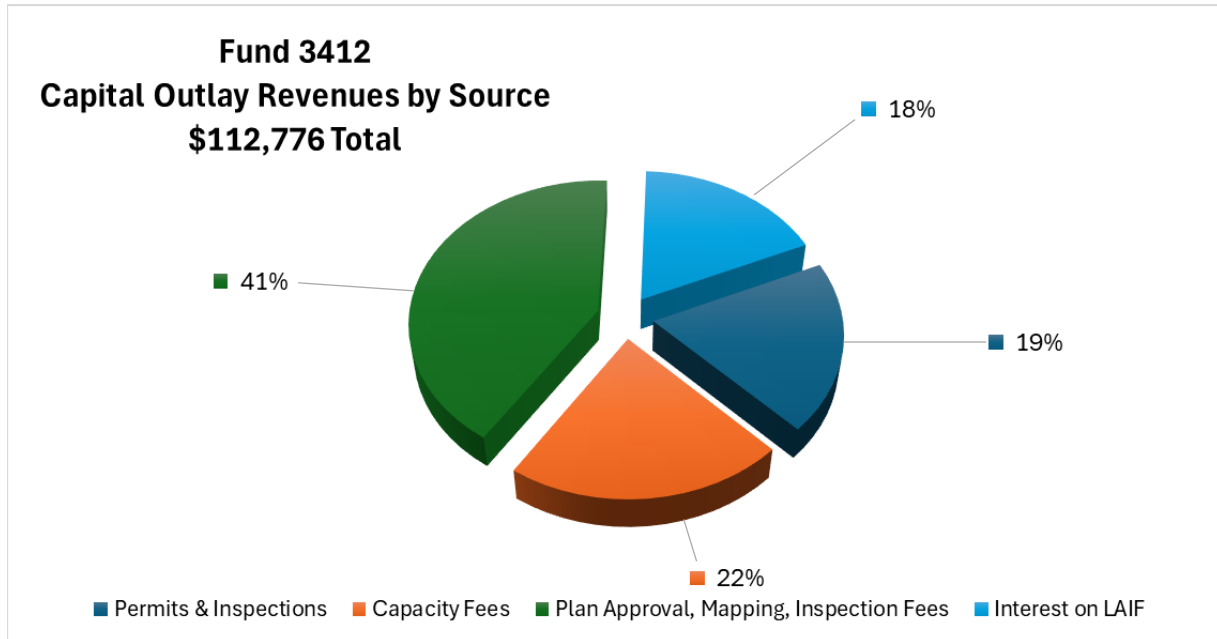
The Expenditures appropriated for FY 2024-2025 total \$421,250.



The expenditure chart above indicates the percentage and aggregate allocation of the budget for each Department. The District’s infrastructure, which may be rehabilitated and repaired to extend the service life but do not require engineering professional services, are budgeted expenses in the Facilities Rehab Fund. They are categorized based on a threshold (\$5,000) and then capitalized at year-end to expense the costs of attaining the asset over the life of the asset, rather than the period that the expense was incurred. The asset is added to the District Financial Statement (balance sheet) and depreciated over its useful life.

## Fund 3412 – Capital Outlay Percent of Budget by Department

Revenues received in the Capital Outlay Fund are designated to support infrastructure needs for the District and to fund existing and future capacity needs within the District’s collection, treatment, and disposal systems (Marsh).

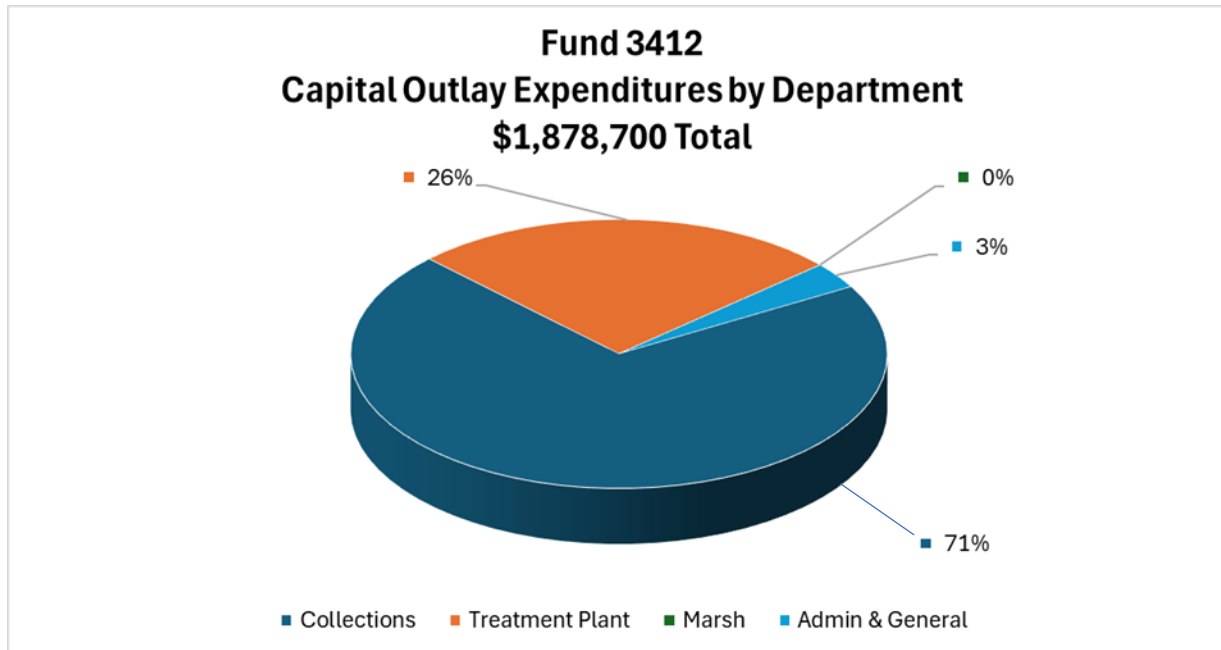


The Plan approval, mapping, and inspection fees contribute towards 41% or \$47k in revenues while the planned Capacity Fee revenue amounts to 22% or \$25K. The Permits and Inspections related fees are estimated to bring in an additional 19% or \$22k, while the remainder of revenues is based on interest accrued in the amount of \$20K or 18% from the 3412 Fund balance.

Only the most critical capital projects determined by the District Engineer will be funded and included in this fiscal year’s budget which consists of capital outlay projects in the Collection system and the Treatment Plant. There are no capital projects expected to occur in the Marsh. Development activities will continue within the Admin & General department.

The capital outlay revenues appropriated for FY 2024-2025 total \$112,700.

The chart below represents the planned expenditures by department.



The District will expend 26% or \$489K in the Treatment Plant on the final completion payment of the UV Disinfection Replacement System and Plant improvements.

The Collections system is targeted for planned improvements which equate to 71% or \$1.3 million of the allocated budget. The projects identified as critical and that are included in the cumulative outlay total are the continued Collection System Cleaning & CCTV / Condition Assessment Program (Phase 3) which encompasses hydro-cleaning, televising, and condition assessment of every pipeline in the District's collection system, which facilitates implementation of a computerized risk model to identify the pipelines with the highest priority for repair, replacement, or rehabilitation. The 888 Howe Road Sanitary Sewer Replacement which is to resolve right-of-way issues, acquire an easement if necessary, and either replace the sewer in its existing alignment or construct a new sewer alignment and abandon the old alignment in place. Another project involves collaboration with the City of Martinez for iron adjustments after various street pavement projects. Lastly, a capital project for miscellaneous pump station rehabilitation.

Additional details of these projects are further defined in the District's 10-Year CIP Plan Update & FY25 Work Plan.

