CROPPER ROWE, LLP
CERTIFIED PUBLIC ACCOUNTANTS

MT. VIEW SANITARY DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

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TABLE OF CONTENTS

	Page No.
Independent Auditors' Report	1 – 3
Management's Discussion and Analysis	5 – 9
Statements of Net Position	11
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Cash Flows	13
Notes to Financial Statements	15 – 38
Required Supplementary Information for the Year ended June 30, 2023:	
Schedule of Proportionate Share of Net Pension Liability	40
Schedule of District's Pension Plan Contributions	41
Schedule of Changes in the Net OPEB Liability and Related Ratios	42
Schedule of OPEB Contributions	43
Supplementary Information for the Year ended June 30, 2023:	
Combining Statement of Net Position	45
Combining Statement of Revenues, Expenses and Changes in Net Position	46
Comparison of Budget and Actual Expenses – General Fund	47
Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with Government Auditing Standards	48 – 49

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Mt. View Sanitary District, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Mt. View Sanitary District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Mt. View Sanitary District, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mt. View Sanitary District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of net pension liability, schedule of District's pension plan contributions, schedule of changes in the net OPEB liability and related rations, and schedule of OPEB contributions on pages 5-9 and 40-43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2023, on our consideration of the Mt. View Sanitary District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mt. View Sanitary District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mt. View Sanitary District's internal control over financial reporting and compliance.

Cropper Rowe, LLP

CROPPER ROWE, LLP
Walnut Creek, California
November 7, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS

MT. VIEW SANITARY DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

The following discussion and analysis of the financial performance of the Mt. View Sanitary District (the District) provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the District financial statements.

HIGHLIGHTS

Financial Highlights

♦ District total net position increased by $959,984 or 4.1%.

♦ Total capital assets, net of accumulated depreciation, increased by $1,603,545, or 5.9%.

♦ Current assets decreased by $2,176,139 or 16.0%. Current assets include cash, accounts receivable, and prepaid expenses. Current liabilities decreased by $636,493 or 26.9%. Current liabilities are primarily accounts payable, accrued expenses, current portion of long-term debt, construction deposits, and accrued vacations. The District's noncurrent liabilities increased by $2,593,899 or 19.4%.

♦ Total operating revenues increased by $821,645, or 10.4% from the previous year, The District's total operating expenses, inclusive of Facilities Rehabilitation, Capital, and depreciation increased by $1,003,130, or 12.4% from the previous year. The District-wide operating loss was $371,766. Operating expenses for the general fund ($7,856,291), not including depreciation, OPEB, and Pension, are approximately 3.1% ($214,026) less than budgeted for fiscal year 2022-2023.

♦ Permit and inspection fees increased by $46,542 or 24.1% due primarily to the new subdivision that is being built, Traditions at the Meadows. Connection and franchise fee revenues increased by $701,462 or 855.7% from the previous year. For capacity fees, the increase is due primarily to a new subdivision that is being built, Traditions at the Meadows. It is anticipated that connection fee revenue will be limited to occasional infill projects in the future.

District Highlights

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

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

♦ In fiscal year 2022-2023 Sewer Service Charges were based on the fiscal year 2019-2020 Proposition 218 process that culminated in a Board-approved three-year schedule of rate increases (fiscal year 2021 to 2023).

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

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

♦ A new Statewide Sanitary Sewer System Waste Discharge Requirements Order became effective in June 2023. Key District staff worked to ensure the District was aligned with the new requirements, implemented a new Sanitary Sewer Spill Emergency Response Plan, and trained staff.

♦ The District's award-winning Wetlands Education Program that provides free wastewater, wetlands, and pollution prevention education to local schools resumed, with refreshed curriculum, after a long break due to Covid.

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

♦ The District continued to work on the following capital projects in fiscal year 2022-2023:

- UV Disinfection Replacement new UV equipment was installed and commissioned in both flow channels. The temporary motor control (MCC) was brought online, and loads were transferred, the new MCC was delivered to the site and installation begun. Other construction progress included the lamp cleaning basin blower, the crane structure and hoist, the hydropneumatic tank and a significant amount of piping and mechanical work related to the class 3 water reuse pump station, the steel canopy over the MCC, electrical installations, instrumentation and SCADA upgrades, concrete repairs, and the Diversion Box A slide gate replacement. Construction will continue into FY24.
- Phase 2 of the Collection System Cleaning & CCTV was completed. Computerized risk model work will be conducted early in FY24.
- Design and right-of-way-related activities continued the 888 Howe Road Sanitary Sewer Replacement.
- Detailed condition assessments were conducted for the Pump Stations Condition Assessment Study within the facilities and equipment at all four pump stations and a study was completed.
- The Plant Improvement preliminary design work report was received, and a review of the report began. Work will continue into FY24.
- High water use and high maintenance turf was replaced with drought tolerant plants throughout the facility, aligning the District with water conservation, Green Business, and water reuse rules while also establishing a more cost-efficient maintenance program.

♦ The District Board of Directors approved the 2021 Strategic Plan in April 2021. Strategic Plan achievements in fiscal year 2022-2023 included:

♦ Implementation of Quarterly Performance Metrics report to the Board.

♦ Completion of 147% of annual target for sewer pipeline cleaning.

♦ Completion of affordability study, the results of which confirm service rate affordability.

♦ Consistent staff participation increased in Bay Area Clean Water Agencies (BACWA), California association of Sanitary Agencies (CASA), and California Water Environment Association (CWEA).

♦ Quarterly 10-year Cash Flow projections reported to the Board.

♦ Consultant contract for grant assistance continued.

♦ Culture Improvement Initiative completed with Cultural Values established.

♦ Significant progress continues in generating and updating Standard Operating Procedures (SOP) in all departments.

♦ The new Employee Performance Evaluation Form and SOP includes Performance and Developmental Goals, 100% completed on time for all employees.

♦ Improved employee participation in training opportunities, fully utilizing the training budget.

♦ Ongoing improved communication with the City of Martinez regarding both agency's projects.

♦ Significant increase in the District's community engagement through outreach, collaboration, presence in community events, and implementation of the Community Advisory Group.

♦ Continued improved budgeting and financial reporting to the Board of Directors.

♦ District Management and the Board of Directors are continuing efforts to transition from a highly functioning wastewater agency to a Utility of the Future with the ultimate goal of reducing our carbon footprint and maximizing sustainable practices and resiliency.

USING THIS ANNUAL REPORT

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

FINANCIAL ANALYSIS OF THE DISTRICT

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

Changes in Net Position

District total net position increased from the previous year by $959,984 or 4.1%.