**2018 Installment Sales Agreement (#18-015)  
Schedule of Series 2018 Installment Payments**

**Loan Amount:** \$6,000,000  
**Interest Rate:** 4.20%  
**Term:** 20 years  
**Loan Origination Date:** 10/26/2018

<u>Payment #</u>	<u>Due Date</u>	<u>Total Amount Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal Balance</u>	<u>Purchase Option</u>
1	10/26/2019	\$449,344.52	\$197,344.52	\$252,000.00	<b>\$5,802,655.48</b>	
2	10/26/2020	\$449,344.52	\$205,632.99	\$243,711.53	<b>\$5,597,022.49</b>	
3	10/26/2021	\$449,344.52	\$214,269.58	\$235,074.94	\$5,382,752.91	
4	10/26/2022	\$449,344.52	\$223,268.90	\$226,075.62	\$5,159,484.01	
5	10/26/2023	\$449,344.52	\$232,646.19	\$216,698.33	\$4,926,837.82	
6	10/26/2024	\$449,344.52	\$242,417.33	\$206,927.19	\$4,684,420.49	
7	10/26/2025	\$449,344.52	\$252,598.86	\$196,745.66	\$4,431,821.63	
8	10/26/2026	\$449,344.52	\$263,208.01	\$186,136.51	\$4,168,613.62	\$4,168,613.62
9	10/26/2027	\$449,344.52	\$274,262.75	\$175,081.77	\$3,894,350.87	\$3,894,350.87
10	10/26/2028	\$449,344.52	\$285,781.78	\$163,562.74	\$3,608,569.09	\$3,608,569.09
11	10/26/2029	\$449,344.52	\$297,784.62	\$151,559.90	\$3,310,784.47	\$3,310,784.47
12	10/26/2030	\$449,344.52	\$310,291.57	\$139,052.95	\$3,000,492.90	\$3,000,492.90
13	10/26/2031	\$449,344.52	\$323,323.82	\$126,020.70	\$2,677,169.08	\$2,677,169.08
14	10/26/2032	\$449,344.52	\$336,903.42	\$112,441.10	\$2,340,265.66	\$2,340,265.66
15	10/26/2033	\$449,344.52	\$351,053.36	\$98,291.16	\$1,989,212.30	\$1,989,212.30
16	10/26/2034	\$449,344.52	\$365,797.60	\$83,546.92	\$1,623,414.70	\$1,623,414.70
17	10/26/2035	\$449,344.52	\$381,161.10	\$68,183.42	\$1,242,253.60	\$1,242,253.60
18	10/26/2036	\$449,344.52	\$397,169.87	\$52,174.65	\$845,083.73	\$845,083.73
19	10/26/2037	\$449,344.52	\$413,851.00	\$35,493.52	\$431,232.73	\$431,232.73
20	10/26/2038	\$449,344.52	\$431,232.73	\$18,111.79	\$0.00	\$0.00
		<u>\$8,986,890.40</u>	<u>\$6,000,000.00</u>	<u>\$2,986,890.40</u>		
		\$0.00	\$0.00	\$0.00		

**Note:** The agreement allows for the pre-payment of the debt with a 2% pre-payment penalty commencing on the 8th installment date.

**DESCRIPTION OF PROJECTS:** Phase B - Moorhen Marsh Western Pond Turtle Habitat Enhancement Project; Biotower and Biofilter Rotating Equipment Replacement; UV Disinfection Replacement Project; 2019 Sewage Collection System Project; and the 2019-2020 Plant Electrical Systems Upgrades

**2021 Installment Purchase Contract  
Schedule of Series 2021 Installment Payments**

**Loan Amount:** 6,000,000.00  
**Interest Rate:** 2.90%  
**Loan Start Date:** 6/29/2021  
**Interest Basis:** 360 Days

<u>Payment Date</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount Due</u>	<u>Loan Balance</u>
6/29/2021					
12/29/2021	\$199,545.14	\$112,545.14	\$87,000.00		5,887,454.86
06/29/2022	197,913.24	112,545.14	85,368.10	397,458.38	5,774,909.72
12/29/2022	199,568.97	115,832.78	83,736.19		5,659,076.94
06/29/2023	197,889.41	115,832.79	82,056.62	397,458.38	5,543,244.15
12/29/2023	199,593.51	119,216.47	80,377.04		5,424,027.68
06/29/2024	197,864.87	119,216.47	78,648.40	397,458.38	5,304,811.21
12/29/2024	199,618.75	122,698.99	76,919.76		5,182,112.22
06/29/2025	197,839.63	122,699.00	75,140.63	397,458.38	5,059,413.22
12/29/2025	199,644.74	126,283.25	73,361.49		4,933,129.97
06/29/2026	197,813.63	126,283.25	71,530.38	397,458.37	4,806,846.72
12/29/2026	199,671.49	129,972.21	69,699.28		4,676,874.51
06/29/2027	197,786.89	129,972.21	67,814.68	397,458.38	4,546,902.30
12/29/2027	199,699.01	133,768.93	65,930.08		4,413,133.37
06/29/2028	197,759.36	133,768.93	63,990.43	397,458.37	4,279,364.44
12/29/2028	199,727.34	137,676.56	62,050.78		4,141,687.88
06/29/2029	197,731.03	137,676.56	60,054.47	397,458.37	4,004,011.32
12/29/2029	199,756.50	141,698.34	58,058.16		3,862,312.98
06/29/2030	197,701.88	141,698.34	56,003.54	397,458.38	3,720,614.64
12/29/2030	199,786.50	145,837.59	53,948.91		3,574,777.05
06/29/2031	197,671.88	145,837.61	51,834.27	397,458.38	3,428,939.44
12/29/2031	199,817.39	150,097.77	49,719.62		3,278,841.67
06/29/2032	197,640.98	150,097.78	47,543.20	397,458.37	3,128,743.89
12/29/2032	199,849.19	154,482.40	45,366.79		2,974,261.49
06/29/2033	197,609.19	154,482.40	43,126.79	397,458.38	2,819,779.09
12/29/2033	199,881.91	158,995.11	40,886.80		2,660,783.98
06/29/2034	197,576.48	158,995.11	38,581.37	397,458.39	2,501,788.87
12/29/2034	199,915.58	163,639.64	36,275.94		2,338,149.23
06/29/2035	197,542.80	163,639.64	33,903.16	397,458.38	2,174,509.59
12/29/2035	199,950.24	168,419.85	31,530.39		2,006,089.74
06/29/2036	197,508.14	168,419.84	29,088.30	397,458.38	1,837,669.90
12/29/2036	199,985.90	173,339.69	26,646.21		1,664,330.21
06/29/2037	197,472.48	173,339.69	24,132.79	397,458.38	1,490,990.52
12/29/2037	200,022.61	178,403.25	21,619.36		1,312,587.27
06/29/2038	197,435.77	178,403.25	19,032.52	397,458.38	1,134,184.02

12/29/2038	200,060.40	183,614.73	16,445.67		950,569.29
06/29/2039	197,397.98	183,614.73	13,783.25	397,458.38	766,954.56
12/29/2039	200,099.28	188,978.44	11,120.84		577,976.12
06/29/2040	197,359.09	188,978.44	8,380.65	397,458.37	388,997.68
12/29/2040	200,139.31	194,498.84	5,640.47		194,498.84
06/29/2041	197,319.07	194,498.84	2,820.23	397,458.38	0.00
<b>TOTAL</b>	<b>7,949,167.56</b>	<b>\$6,000,000.00</b>	<b>\$1,949,167.56</b>		

0.00

**DESCRIPTION OF THE PROJECT:** The Project consists of the replacement of the UV disinfection system, the sludge dewatering centrifuge replacement, the headworks automatic screening replacement at the District’s wastewater treatment plant and various upgrades and replacements to the District’s collection system. The Project is expected to costs \$9,175,000.

**Mt. View Sanitary District  
Proposed Final FY25 Budget Summary**

Fund	FY 22-23	FY 23-24 Budget				FY 24-25 Budget	
	PY Period Actual	CY Budget	CY Actual	CY Encumb	YE Proj @ 6/30/24	FY Budget	Budget % Change
<b>Beginning Fund Balance</b>	<b>13,223,114</b>	<b>10,991,989</b>			<b>10,991,989</b>	<b>12,140,541</b>	(unaudited)
Total Revenues	10,466,976	10,396,756	10,592,250	-	10,699,735	11,122,049	7%
Total Expenditures	8,389,539	10,236,113	7,787,571	269,651	9,551,183	11,438,320	12%
Revenue Less Expenditures	2,077,437	160,643			1,148,552	(316,271)	
<b>Ending Reserve Fund Balance</b>	<b>15,300,551</b>	<b>11,152,632</b>			<b>12,140,541</b>	<b>11,824,270</b>	
District O&M Policy Reserve Fund	4,893,900	5,971,070			5,571,520	6,672,350	
District CIP Policy Reserve Fund	1,500,000	1,500,000			1,500,000	1,500,000	
District Unrestricted Reserves	1,000,000	1,000,000			1,000,000	1,000,000	
<b>Ending Balance</b>	<b>15,300,551</b>	<b>11,152,632</b>			<b>12,140,541</b>	<b>11,824,270</b>	

**Mt. View Sanitary District  
Proposed Final FY25 Budget Summary**

Fund	FY 22-23	FY 23-24 Budget				FY 24-25 Budget	
	PY Period Actual	CY Budget	CY Actual	CY Encumb	YE Proj @ 6/30/24	FY Budget	Budget % Change
<b>Beginning Fund Balance</b>	<b>13,223,114</b>	<b>10,991,989</b>			<b>10,991,989</b>	<b>12,140,541</b>	(unaudited)
<b>Revenues</b>							
Fund 3409	9,563,235	10,213,256	10,390,465	-	10,457,593	10,997,324	7.68%
Fund 3410	12,982	4,500	11,334	-	13,600	11,749	161%
Fund 3412	792,661	179,000	190,180	-	228,216	112,776	-37%
Fund 3415	98,098	-	271	-	325	200	Not Calculated
<b>Total Revenues</b>	<b>10,466,976</b>	<b>10,396,756</b>	<b>10,592,250</b>	<b>-</b>	<b>10,699,735</b>	<b>11,122,049</b>	<b>7%</b>
<b>Expenditures</b>							
Fund 3409	6,747,134	7,659,911	6,041,481	105,321	7,294,257	8,786,173	15%
Fund 3410	55,583	303,610	109,662	164,330	293,212	421,250	39%
Fund 3412	1,201,205	1,903,300	1,486,438	-	1,783,726	1,878,700	-1%
Fund 3415	385,617	369,292	149,989	-	179,987	352,197	-5%
<b>Total Expenditures</b>	<b>8,389,539</b>	<b>10,236,113</b>	<b>7,787,571</b>	<b>269,651</b>	<b>9,551,183</b>	<b>11,438,320</b>	<b>12%</b>
<b>Transfers In/Out</b>							
Fund 3409	(2,155,068)	(2,605,758)	(2,611,803)	-	(2,611,803)	(3,228,753)	24%
Fund 3410	437,132	458,955	465,000	-	465,000	481,950	5%
Fund 3412	6,889,219	1,300,000	1,300,000	-	1,300,000	1,900,000	46%
Fund 3415	(5,171,283)	846,803	846,803	-	846,803	846,803	-
<b>Total Transfers In/Out</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Revenue Less Expenditures	2,077,437	160,643			1,148,552	(316,271)	
District O&M Policy Reserve Fund	4,893,900	5,971,070			5,571,520	6,672,350	
District CIP Policy Reserve Fund	1,500,000	1,500,000			1,500,000	1,500,000	
District Unrestricted Reserves	1,000,000	1,000,000			1,000,000	1,000,000	
<b>Ending Fund Balance</b>	<b>15,300,551</b>	<b>11,152,632</b>			<b>12,140,541</b>	<b>11,824,270</b>	



**Mt. View Sanitary District**  
**Proposed Final FY24-25 Budget**  
07/01/2024 - 06/30/2025

**O&M - 3409**

Account Number	Title	Prior year Period Actual	FY 23-24 Budget				FY 24-25 Budget	
			CY Budget	CY Actual	CY Encumb	YE Proj @ 6/30/24	FY Budget	Budget % Change
<b>General Fund - Revenues</b>								
3409-00-00-43010	Service Charges	8,343,525	9,127,900	9,120,880	-	9,120,880	9,991,399	9.46%
3409-00-00-43011	Service Charges - VA Clinic	162,639	191,600	134,427	-	179,237	209,725	9.46%
3409-00-00-43014	Service Charges - Rebates	(4,071)	-	(8,525)	-	(8,525)	-	Not Calculated
3409-00-00-43020	Permit & Inspection Fees	239,336	155,085	83,574	-	100,289	160,770	3.67%
3409-00-00-43110	Interest Revenue - Investments	91,333	43,309	324,166	-	324,166	44,896	3.67%
3409-00-00-43111	Interest Revenue - Leases	6,452	196,000	4,295	-	4,295	4,222	-98%
3409-00-00-43120	Rents and Leases	198,919	-	168,881	-	168,881	-	Not Calculated
3409-00-00-43125	Reimbursement - PGE Usage	1,800	2,808	600	-	720	2,910	3.65%
3409-00-00-43130	Franchises	29,032	37,600	30,248	-	36,298	38,978	3.66%
3409-00-00-43140	Property Taxes CY Secured	445,046	458,955	465,283	-	465,283	475,780	3.67%
3409-00-00-43141	Property Taxes CY Unsecured	12,672	-	14,469	-	14,469	14,999	Not Calculated
3409-00-00-43145	Supplemental CY Property Tax	15,438	-	1,919	-	1,919	-	Not Calculated
3409-00-00-43147	Property Taxes - Unitary	10,784	-	11,109	-	11,109	11,516	Not Calculated
3409-00-00-43180	Other Non-Operating Revenue	1,206	-	40,779	-	40,779	42,129	Not Calculated
<b>Total O&amp;M Revenues</b>		<b>9,563,235</b>	<b>10,213,256</b>	<b>10,390,465</b>	<b>-</b>	<b>10,457,593</b>	<b>10,997,324</b>	<b>7.68%</b>

**Expenditures**

**General Fund - O&M / Public Outreach**

3409-01-05-54105	Employee Education & Training	-	-	-	-	-	300	Not Calculated
3409-01-05-54354	Memberships and Dues	-	-	-	-	-	4,010	Not Calculated
3409-01-05-54404	Office Supplies	-	-	-	-	-	57,720	Not Calculated
3409-01-05-54504	Contractual Services	-	-	-	-	-	130,360	Not Calculated
3409-01-05-54554	Professional Services	-	-	-	-	-	3,500	Not Calculated
3409-01-05-54604	Publications and Legal Notices	-	-	-	-	-	1,000	Not Calculated
3409-01-05-54804	Travel and Meetings	-	-	-	-	-	2,500	Not Calculated
3409-01-05-54954	Other Expenses	-	-	-	-	-	1,000	Not Calculated
<b>Total Public Outreach</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,390</b>	<b>Not Calculated</b>

**General Fund - O&M / Engineering**

3409-01-07-54105	Employee Education & Training	-	-	-	-	-	300	Not Calculated
3409-01-07-54354	Memberships and Dues	-	-	-	-	-	400	Not Calculated
3409-01-07-54404	Office Supplies	-	-	-	-	-	200	Not Calculated
3409-01-07-54504	Contractual Services	-	-	-	-	-	34,350	Not Calculated
3409-01-07-54554	Professional Services	-	-	-	-	-	34,500	Not Calculated
<b>Total Engineering</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,750</b>	<b>Not Calculated</b>

**General Fund - O&M / Administration & General**

3409-01-14-54054	Wages	2,521,976	2,804,483	2,267,303	-	2,720,764	3,104,308	11%
3409-01-14-54104	Employee Benefits	1,552,633	1,911,086	1,423,237	300	1,707,884	2,170,291	14%
3409-01-14-54105	Employee Education & Training	-	12,600	12,348	-	12,348	2,100	-83%
3409-01-14-54154	Directors' Fees	22,185	28,382	19,546	-	23,455	27,912	-2%
3409-01-14-54204	Election Expense	300	12,000	-	-	-	6,000	-50%
3409-01-14-54304	Insurance	230,898	310,693	279,353	-	279,353	326,277	5%
3409-01-14-54354	Memberships and Dues	41,169	42,520	51,150	-	61,379	34,935	-18%
3409-01-14-54404	Office Supplies	48,100	47,090	27,801	-	33,361	29,780	-37%
3409-01-14-54504	Contractual Services	392,476	405,360	329,624	4,626	400,175	253,870	-37%
3409-01-14-54554	Professional Services	334,272	310,078	243,587	-	292,304	258,228	-17%
3409-01-14-54604	Publications and Legal Notices	2,168	1,000	53	-	63	1,000	0%
3409-01-14-54704	Repairs and Maintenance	59,589	25,800	29,547	928	36,384	30,000	16%
3409-01-14-54724	Small Tools and Equipment	17	500	71	478	563	500	0%
3409-01-14-54804	Travel and Meetings	16,421	10,500	14,022	-	15,297	23,000	119%
3409-01-14-54904	Utilities	68,684	74,500	61,580	-	73,895	90,000	21%
3409-01-14-54954	Other Expenses	12,021	9,000	43,580	-	44,222	6,000	-33%
<b>Total Administration &amp; General</b>		<b>5,302,909</b>	<b>6,005,592</b>	<b>4,802,799</b>	<b>6,332</b>	<b>5,701,447</b>	<b>6,364,201</b>	<b>6%</b>

**General Fund - O&M / Laboratory**

3409-02-10-54754	Research and Monitoring	242	1,000	-	-	-	1,000	0%
3409-02-11-54174	Clothing & Personal Supplies	899	1,000	-	-	-	-	-100%
3409-02-11-54474	Chemicals	-	-	-	-	-	16,000	Not Calculated
3409-02-11-54704	Repairs and Maintenance	21,611	25,900	25,145	79	30,253	5,500	-79%
3409-02-11-54724	Small Tools and Equipment	2,076	1,500	1,420	-	1,704	1,500	0%
3409-02-11-54754	Research and Monitoring	12,718	13,700	7,422	-	8,906	14,000	2%
3409-02-12-54105	Employee Education & Training	-	-	-	-	-	300	Not Calculated
3409-02-12-54174	Clothing & Personal Supplies	-	-	-	-	-	1,000	Not Calculated
3409-02-12-54354	Memberships and Dues	17,725	17,950	8,914	-	17,950	18,263	2%
3409-02-12-54754	Research and Monitoring	57,838	61,100	38,984	570	47,350	61,100	0%
3409-02-14-54404	Office Supplies	-	-	-	-	-	500	Not Calculated
3409-02-14-54454	Operating Supplies	-	-	-	-	-	7,000	Not Calculated
3409-02-14-54504	Contractual Services	-	-	-	-	-	5,000	Not Calculated
3409-02-14-54804	Travel and Meetings	1,303	-	-	-	-	-	Not Calculated
<b>Total Laboratory</b>		<b>114,413</b>	<b>122,150</b>	<b>81,885</b>	<b>649</b>	<b>106,164</b>	<b>131,163</b>	<b>7%</b>