Revenues

Total revenues have increased by $1,132,698 or 13.2%, compared to the previous fiscal year. Operating revenues increased by $821,645, or 10.4%, over the previous year driven primarily by an increase in Sewer Service Charges. Interest and investment income increased by $180,953 or 331.8%, versus the previous year. Connection and Franchise Fees increased by $701,462, or 855.7%, over the previous year primarily due to a new subdivision that is being built, Traditions at the Meadows.. Permit and inspection fees increased by $46,542 or 24.1% due primarily to one new subdivision that is being built, Traditions at the Meadows.

Expenses

Operating expenses, inclusive of Facilities Rehabilitation, Capital, and depreciation increased by $1,003,130 or 12.4%, in fiscal year 2022-2023 compared to fiscal year 2021-2022.

Budgetary Highlights

The District adopts an annual budget each year that outlines the major elements of forthcoming operations and capital improvements. The District maintains an ongoing Capital Improvement Program that is updated annually. In fiscal year 2022-2023, the District adopted an updated Ten-Year Facilities Replacement and Capital Improvement Plan (CIP) projecting expenditures of $51.3 million through fiscal year 2037-2038. The CIP encompasses all engineered studies and projects related to improvements, repairs, rehabilitation, and replacement of the District's collection system, pump station, plant, and marsh assets. The CIP Plan historically has been funded on a pay-as-you-go basis from District reserves. The approved CIP requires additional funding beyond current reserves. The District reviewed CIP expenditures and determined the need for additional debt issuance, which was obtained before the end of fiscal year 2020-2021. The District continues to be proactive to implement asset management, facilitate financial planning (sewer rates and cash flow), promote organizational balance (staff's ability to manage and support the workload), and inform the Board of Directors and the public about infrastructure needs, upcoming projects, and proposed capital expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022-2023, the District had a total of $28,873,163 invested in capital assets, net of accumulated depreciation.

The assets included land, collection system subsurface lines and pump stations, treatment plant equipment and structures, the administration building, and vehicles. The total increase in the District's investment in capital assets for the current fiscal year was $1,603,545, or 5.9%.

Capital asset additions, replacements, or rehabilitations completed during the fiscal year include the rehabilitation of the digester mixer, centrifuge, and sand filter air compressor, and the replacement of the facility landscape, pumpstation 3 pump, and biofilter pump.

Long Term Liabilities

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

For more information about this report, please contact:

Mt. View Sanitary District
3800 Arthur Road
Martinez, CA 94563
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FINANCIAL STATEMENTS

MT VIEW SANITARY DISTRICT
Statements of Net Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash in County	$ 429,621	$ 610,185
Cash in Bank	113,188	110,323
Petty Cash	216	160
Investment in L.A.I.F.	10,448,964	12,502,446
Total Cash and Equivalents (Note 2)	10,991,989	13,223,114
Accounts Receivable (Note 3)	131,140	96,050
Current portion of Lease Receivable (Note 4)	188,285	182,287
Prepaid Expense	152,664	138,766
Total Current Assets	11,464,078	13,640,217
Noncurrent Assets		
Noncurrent portion of Lease Receivable (Note 4)	484,759	670,277
Capital assets, net of Accumulated Depreciation (Note 5)	28,873,163	27,269,618
Total Noncurrent Assets	29,357,922	27,939,895
TOTAL ASSETS	40,822,000	41,580,112
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits (Note 7)	671,283	262,973
Pension (Note 6)	2,167,661	844,602
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,838,944	1,107,575
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Expenses	904,033	1,756,403
Current Portion of Long-term Debt (Note 8)	471,079	454,935
Current Portion of Lease Payable (Note 4)	7,627	6,537
Current Portion of Subscriptions Payable (Note 4)	24,602	20,242
Current Portion of Accrued Vacations	114,364	103,816
Construction Deposits	210,155	26,420
Total Current Liabilities	1,731,860	2,368,353
Noncurrent Liabilities:		
Noncurrent Portion of Long-term Debt (Note 8)	10,231,649	10,702,728
Noncurrent Portion of Lease Payable (Note 4)	19,025	26,652
Noncurrent Portion of Subscriptions Payable	-	24,602
Noncurrent Portion of Accrued Vacations	114,364	103,816
Net OPEB Liability (Note 7)	1,157,597	600,900
Net Pension Liability (Note 6)	4,456,976	1,927,014
Total Noncurrent Liabilities	15,979,611	13,385,712
TOTAL LIABILITIES	17,711,471	15,754,065
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits (Note 7)	562,518	734,962
Pension (Note 6)	208,626	1,796,334
Lease (Note 4)	641,673	825,654
TOTAL DEFERRED INFLOWS OF RESOURCES	1,412,817	3,356,950
NET POSITION		
Net investment in capital assets	18,119,181	16,033,922
Unrestricted	6,417,475	7,542,750
TOTAL NET POSITION	$ 24,536,656	$ 23,576,672

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

MT VIEW SANITARY DISTRICT
Statements of Revenues, Expenses And Changes in Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Service charges	$ 8,502,093	$ 7,726,990
Permit and inspection fees	239,336	192,794
Total operating revenues	8,741,429	7,919,784
OPERATING EXPENSES		
Sewage collection	1,803,809	1,128,982
Sewage treatment	3,033,450	3,404,606
Sewage disposal	726,070	289,959
Administrative and general	2,027,551	1,797,608
Depreciation and amortization	1,522,315	1,488,910
Total operating expenses	9,113,195	8,110,065
OPERATING INCOME (LOSS)	(371,766)	(190,281)
NON-OPERATING REVENUES (EXPENSES)		
Taxes	483,717	467,183
Interest income	235,486	54,533
Rents and leases	198,919	196,115
Interest expense	(393,800)	(412,709)
Other non-operating revenues (expenses)	23,993	(86,769)
Total non-operating revenues (expenses)	548,315	218,353
Change in net position before connection and franchise fees	176,549	28,072
Franchise and connection fees	783,435	81,973
CHANGE IN NET POSITION	959,984	110,045
Net Position - Beginning	23,576,672	23,466,627
Net Position - Ending (2022 is restated, See Note #9)	$ 24,536,656	$ 23,576,672

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

MT VIEW SANITARY DISTRICT
Statements of Cash Flows
June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	$ 8,706,339	$ 7,889,826
Payments to suppliers	(4,537,125)	(2,216,778)
Payments to employees and related benefits	(4,120,054)	(4,050,952)
Net cash provided by (used in) operating activities	49,160	1,622,096
CASH FLOWS FROM NONNCAPITAL FINANCING ACTIVITIES:		
Receipt of taxes	483,717	467,183
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Franchise and connection fees received	783,435	81,973
Lease and subscription payments	(210,760)	(10,897)
Principal received / (paid), net	(454,935)	(617,565)
Interest payments	(393,800)	(403,318)
Acquisition and construction of capital assets	(3,125,860)	(2,407,378)
Net cash provided by (used in) in capital and related financing activities	(3,401,920)	(3,357,185)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	235,486	54,533
Rents and leases	378,439	369,880
Other income	23,993	(86,769)
Net cash provided by (used in) investing activities	637,918	337,644
Net increase (decrease) in cash and cash equivalents	(2,231,125)	(930,262)
Cash and cash equivalents, July 1	13,223,114	14,153,376
Cash and Cash equivalents, June 30	$ 10,991,989	$ 13,223,114
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	$ (371,766)	$ (190,281)
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation expense	1,522,315	1,488,910
GASB 68 effect on pension expense	(380,805)	(107,856)
GASB 75 effect on OPEB expense	(24,057)	(349,344)
(Increase) decrease in:		
Accounts receivable	(35,090)	(29,958)
Prepaid expenses	(13,898)	(757)
Increase (decrease) in:		
Accounts payable and accrued expenses	(852,370)	804,772
Refundable deposits	183,735	(22,280)
Accrued vacation	21,096	28,890
Net cash provided by operating activities	$ 49,160	$ 1,622,096

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

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Mt. View Sanitary District was organized in 1923 under the Sanitary District Act of 1923 (Health and Safety Code 4600) and is one of the oldest districts of its type in California, having provided sewerage services for nearly 100 years. The district serves an estimated 22,000 people in an area of about 4,100 acres situated in the rolling hills in, and east of, the City of Martinez. About one-third of the District's area lies within the City. The District provides sewage collection, treatment, and disposal services within its boundaries for about 8,301 parcels.

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

Financial Reporting Entity

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

Dorothy M. Sakazaki Environmental Endowment Fund

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

During the Fund's reporting year end of December 31, 2022, the Fund's net assets increased by $92, due to investment income earnings, to $188,675, which is deemed immaterial to the District as a whole.

Basis of Accounting

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

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

Basis of Accounting (continued)

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

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

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

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

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

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

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

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

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

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

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

Investments

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

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

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

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

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

Prepaids

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

Inventory

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

Pensions

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

Other Postemployment Benefits (OPEB)

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

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

	Fiscal Year 2023	Fiscal Year 2022
Valuation Date	June 30, 2022	June 30, 2021
Measurement Date	June 30, 2023	June 30, 2022

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

Property, Plant, and Equipment

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

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

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

Lease Obligations

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

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

Accrued Vacation and Sick Leave Benefits

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

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

Property Taxes

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

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

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

Property Taxes (continued)

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

Net Position

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

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

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

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

Statement of Cash Flows

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

Use of Estimates

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

Implemented New GASB Pronouncements

For the year ended June 30, 2023, the District implemented the following GASB pronouncements.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. The objectives of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021, or FY 2022/2023. The District does not have conduit debt obligations.

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

Implemented New GASB Pronouncements (continued)

GASB Statement No. 93 – In May 2020, GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objectives of this Statement is to address those and other accounting and reporting implications resulting from the replacement of an IBOR by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced and providing clarification to the hedge accounting termination provisions, removing LIBOR as a benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap and providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, or FY 2021/2022, except the removal of LIBOR as a benchmark interest rate which is effective for periods beginning after December 31, 2022, or FY 2022/2023. The implementation of this Statement did not have a material impact on the District's financial statements.

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The objectives of this Statement improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, or FY 2022/2023. The implementation of this Statement did not have a material impact on the District's financial statements.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, or FY 2022/2023. See Note 9 for additional information on the impact of this Statement on the financial statements.

Upcoming New GASB Pronouncements

GASB Statement No. 99 – In April 2022, GASB Issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

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

Upcoming New GASB Pronouncements (continued)

Certain requirements of this statement have been implemented as of June 30, 2022. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, or FY 2023/2024, and all reporting periods thereafter. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 100 – In June 2022, GASB Issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 or FY 2023/2024 and all reporting periods thereafter. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 101 – In June 2022, GASB Issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, or FY 2024/2025 and all reporting periods thereafter. The District is evaluating the impact of this Statement on the financial statements.

2. CASH AND EQUIVALENTS

Summary of Cash and Equivalents

Cash and equivalents as of June 30, 2023 and 2022, are classified in the accompanying financial statements as follows:

	2023	2022
Cash	$ 429,621	$ 610,185
Cash in bank	113,188	110,323
Petty cash	216	160
Cash equivalents – investment in LAIF	10,448,964	12,502,446
Total Cash and Equivalents	$ 10,991,989	$ 13,223,114

Policies and Practices

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

2. CASH AND EQUIVALENTS (continued)

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment; generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investments at year end are held in external investment pools which are liquid investments.

Credit Risk

Credit risk is the risk that an issue of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code and the actual rating as of June 30, 2023, for each investment type.

				Rating at Year-End	
Investment Type	Fair Value	Minimum Legal Rating	Not Required To Be Rated	AAA	Unrated
Cash	$ 543,025	N/A	$ 543,025	$ -	$ -
State Investment Pool	10,448,964	N/A	-	-	10,448,964
Total	$ 10,991,989		$ 543,025	$ -	$ 10,448,964

Concentration of Credit Risk

During the current fiscal year, the District invested 95% of its monies in the State Investment Pool (LAIF) which is not limited by the California Government Code.

At June 30, 2023 and 2022, the District respectively had $113,188 and $110,323 on deposit at the bank. The full amounts were under the $250,000 FDIC insured limit.

2. CASH AND EQUIVALENTS (continued)

Investment in the State Investment Pool

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

Custodial Credit Risk – Investments

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

Investment in Fair Value

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

3. ACCOUNTS RECEIVABLE

At June 30, 2023 and 2022, accounts receivable were comprised of the following:

	2023	2022
Northern California Veteran's Hospital	$ 41,452	$ 60,157
LAIF interest	82,102	24,586
Advance on Supplemental Taxes	7,296	6,785
All other	290	4,522
	$ 131,140	$ 96,050

4. LEASES AND SUBSCRIPTIONS

Leases as Lessee

The District as lessee leases a copier under an operating lease with terms from April 2021 through June 2026. The original cost of the copier was $40,050. As of June 30, 2023, the copier has accumulated $16,529 of amortization, for carrying amount of $23,521.