**General Fund - O&M / Marsh**

3409-03-12-54504	Contractual Services	-	-	-	15,097	15,097	-	Not Calculated
3409-03-12-54554	Professional Services	3,320	5,600	5,517	2,849	9,469	2,000	-64%
3409-03-12-54704	Repairs and Maintenance	32,522	7,000	5,942	698	7,827	8,500	21%
3409-03-12-54724	Small Tools and Equipment	2,578	1,500	377	-	452	3,000	100%
3409-03-12-54954	Other Expenses	-	-	-	655	655	-	Not Calculated
3409-03-14-54354	Memberships and Dues	150	150	-	-	150	150	0%
3409-03-14-54454	Operating Supplies	5,212	2,000	1,575	442	2,331	2,250	13%
3409-03-14-54504	Contractual Services	71,334	110,050	41,014	19,050	68,267	115,500	5%
3409-03-14-54904	Utilities	286	500	-	-	-	500	0%
<b>Total Marsh</b>		<b>115,401</b>	<b>126,800</b>	<b>54,424</b>	<b>38,790</b>	<b>104,248</b>	<b>131,900</b>	<b>4%</b>

**General Fund - O&M / Operations\_Collections**

3409-04-10-54105	Employee Education & Training	-	-	-	-	-	300	Not Calculated
3409-04-10-54174	Clothing & Personal Supplies	-	-	-	-	-	7,500	Not Calculated
3409-04-10-54254	Gas, Oil and Fuel	11,047	11,800	11,800	-	14,160	17,000	44%
3409-04-10-54354	Memberships and Dues	6,209	6,300	6,487	-	7,784	10,000	59%
3409-04-10-54404	Office Supplies	-	-	-	-	-	100	Not Calculated
3409-04-10-54504	Contractual Services	65,551	102,700	45,398	-	54,478	95,189	-7%
3409-04-10-54654	Rents and Leases	465	8,000	7,578	-	9,093	1,000	-88%
3409-04-10-54704	Repairs and Maintenance	60,204	22,450	18,633	3,791	26,150	47,700	112%
3409-04-10-54724	Small Tools and Equipment	314	1,620	1,619	-	1,943	4,000	147%
3409-04-10-54804	Travel and Meetings	-	-	-	-	-	2,400	Not Calculated
3409-04-10-54904	Utilities	64,978	61,800	55,859	-	67,030	72,100	17%
<b>Total Operations_Collections</b>		<b>208,769</b>	<b>214,670</b>	<b>147,373</b>	<b>3,791</b>	<b>180,638</b>	<b>257,289</b>	<b>20%</b>

**General Fund - O&M / Operations\_Treatment Plant**

3409-04-11-54105	Employee Education & Training	-	-	-	-	-	2,400	Not Calculated
3409-04-11-54174	Clothing & Personal Supplies	43,458	45,430	45,717	272	55,132	60,000	32%
3409-04-11-54254	Gas, Oil and Fuel	18,854	4,500	2,024	786	3,214	5,500	22%
3409-04-11-54354	Memberships and Dues	48,856	43,750	57,721	-	69,265	63,000	44%
3409-04-11-54404	Office Expense	-	-	14	-	17	1,200	Not Calculated
3409-04-11-54454	Operating Supplies	-	-	-	2,153	2,153	-	Not Calculated
3409-04-11-54474	Chemicals	216,235	333,384	254,019	28,418	333,241	497,500	49%
3409-04-11-54504	Contractual Services	81,312	133,855	105,034	14,364	140,404	216,580	62%
3409-04-11-54554	Professional Services	-	-	-	-	-	45,000	Not Calculated
3409-04-11-54654	Rents and Leases	564	1,500	487	-	584	1,000	-33%
3409-04-11-54704	Repairs and Maintenance	138,570	147,500	109,794	3,816	135,569	180,000	22%
3409-04-11-54724	Small Tools and Equipment	6,349	9,780	3,825	5,950	10,540	6,800	-30%
3409-04-11-54804	Travel and Meetings	-	-	-	-	-	2,500	0%
3409-04-11-54904	Utilities	439,445	471,000	376,366	-	451,639	550,000	17%
3409-04-11-54954	Other Expenses	12,000	-	-	-	-	-	Not Calculated
<b>Total Operations_Treatment Plant</b>		<b>1,005,642</b>	<b>1,190,699</b>	<b>955,000</b>	<b>55,759</b>	<b>1,201,759</b>	<b>1,631,480</b>	<b>37%</b>

**Total O&M Expenditures**

<b>6,747,134</b>	<b>7,659,911</b>	<b>6,041,481</b>	<b>105,321</b>	<b>7,294,257</b>	<b>8,786,173</b>	<b>15%</b>
------------------	------------------	------------------	----------------	------------------	------------------	------------

(3,110)

1,126,262

84,725

(3,110)

## Facilities Rehab - 3410

Account Number		Title	2022-23 Prior year Period Actual	FY 23-24 Budget				FY 24-25 Budget	
				CY Budget	CY Actual	CY Encumb	YE Proj @ 6/30/24	FY Budget	Budget % Change
<b>Facilities Rehabilitation - Revenues</b>									
3410-00-00-43110	Interest Revenue - Investments		12,982	4,500	11,334	-	13,600	11,749	161%
<b>General Revenue Total</b>			<b>12,982</b>	<b>4,500</b>	<b>11,334</b>	<b>-</b>	<b>13,600</b>	<b>11,749</b>	<b>161%</b>
<b>Expenditures</b>									
<b>Facilities Rehabilitation - Administration &amp; General</b>									
3410-01-14-54504	Contractual Services		5,844	-	-	-	-	-	Not Calculated
3410-01-14-54554	Professional Services		370	250	170	-	204	250	0%
3410-01-14-54724	Small Tools and Equipment		-	15,000	13,562	-	13,562	-	-100%
<b>Total Facilities Rehabilitation - Admin &amp; Gen'l</b>			<b>6,214</b>	<b>15,250</b>	<b>13,732</b>	<b>-</b>	<b>13,766</b>	<b>250</b>	<b>-98%</b>
<b>Facilities Rehabilitation - Lab</b>									
3410-02-11-54724	Small Tools and Equipment		-	17,000	-	46,723	46,723	-	Not Calculated
3410-02-11-54725	Equipment and Materials		-	-	-	-	-	15,000	Not Calculated
<b>Total Laboratory</b>			<b>-</b>	<b>17,000</b>	<b>-</b>	<b>46,723</b>	<b>46,723</b>	<b>15,000</b>	<b>Not Calculated</b>
<b>Facilities Rehabilitation - Marsh</b>									
3410-03-12-54504	Contractual Services		-	39,050	-	-	-	-	-100%
3410-03-12-54725	Equipment and Materials		-	-	-	-	-	15,000	Not Calculated
<b>Total Marsh</b>			<b>-</b>	<b>39,050</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,000</b>	<b>-62%</b>
<b>Facilities Rehabilitation - Operations_Collections</b>									
3410-04-10-54504	Contractual Services		-	-	-	-	-	25,000	Not Calculated
3410-04-10-54724	Small Tools and Equipment		-	61,410	-	61,409	61,409	-	-100%
3410-04-10-54725	Equipment and Materials		-	-	-	-	-	60,000	Not Calculated
<b>Total Collections</b>			<b>-</b>	<b>61,410</b>	<b>-</b>	<b>61,409</b>	<b>61,409</b>	<b>85,000</b>	<b>38%</b>
<b>Facilities Rehabilitation - Operations_Treatment Plant</b>									
3410-04-11-54504	Contractual Services		-	65,000	57,038	-	68,445	25,000	-62%
3410-04-11-54554	Professional Services		-	-	-	-	-	25,000	Not Calculated
3410-04-11-54724	Small Tools and Equipment		49,369	105,900	38,892	56,198	102,868	-	-100%
3410-04-11-54725	Equipment and Materials		-	-	-	-	-	256,000	Not Calculated
<b>Total Treatment Plant</b>			<b>49,369</b>	<b>170,900</b>	<b>95,930</b>	<b>56,198</b>	<b>171,314</b>	<b>306,000</b>	<b>79%</b>
<b>Total Facilities Rehabilitation</b>			<b>55,583</b>	<b>303,610</b>	<b>109,662</b>	<b>164,330</b>	<b>293,212</b>	<b>421,250</b>	<b>39%</b>

## Capital Outlay - 3412

Account Number		Title	2022-23 Prior year Period Actual	FY 23-24 Budget				FY 24-25 Budget	
				CY Budget	CY Actual	CY Encumb	YE Proj @ 6/30/24	FY Budget	Budget % Change
<b>Capital Outlay - Revenues</b>									
3412-00-00-43020	Permit & Inspection Fees	-	20,900	-	-	-	21,665	3.66%	
3412-00-00-43031	Plant Capacity & Trunk Sewer	754,403	23,700	95,040	-	114,048	24,567	3.66%	
3412-00-00-43110	Interest Revenue - Investments	26,621	44,900	95,140	-	114,168	46,543	3.66%	
3412-00-00-43161	Grants & Donations - Wetlands	-	89,500	-	-	-	-	-100%	
3412-00-00-43180	Other Non-Operating Revenue	11,637	-	-	-	-	20,000	Not Calculated	
<b>Total Capital Outlay - Revenues</b>		<b>792,661</b>	<b>179,000</b>	<b>190,180</b>	<b>-</b>	<b>228,216</b>	<b>112,776</b>	<b>-37%</b>	
<b>Expenditures</b>									
<b>Capital Outlay - Administration &amp; General</b>									
3412-01-14-54404	Office Supplies	586	31,300	492	-	590	-	-100%	
3412-01-14-54554	Professional Services	52,982	172,000	73,656	-	88,387	59,200	-66%	
3412-01-14-54954	Other Expenses	-	-	-	-	-	300	Not Calculated	
<b>Total Capital Outlay - Admin &amp; General</b>		<b>53,568</b>	<b>203,300</b>	<b>74,148</b>	<b>-</b>	<b>88,977</b>	<b>59,500</b>	<b>-71%</b>	
<b>Capital Outlay - Marsh</b>									
3412-03-12-54504	Contractual Services	18,023	35,000	-	-	-	-	-100%	
3412-03-12-54554	Professional Services	6,069	11,000	635	-	762	-	-100%	
<b>Total Capital Outlay - Marsh</b>		<b>24,091</b>	<b>46,000</b>	<b>635</b>	<b>-</b>	<b>762</b>	<b>-</b>	<b>-100%</b>	
<b>Capital Outlay - Operations_Collections</b>									
3412-04-10-54504	Contractual Services	565,361	114,019	47,644	-	57,173	743,200	552%	
3412-04-10-54554	Professional Services	340,557	193,000	96,186	-	115,424	587,000	204%	
<b>Total Capital Outlay - Collections</b>		<b>905,917</b>	<b>307,019</b>	<b>143,830</b>	<b>-</b>	<b>172,596</b>	<b>1,330,200</b>	<b>333%</b>	
<b>Capital Outlay - Operations_Treatment Plant</b>									
3412-04-11-54504	Contractual Services	164,104	731,000	640,274	-	768,329	203,000	-72%	
3412-04-11-54554	Professional Services	53,524	615,981	627,552	-	753,062	216,000	-65%	
3412-04-14-54954	Other Expenses	-	-	-	-	-	70,000	Not Calculated	
<b>Total Capital Outlay - Treatment Plant</b>		<b>217,629</b>	<b>1,346,981</b>	<b>1,267,826</b>	<b>-</b>	<b>1,521,391</b>	<b>489,000</b>	<b>-64%</b>	
<b>Total Capital Outlay:</b>		<b>1,201,205</b>	<b>1,903,300</b>	<b>1,486,438</b>	<b>-</b>	<b>1,783,726</b>	<b>1,878,700</b>	<b>-1%</b>	

(24,600)

## Debt Service - 3415

Account Number		Title	2022-23 Prior year Period Actual	FY 23-24 Budget				FY 24-25 Budget	
				CY Budget	CY Actual	CY Encumb	YE Proj @ 6/30/24	FY Budget	Budget % Change
<b>Debt Service - Revenues</b>									
3415-00-00-43110		Interest Revenue - Investments	98,098	-	271	-	325	200	Not Calculated
<b>Total Debt Service - Revenues</b>			<b>98,098</b>	<b>-</b>	<b>271</b>	<b>-</b>	<b>325</b>	<b>200</b>	Not Calculated
<b>Debt Service - Non Departmental</b>									
3415-00-00-43181		Non-Op Rev - Transfers In	846,803	846,803	648,938	-	865,251	846,802	0%
3415-00-00-58423		Non-Op Exp - Transfers Out	6,018,086	-	-	-	-	-	Not Calculated
<b>Total Debt Service - Non Departmental</b>			<b>6,864,889</b>	<b>846,803</b>	<b>648,938</b>	<b>-</b>	<b>865,251</b>	<b>846,802</b>	<b>0%</b>
<b>Debt Service - Non Departmental_Admin</b>									
3415-00-14-54950		Interest Expense - 2018 ISA	219,730	210,086	70,056	-	84,067	200,037	-5%
3415-00-14-54951		Interest Expense - 2021 IPC	165,774	159,006	79,931	-	95,917	152,060	-4%
<b>Total Debt Service - Non Departmental</b>			<b>385,504</b>	<b>369,092</b>	<b>149,986</b>	<b>-</b>	<b>179,984</b>	<b>352,097</b>	<b>-5%</b>
<b>Debt Service - Admin &amp; General</b>									
3415-01-14-54404		Office Supplies	113	200	3	-	4	100	-50%
<b>Total Debt Service - Admin &amp; General</b>			<b>113</b>	<b>200</b>	<b>3</b>	<b>-</b>	<b>4</b>	<b>100</b>	<b>-50%</b>
<b>Debt Service Expenditure Total</b>			<b>385,617</b>	<b>369,292</b>	<b>149,989</b>	<b>-</b>	<b>179,987</b>	<b>352,197</b>	<b>-5%</b>
<b>Grand Totals</b>			<b>8,389,539</b>	<b>10,236,113</b>	<b>7,787,571</b>	<b>269,651</b>	<b>9,551,183</b>	<b>11,438,320</b>	<b>12%</b>

---

# Mt. View Sanitary District

## Policies and Procedures Manual

**POLICY SECTION:** Financial Management  
**POLICY TITLE:** Investment of District Funds  
**POLICY NUMBER:** 2115  
**DATE REVISED:** December 2022

### Purpose and Authority.

The purpose of this policy is to establish policies and procedures governing the investment of District funds. This policy is adopted pursuant to Government Code Sections 53600.6 and 53630.1, Government Code Section 53601, Government Code Section 53646(a), and other applicable laws.

The State Legislature has declared the deposit and investment of public funds by local officials, and local agencies is an issue of statewide concern (Government Code (GC) § 53600.6 and § 53630.1); and,

Government Code Sections 53601, et seq., allows the legislative body of a local agency to invest surplus monies not required for the immediate necessities of the local agency; and,

The treasurer or fiscal officer of a local agency is required to annually prepare and submit a statement of investment policy, and such policy, and any changes thereto, are to be considered by the local agency's legislative body at a public meeting (GC § 53646(a)). The statement shall also be annually presented to any oversight agency of the local agency.

For these reasons and to ensure prudent and responsible management of the public's funds, it is the policy of the District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds.

### Investment Guidelines.

This investment policy applies to all financial assets of the District. These funds are accounted for in the annual audited financial statements of the District.

**Prudence.**

The Members of the Board of Directors and District Employees authorized to make investment decisions subject to this policy are fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, as fiduciaries, they shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

Investments shall be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived.

Persons acting in accordance with this policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that upon discovery, the deviations from policy or expectations that pose a significant risk to the District's financial position are promptly reported to the General Manager and Board President and thereafter reported in the next issued quarterly treasury report.

**Objectives.**

As specified in GC §53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objectives of the investment activities, in priority order, shall be:

Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the whole portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity: The secondary objective shall be to meet the liquidity needs of the District.

The third objective shall be to achieve a return on the funds under the District's control.



---

# Mt. View Sanitary District

## POLICY AND PROCEDURE MANUAL

**POLICY SECTION:** Financial Management  
**POLICY TITLE:** Internal Controls  
**POLICY NUMBER:** 4100  
**DATE REVISED:** December 2022

### Purpose and Authority.

The primary purpose of the Internal Control Policy is to establish checks and balances that help protect Mt. View Sanitary District (MVSD) from internal threats, such as theft, embezzlement, and mismanagement of funds by employees, suppliers, or customers; and, to minimize risks and protect assets, ensure accuracy of records, promote operational efficiency, and encourage adherence to policies, rules, regulations, and laws.

There will be established procedures for the adequate separation of duties, including at least the following:

- a) a Receipt Log of all cash/checks received will be maintained daily by an Administrative Assistant, not in the Finance department;
- b.) the Accounting & Financial Analyst enters the detail into the GL and prepares or oversees the deposit and ensures it is made with the Contra Costa County Auditor-Controller's Office (CCCACO);
- c.) the Chief Finance Officer confirms that the bi-weekly deposits agree with the original of the receipt log, which he/she maintains;
- d.) an Invoice log of all invoices presented for payment is maintained by an Administrative Assistant, not in the Finance department;
- e.) all invoices presented for payment must be approved by an employee authorized by the Policy and Procedure 2270 – Purchasing; the CFO and/or General Manager verifies that the invoices have been approved with the review of the Purchase Journal;
- f.) the Accounting & Financial Analyst enters the invoices for payment but does not have access to add/modify vendors in the accounting system; the CFO adds/modifies vendors;
- g.) the Chief Finance Officer and the General Manager review and authorize all invoices prior to payment via the purchase journal;
- h.) a Check Control Log, maintained by the Administrative Assistant, will be utilized with every Accounts Payable (AP) check run to ensure the number of checks determined in the Select for Payment Report is the number used to ensure no additional checks have been utilized;

- i.) the Check Control Log will be kept with the locked check stock for review; the Board Secretary and Administrative Assistant can access the locked stock; the Accounting & Financial Analyst cannot access the locked check stock;
- j.) the Chief Finance Officer confirms that the bi-weekly AP checks agree with the original of the invoice log, purchase journal, and Check Control Log; the authorized signers of checks are 1) Chief Finance Officer, 2) General Manager, 3) Board President, 4) Board Vice President, or 5) Board Secretary; the Board of Directors receives a copy of paid disbursements and approves/accepts the disbursements at the monthly Board meeting via the Consent Calendar;
- k.) all paid invoices shall be so marked, filed for reference, and mailed by the Administrative Assistant;
- l.) the bank reconciliation will be prepared promptly (within 7 days) after month-end (e.g., by 13<sup>th</sup> of the month received from CCCACO) by the Accounting & Financial Analyst who has no authority to sign checks or approve other debits and transfers against the account; reconciliations will be reviewed and approved by the Chief Finance Officer with initials and date;
- m.) Payroll is prepared by the Accounting & Financial Analyst and reviewed and submitted by the Chief Finance Officer; new employees are input in the Paychex database by the Board Secretary or Chief Finance Officer; updates are made by the Accounting & Financial Analyst;
- n.) the same employee cannot be responsible for authorizing transactions, collecting or paying bills, and maintaining accounting records.