The following is a schedule of future minimum principal and interest payments to be paid under the operating lease entered into by the District as lessee that has initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2023.

Year Ending June 30,	Principal	Interest	Total
2024	$ 7,627	$ 1,396	$ 9,023
2025	8,839	905	9,744
2026	10,186	339	10,525
Total	$ 26,652	$ 2,640	$ 29,292

As of the year ended June 30, 2023, total amortization expense for leased assets was $7,629.

Subscriptions

The District has entered into a subscription agreement with Sharp Business Systems with terms from July 2021 through June 2024. The cost of the subscription over the agreement period is $58,018. As of June 30, 2023, the subscription agreement has accumulated $38,679 of amortization, for a carrying value of $19,339.

During the year ended June 30, 2024, the last year of the subscription agreement, the District will owe $24,602 of principal and $2,464 of interest, for a total debt service of $27,066.

Leases as a Lessor

The District as lessor leases various parcels of land for cell towers and billboards under operating leases with terms from November 2015 through May 2029.

The following is a schedule of the future minimum rentals to be received under operating leases entered into by the District as lessor that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2023.

Year Ending June 30,	Total
2024	$ 183,980
2025	183,980
2026	135,556
2027	71,029
2028-2029	67,128
Total	$ 641,673

As of the year ended June 30, 2023, total rental income was $198,919.

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

Property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2023. See Note 9 – Restatement of Prior Period Balances for additional information.

	Beginning of Year	Additions	Transfers/ Retirements	End of Year
Capital assets not being depreciated				
Land	$ 275,455	$ -	$ -	$ 275,455
Construction in progress	2,609,807	2,791,278	(53,524)	5,347,561
Total non-depreciable assets	2,885,262	2,791,278	(53,524)	5,623,016
Capital assets being depreciated				
Infrastructure	1,437,055	-	-	1,437,055
Subsurface lines	886,916	-	-	886,916
Collection facilities	12,296,659	92,622	-	12,389,281
Sewage treatment	20,129,582	85,045	-	20,214,627
Disposal plant	8,455,508	18,230	-	8,473,738
General plant	5,074,742	192,209	-	5,266,951
Total depreciated assets	48,280,462	388,106	-	48,668,568
Less accumulated depreciation				
Infrastructure	(331,599)	(22,325)	-	(353,924)
Subsurface lines	(100,725)	(1,197)	-	(101,922)
Collection facilities	(6,129,649)	(280,329)	-	(6,409,978)
Sewage treatment	(12,380,618)	(799,232)	-	(13,179,850)
Disposal plant	(1,552,299)	(267,839)	-	(1,820,138)
General plant	(3,471,045)	(124,424)	-	(3,595,469)
Total accumulated depreciation	(23,965,935)	(1,495,346)	-	(25,461,281)
Total depreciated capital assets, net	24,314,527	(1,107,240)	-	23,207,287
Capital assets being amortized				
Leased equipment	40,050	-	-	40,050
Subscription assets	58,018	-	-	58,018
Total capitalized assets being amortized	98,068	-	-	98,068
Less accumulated amortization				
Leased equipment	(8,900)	(7,629)	-	(16,529)
Subscription assets	(19,339)	(19,340)	-	(38,679)
Total accumulated amortization	(28,239)	(26,969)	-	(55,208)
Total leased assets, net	69,829	(26,969)	-	42,860
Capital assets, net	$ 27,269,618	$ 1,657,069	$ (53,524)	$ 28,873,163

5. RISK MANAGEMENT

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

Type of Insurance Coverage	Insurer	Limits	Self-Insured Deductible Per Occurrence
All-Risk Property			
Special Form Property	Alliant Property Insurance Program (APIP)	$43,240,297	$5,000
Public Entity Pollution Liability	Interstate Fire & Casualty Insurance Company	$2,000,000	$100,000 Retention
Liability			
General Liability	CSRMA Pool	$15,750,000	$2,500 (E&O) $25,000
Excess Liability	Great American Excess & Surplus Company	$5,000,000	-
Pollution (Aggregate) / (Occurrence)	Indian Harbor Insurance Company	$5,000,000/ $1,000,000	$25,000
Cyber Liability	Lloyd's of London	$2,000,000	$50,000 Retention
ID Fraud	Traveler's Insurance Co.	$25,000	-
Alliant Mobile Vehicle Program (AMVP)	AGCS Marine Insurance Company	$411,792	$1,000/$2,000
Deadly Weapons Response	Lloyd's of London	$500,000	-
Workers' Compensation			
Employer's Liability	CSRMA	$1,000,000	-
Excess Workers' Comp. Employer's Liability	Safety National Casualty Insurance	$1,000,000	-

6. PENSION PLANS

General Information about the Pension Plan

Plan Description:

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes and membership information is listed in the June 30, 2022, Miscellaneous Risk Pool Actuarial Valuation Report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications. All qualified permanent employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided:

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.000%	7.50%
Required employer contribution rates	15.900%	8.190%

6. PENSION PLANS (continued)

Contributions:

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

For the measurement period ended June 30, 2022 (the measurement date), for employees hired before January 1, 2013, the active employee contribution rate is 8.000 percent of annual payroll, and the average employer's rate is 15.900 percent of annual payroll. For employees hired after January 1, 2013, the active employee contribution rate is 7.500 percent of annual payroll, and the average employer's rate is 8.190 percent of annual payroll.

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

Miscellaneous Plan	Hired prior to 1/1/2013 Rate	Hired on or after 1/1/2013 Rate
$ 615,398	15.900%	8.190%

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

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

	Proportionate Share of Net Pension Liability	Proportionate Share of Net Position Liability
Balance at: 6/30/2022	$ 1,927,014	0.03563%
Balance at: 6/30/2023	4,456,976	0.09525%
Total change in Net Pension Liability	$ 2,529,962	0.05962%

The District's net pension liability at June 30, 2023, of $4,456,976 is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2022, and the total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

6. PENSION PLANS (continued)

For the year ended June 30, 2023 and 2022, the District recognized pension expense (revenue) of $(380,804) and $(107,857), respectively, for the Plan. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year Ended June 30, 2023		
Pension contributions subsequent to measurement date	$ 615,398	$ -
Differences between actual and expected experience	89,505	(59,946)
Changes in assumptions	456,710	-
Proportionate share of contributions	-	(143,443)
Differences between projected and actual investment earnings	816,400	-
Adjustment due to differences in proportions	189,648	(5,237)
Total	$ 2,167,661	$ (208,626)
Year Ended June 30, 2022		
Pension contributions subsequent to measurement date	$ 556,035	$ -
Differences between actual and expected experience	216,094	-
Changes in assumptions	-	-
Proportionate share of contributions	19,040	(93,640)
Differences between projected and actual investment earnings	-	(1,682,181)
Adjustment due to differences in proportions	53,433	(20,513)
Total	$ 844,602	$ (1,796,334)

Of the $2,167,661 reported above as deferred outflows of resources, $615,398 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024 (measurement period ended June 30, 2023). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30, 2023		Year Ended June 30, 2022	
Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources	Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2024	$ 342,032	2023	$ (319,600)
2025	319,198	2024	(348,856)
2026	183,069	2025	(374,442)
2027	499,338	2026	(464,869)
Thereafter	-	Thereafter	-

6. PENSION PLANS (continued)

The amounts above are the net of outflows and inflows recognized in the measurement period ended June 30, 2023 and 2022.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability:

For the measurement period ending June 30, 2022 (the measurement date), the collective total pension liability was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. Both the June 30, 2023, total pension liability and the June 30, 2022, total pension liability were determined using the following actuarial methods and assumptions:

	Miscellaneous	
Year Ended June 30,	2023	2022
Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Actuarial Assumptions:		
Discount Rate	6.90%	7.15%
Inflation	2.30%	2.50%
Projected Salary Increase	Varies by entry age and service	Varies by entry age and service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality rates include generational mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.	Derived using CalPERS' Membership Data for all Funds. The mortality rates include 15 years of projected on-going mortality improvement using 90% of Scale MP 2016 published by the Society of Actuaries.
Post Retirement Benefit Increase:	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

Discount Rate:

The discount rate used to measure the total pension liability was 6.90% at June 30, 2023, and 7.15%. at June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return:

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

6. PENSION PLANS (continued)

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

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

Asset Class	Assumed Asset Allocation	Real Return (1)(2)
Global Equity – Cap-weighted	30%	4.54%
Global Equity – Non-Cap-weighted	12%	3.84
Private Equity	13%	7.28
Treasury	5%	0.27
Mortgage-backed Securities	10%	0.50
Investment Grade Corporates	5%	1.56
High Yield	5%	2.27
Emerging Market Debt	5%	2.48
Private Debt	5%	3.57
Real Assets	15%	3.21
Leverage	-5%	-0.59
	100%	

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

The expected real rates of return by asset class for June 30, 2022, is as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1–10 (1)	Real Return Years 11+ (2)
Public equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real assets	13%	3.75%	4.93%
Liquidity	1%	-	(0.92%)
	100%		

(1) An expected inflation of 2.00% used for this period.
(2) An expected inflation of 2.92% used for this period.

6. PENSION PLANS (continued)

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

The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 6.90 percent for June 30, 2023, and 7.15 percent for June 30, 2022, as well as what the District's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.90% and 6.15%) or 1-percentage point higher (7.90% and 8.15%) than the current rate:

	Discount Rate -1% 2023 – 5.90% 2022 – 6.15%	Current Discount Rate 2023 – 6.90% 2022 – 7.15%	Discount Rate +1% 2023 – 7.90% 2022 – 8.15%
June 30, 2023	$6,849,107	$4,456,976	$2,488,846
June 30, 2022	$4,150,696	$1,927,014	$88,728

Pension Plan Fiduciary Net Position:

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

Payable to the Pension Plan:

At June 30, 2023 and 2022, there were no outstanding accounts payable for contributions to the pension plan.

7. OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about Other Post- Employment Benefits (OPEB)

Plan Description:

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

Employees Covered:

As of the July 1, 2022 and 2021, actuarial valuations, the following current and former employees were covered by the benefit terms under the Plan:

	2022	2021
Active employees	19	18
Inactive employees or beneficiaries currently receiving benefits	13	13
Inactive employees entitled to, but not yet receiving benefits	-	-
Total	32	31

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

Contributions:

The District's plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the District and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal years June 30, 2023 and 2022, the District's implied subsidies were $52,909 and $37,981 respectively, which accounted for all contributions.

Net OPEB Liability:

The District's Net OPEB Liabilities were measured on June 30, 2022, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation dated June 30, 2021, to determine the total OPEB liabilities, based on the following actuarial methods and assumptions:

Actuarial Assumptions at June 30, 2022 and 2021:

Discount Rate	6.50%
Inflation	2.75% per year
Salary Increases	3.0% per year in the future
Investment rate of Return	6.50%
Mortality Rate	Taken from the 2017 CalPERS' valuation
Pre-retirement turnover	Taken from the 2017 CalPERS' Assumption Model for Public Agency-Miscellaneous 2.7% at 55
Healthcare trend rate	Medical premiums assumed to increase 5.50% per year
Coverage election	100% of retiring employees who are eligible for benefits are assumed to elect upon retirement
Funding Method	The entry Age actuarial cost method has been used with normal costs calculated as a level percentage of payroll.
Turnover	Rates differ by age and years of service, taken from the 2017 CalPERS valuation.
Age-specific medical claims	The estimated per person medical claims during the 2021-2022 fiscal year varies by age.

Long-Term Expected Rate of Return:

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

Long-Term Expected Rate of Return (continued):

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

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

Discount Rate:

The discount rate used to measure the total OPEB liabilities at June 30, 2023 and 2022, was 6.50 percent. The cash flows of the OPEB plan were projected to future years, assuming that the District will contribute an amount so that the assets always exceed expected benefits to retirees. Under that projection, the plan assets are projected to be adequate to pay all benefits to retirees in all future years, so the discount rate has been set equal to the long-term expected rate of return on investments, 7.50%.