There will be an annual Financial audit, and any finding(s) shall be reported to the Board of Directors with simultaneous notice to the General Manager.

There will be biennial audits of the Property/Liability, and Workers' Compensation Program claims paid by the District, and those report(s) will be promptly presented to the Board of Directors.

Regarding the District's cash reserve account in the Local Agency Investment Fund (LAIF), the District will maintain a balance for all programs not to exceed the amount as currently authorized by LAIF guidelines, and transfers out of LAIF may only be made to the District's General Cash Account with the Contra Costa County Treasurer's Office (CCCTO) and must have the approval of one of the following individuals: 1) Chief Finance Officer, 2) General Manager, 3) Board President or 4) Board Vice President. The requests for such transfers out of LAIF shall be signed by one of the four individuals above and be supported by detailed information, which shall be maintained by the District's Chief Finance Officer.

Other excess funds shall be deposited in or transferred to such long-term investment accounts as the Board may, from time to time designate by resolution; and

Funds in the investment account(s) shall only be withdrawn upon approval of the Board of Directors by resolution. Such withdrawals must then be remitted only to one of the checking accounts referenced above in Section 4100.40 of this policy. The requests for such transfers shall be signed by the Chief Finance Officer or General Manager and be supported by detailed information, which shall be provided to the Board of Directors approving the transfer. Such information shall be maintained by District's Chief Finance Officer.

To maximize interest earnings and manage the District's cash flow needs, the Chief Finance Officer will strive to maintain a reasonable balance in the checking accounts to off-set monthly bank charges, but at the same time recognizing that surplus funds should be transferred as appropriate to LAIF or the long-term investment accounts.

Templates for Fed-wire or Automated-Clearing House (ACH) Transfers out of the District's bank accounts may only be created by the Chief Finance Officer. Subsequent use of these Fed-wire or ACH templates shall require two staff – the Accounting & Financial Analyst and the Chief Finance Officer or General Manager.

The signing of any checks written on the accounts of the District will be in accordance with the District's Purchasing Policies and Procedures. All "fed wires" or ACH transfers that exceed \$50,000 (other than to/from LAIF or from the Payroll Account) shall be considered similar to a "large check" and be disclosed quarterly to the Board.

Any payment of funds for claims and/or allocated loss adjustment expenses will be made in accordance with the District's California Sanitation Risk Management Authority Insurance Policies (CSRMA).

The Board of Directors will review these internal control policies upon completion of each year's audit with input from its external auditor.

**Review of Policy.**

This policy shall be reviewed by staff every two years to ensure compliance with all applicable laws and, if necessary, presented to the Board for update.

This Policy No. 4100 supersedes any policy inconsistent with the provisions included above.

---

# Mt. View Sanitary District

## Policies and Procedures Manual

**POLICY SECTION:** Financial Management  
**POLICY TITLE:** District Financial Reserves Policy  
**POLICY NUMBER:** 3125  
**DATE REVISED:** December 2022

### Purpose and Authority.

The Mt. View Sanitary District Board of Directors considers it prudent to establish a policy for the District's fund balances and to establish reserves as necessary to provide for the continued long-term provision of services to the District's ratepayers.

The purpose of the District Financial Reserves Policy is threefold:

- a) To enable realistic long-term planning,
- b) To assist with the effective development of annual budgets, and
- c) To promote clear communications with the general public and District staff.

The elements of the policy are created by the Board of Directors and may be revised by the Board of Directors as needed. In developing this policy, the District reviewed and considered information provided by the California Special Districts Association and the Government Finance Officers Association (GFAO), conducted independent research, and consulted with the District's Auditor.

### District Financial Structure

The District operates on a fiscal year that runs from July 1 to June 30. The District's business functions are that of an enterprise. As such, for the purposes of reporting the District's Financial Position, all of the District's business activities are considered a single business operation. For internal tracking, budgeting, and long-range planning, the District has separated its functions into four individual operations; Operations and Maintenance, Facilities Rehabilitation, Capital Outlay, and Debt Service.

Each operation is budgeted and accounted for separately through the use of separate charts of accounts or “Funds” as identified in Table 1 below:

**TABLE 1**

<b>Business Operation</b>	<b>Fund</b>
Operations and Maintenance	3409
Facilities Rehabilitation	3410
Capital Outlay	3412
Debt Service	3415

The District’s Revenues consist of Sewer Service Charges, Ad Valorem Property Taxes, Revenues from Leases (Cellular Telephone Sites and Billboards), Development Related Fees (Permit, Plan Review, Inspection, and Connection Fees), and miscellaneous other fees and charges for services provided. The District’s Revenues are generally received and deposited into Fund 3409 – Operations and Maintenance and distributed among the four Funds either by Board Direction or budgeted transfer from Operations and Maintenance. Existing Board Direction is to transfer District Ad Valorem Property Tax Revenue to Fund 3410 – Facilities Rehabilitation to fund the repair, replacement, and extension of the useful life of existing District Facilities. Current Board Direction is also to transfer Developer Related Fee revenues to Fund 3412 – Capital Outlay to offset the costs associated with assisting in the land development process (plan review and inspection) and to fund capacity (fair share of existing or future capacity within the District’s collection, treatment and disposal systems).

The majority of the District’s Revenue is the Sewer Service Charge which is collected by the County Tax Assessor/Collector along with the general property taxes. The District’s Sewer Service Charge is therefore collected in December and April of each year, with approximately 50% of revenue due and received at each installment. It is, therefore, necessary for the District to maintain sufficient cash on hand to fund District Operations and Maintenance expenditures for a minimum of six to seven months until receipt of the initial revenues in December of each year.

**Definitions**

Fund 3409 Fund Balance – Fund 3409 Fund Balance is defined as the cash assets allocated to the Operations and Maintenance Fund less all current commitments and liabilities allocated to Operations and Maintenance. The 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.

Fund 3410 Fund Balance – Fund 3410 Fund Balance is defined as the cash assets allocated to the Facilities Rehabilitation Fund less all current commitments and liabilities allocated to Facilities Rehabilitation. The Fund is used to account for the repair and/or replacement of the collection system and other aging systems of the Treatment Plant from proceeds of the Ad Valorem Tax collections.

Fund 3412 Fund Balance - Fund 3412 Fund Balance is defined as the cash assets allocated to the Capital Outlay Fund less all current commitments and liabilities allocated to Capital Outlay. The Fund is used to account for the construction and acquisition of capital improvements by the District.

Fund 3415 Fund Balance – Fund 3415 Fund Balance is defined as the cash assets allocated to Capital Projects less all current commitments and liabilities allocated to the Capital Projects. The Fund is used to account for the District’s financing activities in accordance with the guidelines set forth in the District’s Debt Issuance Policy and Procedures.

### **District Financial Reserves**

#### **Operations and Maintenance – Fund 3409**

Operating Reserve – The Operations and Maintenance Fund shall maintain an operating reserve equal to 7/12 of the District’s Operations and Maintenance expenditure budget for the purpose of funding budgeted District operations and maintenance expenditures until receipt of Sewer Service Charge revenues from the County Tax Assessor/Collector. The Operating Reserve may be depleted as necessary to fund budgeted District operations and maintenance expenditures and shall be replenished no later than July 1 of each year.

Petty Cash Reserve – The Operations and Maintenance Fund shall maintain a petty cash reserve of \$250.00. Petty cash may be used to make change for customers and/or to pay for small purchases which require cash, such as parking or public transit. The Petty Cash Reserve will be fully replenished at least monthly or whenever the balance falls below \$150.00.

Designated Reserve – The Operations and Maintenance Fund shall maintain a designated reserve of \$1,000,000. The purpose of the designated reserve is to, upon approval by the District Board of Directors, fund significant one-time outlays such as a sudden immediate capital need (such as might result from the failure of a major component within the system) or in response to some natural disaster. The unrestricted reserve may also be used by the Board of Directors for rate stabilization or for any other purpose approved by the Board of Directors.

Fund 3409 Fund Balance – The Operations and Maintenance Fund 3409 fund balance, less defined reserves, is undesignated and unreserved and may, by Board of Directors Approval, be appropriated and depleted to meet District needs.