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	$ 4,374,669	$ 2,789,137	$1,585,532
Changes recognized for the measurement period:			
Service cost	127,479	-	127,479
Interest	278,354	-	278,354
Differences between actual and expected experience	(286,142)	-	(286,142)
Contributions - employer	-	336,648	(336,648)
Net investment income	-	768,732	(768,732)
Benefit payments	(184,614)	(184,614)	-
Administrative expense	-	(1,057)	1,057
Net changes	(64,923)	919,709	(984,632)
Balance at June 30, 2022	4,309,746	3,708,846	600,900
Changes recognized for the measurement period:			
Service cost	210,333	-	210,333
Interest	273,525	-	273,525
Contributions – employer	-	421,340	(421,340)
Net investment income	-	(493,238)	493,238
Benefit payments	(203,337)	(203,337)	-
Administrative expense	-	(941)	941
Net changes	280,521	(276,176)	556,697
Balance at June 30, 2023	$4,590,267	$3,432,670	$1,157,597

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

The following presents the Net OPEB Liability of the District if it were calculated using a discount rate that is one percentage point higher or lower than the current discount rate, for the measurement period ended June 30, 2022 and 2021:

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
June 30, 2022	$1,810,441	$1,157,597	$631,816
June 30, 2021	$1,210,824	$600,900	$109,409

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

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

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point higher or lower than the current rate, for the measurement period ended June 30, 2022 and 2021:

	1% Decrease 4.50%	Trend Rate 5.50%	1% Increase 6.50%
June 30, 2022	$640,155	$1,157,597	$1,801,047
June 30, 2021	$152,274	$600,900	$1,156,029

OPEB Plan Fiduciary Net Position:

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

Recognition of Deferred Outflows and Deferred Inflows of Resources:

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

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

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

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

For the years ended June 30, 2023 and 2022, the District recognized OPEB expense (benefit) of $(24,057) and $(349,344) respectively.

At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

Year Ended June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 218,003	$ -
Change of Assumptions	-	(12,754)
Net differences between expected and actual experience	-	(247,045)
Net differences between projected and actual earnings on plan investments	44,970	(475,163)
Total	$ 262,973	$ (734,962)

The $53,932 and $218,003 of reported deferred outflows of resources related to contributions subsequent to the measurement dates that will be and are recognized as a reduction of the net OPEB liability in the year ended June 30, 2024 and 2023 respectively.

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

Year Ended June 30, 2023		Year Ended June 30, 2022	
Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources	Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2024	$(5,359)	2023	$(157,399)
2025	(5,522)	2024	(152,215)
2026	(20,405)	2025	(152,378)
2027	97,093	2026	(167,261)
2028	(7,544)	2027	(49,765)
Thereafter	(3,430)	Thereafter	(10,974)

8. LONG-TERM DEBT

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

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

8. LONG-TERM DEBT (continued)

Project installment note principal payments as of June 30, 2023, for each of the next five fiscal years are:

Fiscal Year	Principal	Interest	Total
2024	$ 232,646	$ 216,698	$ 449,344
2025	242,417	206,927	449,344
2026	252,599	196,745	449,344
2027	263,208	186,137	449,345
2028-2032	1,491,445	755,278	2,246,723
2033-2037	1,832,085	414,637	2,246,722
2038-2039	845,084	53,605	898,689
Total	$ 5,159,484	$ 2,030,027	$ 7,189,511

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

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

Project installment note principal payments as of June 30, 2023, for each of the next five fiscal years are:

Fiscal Year	Principal	Interest	Total
2024	$ 238,433	$ 159,025	$ 397,458
2025	245,398	152,060	397,458
2026	252,566	144,892	397,458
2027	259,944	137,514	397,458
2028-2032	1,418,158	569,134	1,987,292
2033-2037	1,637,753	349,539	1,987,292
2038-2039	1,490,992	98,844	1,589,836
Total	$ 5,543,244	$ 1,611,008	$ 7,154,252

9. RESTATEMENT OF PRIOR PERIOD BALANCES

As part of implementing GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), the District was required to perform a retrospective examination of net position to determine what the balance would have been if the SBITA had been presented on the Statement of Net Position at June 30, 2022. That examination resulted in a prior period restatement to the Statement of Net Position as follows:

	June 30, 2022 original	June 30, 2022 as restated	Restatement
Restatement of the Statement of Net Position			
Subscription capital asset	$ -	$ 58,018	$ 58,018
Amortization of subscription capital assets	-	(19,339)	(19,339)
Current portion of subscription payable	-	(20,242)	(20,242)
Noncurrent portion of subscription Payable	-	(24,602)	(24,602)
Effect on Net Position	$ -	$ (6,165)	$ (6,165)
Restatement of Net Position			
Net investment in capital assets	$ 16,040,087	$ 16,033,922	$ (6,165)
Unrestricted	7,542,750	7,542,750	-
Total Net Position	$ 23,582,837	$ 23,576,672	$ (6,165)
Restatement of the Statement of Revenues, Expenses, and Changes in Net Position			
Amortization expense	$ (1,469,571)	$ (1,488,910)	$ (19,339)
Interest expense	(403,318)	(412,709)	(9,391)
Administrative and general expense	(1,820,173)	(1,797,608)	22,565
Effect on Net Position	$ (3,693,062)	$ (3,699,227)	$ (6,165)

REQUIRED SUPPLEMENTARY INFORMATION

MT. VIEW SANITARY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2023

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

	Fiscal year ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.095250%	0.035630%	0.034070%	0.034620%	0.035120%	0.036000%	0.036870%	0.390800%	0.036480%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$4,456,976	$1,927,014	$3,707,290	$3,547,021	$3,384,056	$3,566,173	$3,190,315	$2,682,252	$2,269,996
Plan's Covered-Employee Payroll	$2,396,258	$2,110,814	$1,914,191	$1,765,842	$1,684,405	$1,543,243	$1,482,872	$1,325,538	$1,273,446
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	186.00%	91.29%	193.67%	200.87%	200.91%	231.08%	215.14%	202.35%	178.26%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	84.12%	74.81%	74.87%	73.49%	73.55%	70.77%	74.44%	74.65%	77.48%
Plan's Proportionate Share of Aggregate Employer Contributions (Fiduciary Net Position)	$14,309,642	$12,266,788	$11,124,101	$10,166,255	$9,136,745	$8,264,679	$8,016,342	$7,805,372	$ 2,596,213

* Fiscal year ending June 30, 2015, was the first year of implementation. Future years' information will be displayed, up to 10 years, as information becomes available.

MT. VIEW SANITARY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2023

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

	Fiscal year ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Actuarially Determined Contributions	$ 615,398	$ 556,035	$ 497,413	$ 457,005	$ 533,805	$ 473,404	$ 448,604	$ 397,863	$ 357,937
Contributions in Relation to the Actuarially Determined Contribution - Employer	$ (615,398)	$ (556,035)	$ (497,413)	$ (457,005)	$ (533,805)	$ (473,404)	$ (448,604)	$ (397,863)	$ (357,937)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$2,110,814	$1,914,191	$1,765,842	$1,684,405	$ 1,684,405	$ 1,543,243	$ 1,482,872	$ 1,325,538	$ 1,273,446
Contributions as a Percentage of Covered-Employee Payroll	29.15%	29.05%	28.17%	27.13%	31.69%	30.68%	30.25%	30.02%	28.11%

Notes to Schedule:

Valuation Date:	June 30, 2020

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry age normal cost method
Amortization Remaining Period Method	Differs by employer rate plan but not more than 20 years.
Asset valuation method	Market Value of Assets
Inflation rate	2.5% compounded annually
Overall payroll growth	2.75% compounded annually
Salary increase	Varies by Entry Age and Service
Discount rate	7.00%, net of investment and administrative expenses
Mortality	Derived using CalPERS' Membership Data for all Funds. The post- retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

* Fiscal year ending June 30, 2015, was the first year of implementation. Future years' information will be displayed, up to 10 years, as information becomes available.

MT. VIEW SANITARY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2023

MT VIEW SANITARY DISTRICT
Schedule of Changes in the Net OPEB Liability and Related Ratios

Reporting Date - June 30,		2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost		$ 210,333	$ 127,479	$ 123,766	$ 50,706	$ 49,229	$ 47,795
Interest		273,525	278,354	265,669	259,618	250,366	240,301
Differences between actual and expected experience		-	(286,142)	-	(11,067)	-	-
Changes of assumptions		-	-	-	(18,067)	-	-
Benefits paid to retirees		(203,337)	(184,614)	(203,967)	(172,213)	(142,314)	(124,186)
Net change in total OPEB liability		280,521	(64,923)	185,468	108,977	157,281	163,910
Total OPEB Liability - beginning		4,309,746	4,374,669	4,189,201	4,080,224	3,922,943	3,759,033
Total OPEB Liability - ending	(a)	4,590,267	4,309,746	4,374,669	4,189,201	4,080,224	3,922,943
Plan Fiduciary Net Position							
Employer contributions		421,340	336,648	358,410	480,420	142,314	322,489
Net investment income		(493,238)	768,732	90,981	135,756	152,625	174,067
Benefits paid to retirees		(203,337)	(184,614)	(203,967)	(172,213)	(142,314)	(124,186)
Administrative expense		(941)	(1,057)	(1,244)	(464)	(1,039)	(882)
Net change in plan fiduciary position		(276,176)	919,709	244,180	443,499	151,586	371,488
Plan fiduciary net position- beginning		3,708,846	2,789,137	2,544,957	2,101,458	1,949,872	1,578,384
Plan fiduciary net position- ending	(b)	3,432,670	3,708,846	2,789,137	2,544,957	2,101,458	1,949,872
Net OPEB liability- ending	(a) - (b)	$ 1,157,597	$ 600,900	$ 1,585,532	$ 1,644,244	$ 1,978,766	$ 1,973,071
Plan fiduciary net position as a percentage of the total OPEB liability		74.78%	86.06%	63.76%	60.75%	51.50%	49.70%
Covered-employee payroll (per actuary report)		$ 2,396,258	$ 2,110,814	$ 2,118,206	$ 1,684,405	$ 1,648,895	$ 1,482,872
Net OPEB liability as a percentage of covered-employee payroll		48.31%	28.47%	74.85%	97.62%	120.01%	133.06%

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

MT. VIEW SANITARY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2023

MT VIEW SANITARY DISTRICT
Schedule of OPEB Contributions
Last Ten Fiscal Years*

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018
Actuarially determined contributions (ADC)	$ 421,340	$ 336,648	$ 358,410	$ 197,905	$ 136,348	$ 115,314
Contributions in relation to the ADC	(421,340)	(336,648)	(358,410)	(197,905)	(136,348)	(115,314)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	2,396,258	2,110,814	2,118,206	1,684,405	1,648,895	1,482,872
Contributions as a percentage of covered-employee payroll	17.58%	15.95%	16.92%	11.75%	8.27%	7.78%

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

Method and assumptions used to determine contribution:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll
Inflation	2.75%
Long-term investment rate of return	6.50%
Discount rate	6.50% per annum
Healthcare cost-trend rates	5.5% per annum
Payroll growth	3.0% per annum
Coverage elections	100% of eligible employees assumed to elect coverage upon retirement, remaining covered for life. Employees with no current medical assumed to elect employee-only medical upon retirement.
Mortality	Taken from the 2017 CalPERS valuation
Retirement rates	Taken from the 2017 CalPERS valuation with a 2.7% at 55 retirement plan.
Turnover (withdrawal)	Taken from the 2017 CalPERS valuation

OTHER SUPPLEMENTARY INFORMATION

MT. VIEW SANITARY DISTRICT

Combining Statement of Net Position

For the Year Ended June 30, 2023

	General Fund	Facilities Rehabilitation	Capital Outlay	Debt Service	Total
ASSETS					
Current Assets:					
Cash in County including Petty Cash	$ 116,011	$ 5,114	$ 307,724	$ 772	$ 429,621
Payroll - Direct Deposit	113,188	-	-	-	113,188
Petty Cash	216	-	-	-	216
Investment in L.A.I.F.	7,781,084	184,788	2,477,221	5,871	10,448,964
Total Cash and Equivalents	8,010,499	189,902	2,784,945	6,643	10,991,989
Accounts Receivable	109,602	2,017	19,477	44	131,140
Lease Receivable, current	188,285	-	-	-	188,285
Prepaid Expense	152,664	-	-	-	152,664
Total Current Assets	8,461,050	191,919	2,804,422	6,687	11,464,078
Noncurrent Assets					
Lease Receivable, net of current portion	484,759				484,759
Capital Assets, net of Accumulated Depreciation	28,873,163	-	-	-	28,873,163
Total Noncurrent Assets	29,357,922	-	-	-	29,357,922
TOTAL ASSETS	37,818,972	191,919	2,804,422	6,687	40,822,000
DEFERRED OUTFLOWS OF RESOURCES					
Deferred OPEB Outflows	671,283	-	-	-	671,283
Deferred Pension Outflows	2,167,661	-	-	-	2,167,661
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,838,944	-	-	-	2,838,944
LIABILITIES					
Current Liabilities					
Accounts Payable and Accrued Expenses	214,118	49,949	492,874	147,092	904,033
Current Portion of Long-term Debt	-	-	-	471,079	471,079
Current Portion of Accrued Vacations	114,364	-	-	-	114,364
Current Portion of Leases Payable	7,627	-	-	-	7,627
Current Portion of Subscriptions Payable Construction	24,602	-	-	-	24,602
Deposits	17,420	-	192,735	-	210,155
Total Current Liabilities	378,131	49,949	685,609	618,171	1,731,860
Noncurrent Liabilities:					
Noncurrent Portion of Long-term Debt	-	-	-	10,231,649	10,231,649
Noncurrent Portion of Lease Payable	19,025	-	-	-	19,025
Noncurrent Portion of Accrued Vacations	114,364	-	-	-	114,364
Net OPEB Liability	1,157,597	-	-	-	1,157,597
Net Pension Liability	4,456,976	-	-	-	4,456,976
Total Noncurrent Liabilities	5,747,962	-	-	10,231,649	15,979,611
TOTAL LIABILITIES	6,126,093	49,949	685,609	10,849,820	17,711,471
DEFERRED INFLOWS OF RESOURCES					
Deferred OPEB Inflows	562,518	-	-	-	562,518
Deferred Pension Inflows	208,626	-	-	-	208,626
Deferred Lease Inflows	641,673	-	-	-	641,673
TOTAL DEFERRED INFLOWS OF RESOURCES	1,412,817	-	-	-	1,412,817
NET POSITION					
Investment in capital assets, net of related debt	28,821,909	-	-	(10,702,728)	18,119,181
Designated for capital projects (unrestricted)	-	-	-	-	-
Other unrestricted	4,297,097	141,970	2,118,813	(140,405)	6,417,475
TOTAL NET POSITION	$ 33,119,006	$ 141,970	$ 2,118,813	$ (10,843,133)	$ 24,536,656