### **Facilities Rehabilitation – Fund 3410**

Fund 3410 Fund Balance – The Facilities Rehabilitation Fund 3410 fund balance is designated and assigned to future facilities rehabilitation project needs. The District Board of Directors may appropriate and deplete the Fund 3410 fund balance as necessary in support of those project needs.

### **Capital Outlay – Fund 3412**

Fund 3412 Fund Balance – The Capital Outlay Fund 3412 fund balance is designated and assigned to future Capital Outlay project needs. The District Board of Directors may appropriate and deplete the Fund 3412 fund balance as necessary in support of those project needs.

The minimum designated reserve target shall be a fixed dollar amount of \$1.5M annually.

Other – The District Board of Directors may, from time to time, designate and establish additional reserves for specific or general purposes.

The District shall use a comprehensive approach to budgeting resources to properly maintain assets. The comprehensive approach shall take into account plans to maintain existing facilities and replace worn, aged, deteriorated, obsolete or inefficient assets.

---

# Mt. View Sanitary District

## POLICY AND PROCEDURE MANUAL

**POLICY SECTION:** Financial Management  
**POLICY TITLE:** Accounts Receivables / Write-offs  
**POLICY NUMBER:** 4200  
**DATE REVISED:** December 2022

### Purpose and Authority.

It is the policy of the District that accounts receivable are reviewed monthly, as it is critical to the cash flow of the District and requires continued follow-up and attention.

There will be established procedures for the review and write-offs, including at least the following:

- a) The accounts receivable balances are reviewed monthly by the Chief Financial Officer, along with assigned staff.
- b) Notices are sent for all accounts 45 days after their due date.
- c) Finance charges of ten (10) percent per month are assessed on all accounts past due as provided by District Code, Section 7.15.3 Payment of Fees, Charges, and Delinquencies.
- d) Credit memos are limited to the control of the Chief Financial Officer after approval by the General Manager or his or her designee.
- e) At month-end closing, an accounts receivable schedule is prepared, reviewed, and reconciled to the General Ledger. The trial balance report is compared to the General Ledger for accuracy.
- f) A five (5) percent allowance of total accounts receivable is deemed appropriate for bad debt to be carried on the Balance Sheet. Every attempt is made for collection before the District writes-off any balance or deposits funds. At year-end, it is determined if there are uncollectible items and, if so, those are written off by the Chief Financial Officer upon approval by the General Manager or his or her designee. Any amount over the approved allowance for bad debt must be approved by the Board of Directors prior to write-off.
- g) At the auditors' recommendation (see FY 2021 End of Audit Communication Letter, p4), balances that are 4 years old and older are deemed appropriate for write-off. This includes construction deposits.

### Review of Policy.

This policy shall be reviewed and, if necessary, updated every three years to ensure compliance with all applicable laws.



---

# Mt. View Sanitary District

## Policies and Procedures Manual

**POLICY SECTION:** Financial Management

**POLICY TITLE:** Fixed Capital Assets

**POLICY NUMBER:** 4300

**DATE CREATED:** October 13, 2022

### **Purpose and Authority.**

The District has significant investments in capital assets, such as land, buildings, furniture, fixtures, vehicles, subsurface sewer lines, and equipment. The purpose of this policy is to ensure that the District's capital assets are acquired, safeguarded, controlled, disposed of, and accounted for in accordance with regulations, audit requirements, and generally accepted accounting principles.

This policy addresses the requirements for the accounting of capital assets and does not address areas related to the approval, authorization, and appropriation of building construction or capital outlay projects.

### **Description.**

A capital asset is any tangible or intangible asset that the District has either purchased, paid for, constructed, or manufactured for use in the day-to-day operations of the District, and the District is the titled owner or legally responsible party (i.e., leased items) with:

- 1) a useful life greater than one year, and
- 2) a cost basis of \$5,000 (capitalization threshold) or more.

Cost basis refers to the total price of the item, less discounts, and includes ancillary payment at the time of purchase/lease/donation required to place the asset in its intended state of operations. Donations with an estimated or appraised value of \$5,000 or more and having a useful life greater than one year are also considered capital assets. If something other than cash is used to pay for an item, then the fair market value of the non-cash payment or consideration determines the item's cost or market acquisition value. Fair market value is what the District would normally spend on a like purchase.

Capital assets include items such as land, land improvements, intangibles, subsurface sewer lines, buildings and building improvements, vehicles and equipment, and moveable furniture and fixtures. Items with a cost basis of less than \$5,000 are recognized as a current period expenditure in the period

it was acquired, and items with a cost basis of \$5,000 or more are capitalized. When assets are capitalized, the cost is moved to an asset account for financial reporting purposes.

**Responsibilities and Controls.**

The Accountant/Financial Analyst referenced in this policy is the individual with capital asset responsibilities or personnel tasked with capital asset responsibilities. The Administrative Services Manager referenced in this policy is Administrative Services Manager in the Administration Department or assigned personnel responsible for the District’s information technology.

Mt. View Sanitary District employees are responsible for safeguarding the District’s capital assets. Management is responsible for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. The Accounting Department is responsible for overseeing the financial reporting of capital assets. The Accounting Department is responsible for tagging, inventorying, properly capturing cost basis, calculating and maintaining accumulated depreciation, updating financial records relating to capital assets, and providing information for financial reporting of the asset. The Administrative Services Manager is responsible for tracking all information technology-related capital assets and communicating changes in those assets to the Accounting Department.

**Guidelines and Definitions.**

A. Capital Asset Classifications & Useful Life

Estimated useful life means the estimated number of years that an asset will be put in use for the purpose for which it was acquired/leased. Capital assets that meet the appropriate cost basis and estimated useful life criteria are grouped in the following classes:

<b><u>Class</u></b>	<b><u>Estimated Useful Life</u></b>
• Vehicle and equipment	5-15 years
• Moveable furniture and fixtures	5-10 years
• Buildings and building improvements	20-50 years
• Land (not depreciated)	Not applicable - Infinite years
• Land improvements	10-20 years
• Intangible asset	5- indefinite years
• Infrastructure, such as subsurface lines	20-50 years
• Capacity rights	30 years

Vehicle and equipment – Tangible assets not permanently affixed to a building and are used for operations. Some examples include sewer rodders, sewer cleaning trucks, closed-circuit television cameras, etc. Large purchases of equipment are not capitalized if individual items are below the capitalization threshold.

Moveable furniture and fixtures – Tangible assets to be used for daily operations. Large purchases of furniture and fixtures are not capitalized if individual items are below the capitalization threshold.

Improvements or additions to existing furniture or fixtures that meet or exceed the capitalization threshold should be recorded as an addition to the asset. Some expenses to be included in the cost of moveable furniture and fixtures include freight charges, handling and storage charges, in-transit insurance, installation charges, and charges for testing and preparation for use.

Buildings and building improvements – A building is a structure permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable. Building improvements are additions or improvements to buildings that materially extend the useful life of a building, increase the value of the building by meeting the capitalization threshold, or both. Permanently attached fixtures or machinery that cannot be removed without impairing the use of the building are to be included in the value of the building. Assuming all meet the capitalization threshold, examples include installation or upgrade of heating and cooling systems, installation or upgrade of walls, floors, new/upgraded windows, fiber optic cabling, expansions/additions to buildings, etc. Adding, removing and/or moving of walls relating to renovation projects that are not major rehabilitation and do not increase the value of the building are not to be capitalized. See additional information in Section I, Improvements and Repairs.

Land – Defined as the surface of the earth used to support structures and may be used to grow grass, shrubs, and trees, together with applicable acquisition costs and without any land improvements. Land is characterized as having unlimited life. Therefore, costs such as the purchased/leased/donated price, legal and title fees, surveying, right-of-way, environmental fees, appraisal fees, and commission fees are capitalized but not depreciated.

Land improvements – Betterments, site preparations, and site improvements other than building, which are built, installed or established to enhance the quality or facilitate the use of land for a particular purpose. Examples include landscaping, fencing, parking lots, sprinklers, flagpoles, etc. Costs include purchased/leased/donated price, job costs, contract price, and any other expenditure necessary to put a structure or improvement into operations.

Intangible asset – A non-physical identifiable long-term asset. Examples include goodwill, land use rights, copyrights, patents, capacity rights, software, etc. However, user training and annual maintenance costs cannot be capitalized.

Infrastructure asset – Defined as long-lived capital assets that are stationary and can be preserved for a significantly greater number of years than most capital assets. Examples include subsurface sewer lines.

## B. Procuring a Capital Asset

Purchasing a capital asset is done in the same manner as any other purchase of goods if it has been approved through the annual capital budget process. Information technology purchases, including related items and supplies, must be ordered and/or approved by the Administrative Services Manager. The department supervisor is responsible for notifying the Accounting Department when the capital asset item and all of its components are purchased. The department supervisor must complete and

submit a Capital Asset Addition Form to the Accounting Department within 2 weeks of receiving the asset. See Tagging section below. Excluding construction projects, every effort must be made to procure capital assets prior to May 31<sup>st</sup> annually.

#### Subsequent Expenditures: To Capitalize or Expense

Subsequent expenditures after the asset has been placed in service must meet governmental accounting standards to be added to the value of the existing asset.