MT. VIEW SANITARY DISTRICT

Combining Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2023

	General Fund	Facilities Rehabilitation	Capital Outlay	Debt Service	Total
Operating Revenues					
Service charges	$ 8,502,093	$ -	$ -	$ -	$ 8,502,093
Permit and inspection fees	239,336	-	-	-	239,336
Total operating revenues	8,741,429	-	-	-	8,741,429
Operating Expenses					
Sewage collection	897,891	-	905,918	-	1,803,809
Sewage treatment	2,766,453	49,369	217,628	-	3,033,450
Sewage disposal	701,978	-	24,092	-	726,070
Administrative and general	1,967,654	6,214	53,568	115	2,027,551
Depreciation and amortization	1,522,315	-	-	-	1,522,315
Total operating expenses	7,856,291	55,583	1,201,206	115	9,113,195
Operating Income (Loss)	885,138	(55,583)	(1,201,206)	(115)	(371,766)
Non-Operating Revenues (Expenses):					
Taxes	483,717	-	-	-	483,717
Interest income	97,785	12,982	26,621	98,098	235,486
Rents and leases	198,919	-	-	-	198,919
Interest Expense	(8,296)	-	-	(385,504)	(393,800)
Other income (expense)	12,355	-	11,638	-	23,993
	784,480	12,982	38,259	(287,406)	548,315
Income (loss) before connection and franchise fees, and transfers	1,669,618	(42,601)	(1,162,947)	(287,521)	176,549
Franchise and connection fees	29,032	-	754,403	-	783,435
Transfers in (out)	3,129,854	(349,541)	2,390,970	(5,171,283)	-
Change in Net Position	4,828,504	(392,142)	1,982,426	(5,458,804)	959,984
Net Position - Beginning of Year, as Restated	28,290,502	534,112	136,387	(5,384,329)	23,576,672
Net Position - End of Year	$ 33,119,006	$ 141,970	$ 2,118,813	$ (10,843,133)	$ 24,536,656

MT. VIEW SANITARY DISTRICT
Comparison of Budget to Actual
General Fund
For the Year Ended June 30, 2023

	Sewage Collection	Sewage Treatment	Sewage Disposal	Administration & General	Total	General Fund FY 2022-23 Budget	Variance Favorable (Unfavorable)
Salaries and Wages	$ 403,516	$ 1,008,791	$ 302,637	$ 807,032	$ 2,521,976	$ 2,732,308	$ 210,332
Employee Benefits	248,421	621,053	186,316	496,842	1,552,632	1,613,526	60,894
Total Salaries and Benefits	651,937	1,629,844	488,953	1,303,874	4,074,608	4,345,834	271,226
Directors' Fees	-	-	-	22,185	22,185	26,998	4,813
Clothing and Supplies	-	44,357	-	-	44,357	32,000	(12,357)
Election Expense	-	-	-	300	300	12,000	11,700
Gasoline and Oil	11,047	18,854	-	-	29,901	15,700	(14,201)
Insurance	36,944	92,359	27,708	73,887	230,898	257,570	26,672
Memberships	6,209	48,856	17,725	41,320	114,110	115,775	1,665
Office Expenses	-	-	-	53,312	53,312	41,258	(12,054)
Operating Supplies	-	-	-	-	-	1,500	1,500
Chemicals	-	216,235	-	-	216,235	170,000	(46,235)
Contractual Services	65,551	81,312	71,334	384,180	602,377	731,450	129,073
Professional Services	-	-	3,320	334,272	337,592	350,357	12,765
Printing and Publications	-	-	-	2,168	2,168	3,800	1,632
Rents and Leases	465	564	-	-	1,029	-	(1,029)
Repairs and Maintenance	60,204	160,181	32,522	59,589	312,496	215,150	(97,346)
Small Tools	314	8,425	2,578	17	11,334	11,500	166
Research and Monitoring	242	12,718	57,838	-	70,798	57,100	(13,698)
Travel and Meetings - Admin./General	-	1,303	-	16,421	17,724	20,900	3,176
Bad Debt Expense	-	-	-	-	-	3,000	3,000
Utilities	64,978	439,445	-	68,970	573,393	496,972	(76,421)
Depreciation and amortization	-	-	-	1,522,315	1,522,315	-	(1,522,315)
OPEB Expense (Benefit)	-	-	-	(24,057)	(24,057)	-	24,057
Pension Expense (Benefit)	-	-	-	(380,805)	(380,805)	-	380,805
Other	-	12,000	-	12,021	24,021	44,000	19,979
Total General Fund Operating Expenses	$ 897,891	$ 2,766,453	$ 701,978	$ 3,489,969	$ 7,856,291	$ 6,952,864	$ (903,427)

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Mt. View Sanitary District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Mt. View Sanitary District's basic financial statements, and have issued our report thereon dated November 7, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Cropper Rowe LLP

CROPPER ROWE, LLP
Walnut Creek, California
November 7, 2023