Governmental accounting standards require expenditures that either:

- Extend the original estimated useful life, or
- Increase the service capacity of the asset, or
- Significantly improve quality and higher value compared to the old item/part (for replacement), or
- Significantly changes the original purpose or function of the asset.

Accordingly, expenditures must meet or exceed \$5,000 to be capitalized. Refer to Capital Asset Decision Tree (Attachment A) for determining the capitalization of subsequent purchases made on an existing capital asset.

#### C. Capital Leases

Capital leases are defined as a lease that transfers substantially all benefits and risks of ownership of property to the District during the term of the lease. Leases which meet one of the four requirements below are considered capital leases and shall be accounted for as a capital asset if the cost of the property reaches or surpasses the capitalization threshold.

1. The lease transfers ownership of the property to the lessee by the end of the lease term (i.e., the title of the leased copier transfers at the end of the lease term); or
2. The lease contains a bargain purchase option (e.g., the leased copier can be purchased for \$5,000 or more, and the price of the purchase option is less than the remaining value of the asset); or
3. The lease terms equal 75% or more of the estimated useful life of the leased property (e.g., a copier is leased for 4 years, and the copier has a useful life of 5 years); or
4. The present value of the minimum lease payments exceeds 90% of the fair market value of the leased property at the date of the lease agreement (e.g., 60 monthly lease payments of \$150 totaling \$9,000 on a copier with a purchase price of \$10,000).

#### D. Receiving a Capital Asset

The department ordering the goods will be the responsible party to receive and verify the items ordered and ensure the item received is correct and in good condition. Generally, all orders are received with a packing slip. This packing slip should be compared against the items received and ordered. Proper receipt of goods will be acknowledged by signing and dating the packing slip for attachment to the invoice.

#### E. Tagging

All capital assets held by the District are assigned an asset number and a tag identification number when possible. Asset identification tags are affixed to each asset unless it is not practical. Once the Capital Asset Addition Form is submitted to the Accounting Department, the Accounting Department coordinates with the appropriate personnel to tag newly acquired assets or retag the assets at the department's request. Capital asset tags should be placed on assets in a manner that ensures ease of identification when capital asset inventory is performed without defacing or reducing the functionality of the asset. During the tagging process, the Accounting Department will verify information such as the description of the asset, model number, serial number, and location of the asset. Components of an asset will be identified with an individual asset number.

#### E. Asset Valuation

Purchased or leased assets shall be recorded on actual costs, including:

- Purchase price of the item, related taxes, and transportation costs.
- Construction cost of the item, which can include labor.
- Direct expenses such as freight and handling, installation and assembly costs, in-transit insurance, and any other direct expenses incurred by the District in obtaining the asset prior to the date the asset is put in service.

Subsequent items which fall under the \$5,000 threshold and are purchased/leased/donated after an asset has been placed in service are expensed immediately and not capitalized.

The estimated value recorded by the District for a donated asset is the market value on the date the asset is received by the District. To determine the market value of the asset, the department receiving the donated asset is responsible for determining the value of the asset, and may use the appraisal price or market selling price of an equivalent item. If there are any questions regarding the valuation method, the department should contact the Accounting Department for assistance.

For donated sewer construction projects (also known as contributed facilities), the Engineering Department will provide the estimated value of the donated asset.

When the District constructs a capital asset for its own use, all direct costs are included in the total cost of the asset. This includes items such as architectural, engineering, legal, consulting, etc.

#### F. Construction-in-Progress

Construction-in-Progress (CIP) is defined as the accumulation of all costs incurred on uncompleted land improvements, buildings, building improvements, infrastructure, or other capital construction projects. Feasibility study costs should not be recorded to CIP if the feasibility study is used to determine whether a project is probable.

CIP may also include other capital asset classes (e.g., vehicles) that have not been put in service or completed cost accumulation as of the fiscal year-end.

When CIP assets are ready to be placed into service, they are reclassified into the appropriate asset class.

#### G. Improvements and Repairs

Repair and maintenance expenditures are those incurred in the ordinary course of business to keep an asset functioning as intended for the length of its original, useful life and for its original purpose. Repairs and maintenance allow the asset to retain value rather than provide additional value. Whereas improvement costs provide additional value to an existing asset. Criteria for capitalizing improvement costs are discussed in the examples below.

Examples of expenditures/expenses classified as repair and maintenance include:

- Plumbing or electrical repair.
- Cleaning, pest extermination, or other periodic maintenance.
- Interior decorations such as draperies, blinds, curtain rods, paint, etc. Maintenance of building exterior such as repainting, replacing sections of deteriorated siding, roof, etc.
- Adding, removing and/or moving walls relating to renovation projects that are not considered major rehabilitation projects and do not increase the value of the building.
- Improvement projects of minimal or no added life expectancy and/or value to the building.
- Any other maintenance-related expenditure/expense that does not increase the value of the asset.
- General equipment repairs to bring the asset to its original condition (i.e., replacing a broken component).

#### H. Movement of Assets

Often it is necessary for departments to move capital assets from one location/department to another. Movement of the asset will be completed after obtaining proper authorization from the requesting and receiving departments. All computer equipment shall be moved only with the express written consent of the Administrative Services Manager. A Capital Asset Deletion/Transfer Form must be completed and submitted to the Accounting Department within 14 days of the event.

Should a component be moved from one asset to another, the department supervisor must submit a completed Capital Asset Deletion/Transfer Form to change the capital asset system record for the component unit to the Accounting Department within 14 days of the event.

#### I. Disposal/Retirement of Capital Assets

A department may dispose of a capital asset due to:

- Lack of need – obsolescence
- Impairment – significant or unexpected wear, damage, or deterioration
- Excess cost of maintenance
- Theft/Loss
- Trade-in

The department supervisors are responsible for completing and submitting a Capital Asset Deletion/Transfer Form to the Accounting Department within 14 days of the event. All computer and technology-related disposals or transfers must be approved by the Administrative Services Manager prior to notifying the Accounting Department with the exception of computer and technology-related items. It is the department's responsibility to make arrangements to pick up and dispose of the asset. For computer and technology-related items, the Administrative Services Manager will arrange the disposal.

Stolen assets must be reported to the police, and a copy of the police report is provided to the Accounting Department with a Capital Asset Deletion/Transfer Form. When recording the disposal of the stolen asset in the District's accounting system, the police report number must be included in the Reason field.

With a building or sewer rehabilitation or renovation, only a section of the asset is retired (partial retirement) for the section of the asset being renovated. To determine the value of the asset being renovated, the District's methodology is based on discounting the current costs of the renovation back to the date of the asset being renovated.

## J. Impairment

Impairment is a significant or unexpected decrease in the service utility or abrupt decrease in the fair value of a capital asset that will continue to be used in operations. Because impaired assets continue to be used in operations rather than be sold, their book values need to be reduced to reflect the loss in service utility resulting from the impairment. However, a temporary decline in service would not constitute impairment (e.g., using an office building as a warehouse for one year).

Impairment is assumed to be permanent unless there is sufficient evidence to demonstrate that it is not, in which case the capital asset should not be written down. Indicators of impairment are:

- Physical damage where action would be needed to restore lost service utility.
- Changes in laws, regulations, or other environmental factors that negatively affect service utility (beyond the control of the District).
- Technological developments that negatively affect service utility or evidence of obsolescence.
- A change in the manner or duration of use of a capital asset that negatively affects service utility (under-employing the asset from its originally intended use).
- Stoppage of construction or development. For impairments resulting from stoppage of construction or development, the lower carrying value or fair value should be utilized.

## K. Physical Inventory of Capital Assets

The Administration Department may verify the integrity of the capital asset records by conducting periodic physical inventory counts of capital assets and assessments and making any necessary adjustments to the capital asset system and financial records. The Accounting Department is tasked to conduct the physical inventory count and assessment at least once every three (3) years for the same asset class for inventoriable assets. A physical inventory should be performed by personnel having no direct responsibility (custody and receipt/issue authority) for the assets subject to the inventory count. If it is not feasible to use such personnel for any part of the inventory, then those portions are, at least, to be tested and verified by a person with neither direct responsibility for that portion of the inventory nor supervised by the person directly responsible.

The following capital asset classes are subject to periodic physical inventory:

- Vehicle and equipment
- Moveable furniture and fixtures
- Buildings and building improvements
- Land improvements
- Intangible asset

Due to the nature of certain stationary assets, performing a physical inventory every three years is not required. However, if required, the carrying value of the asset should be adjusted if the asset has been impaired. See section L for additional details.

## L. Depreciation of Capital Assets

Depreciation or amortization is the process of allocating the cost basis of a depreciable capital asset minus its salvage value over the period of its useful life rather than accounting for the cost as an expenditure in the year of acquisition. At the time a capital asset is acquired/leased/gifted, its cost basis is capitalized and subsequently depreciated utilizing the straight-line method beginning in the month the asset is placed in service and continues throughout its useful life

### **Review of Policy.**

This policy shall be reviewed and, if necessary, updated every two years to ensure compliance with all applicable laws.



## Attachment A - Capital Asset Decision Tree – Determining a Capital Asset Item

