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MT. VIEW SANITARY DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021

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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 year ended June 30, 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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of net pension liability, schedule of District's pension plan contributions, schedule of changes in the net OPEB liability and related rations, and schedule of OPEB contributions on pages 5-8 and 44-47 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 October 18, 2022, 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
October 18, 2022

MANAGEMENT'S DISCUSSION & ANALYSIS

MT. VIEW SANITARY DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

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, 2022 Please read it in conjunction with the District financial statements.

HIGHLIGHTS

Financial Highlights

♦ District total net position increased by $116,210 or 0.5%.

♦ Total capital assets, net of accumulated depreciation, increased by $937,807, or 3.6%.

♦ Current assets decreased by $893,708 or 6.1%. Current assets include cash, accounts receivable, and prepaid expenses. Current liabilities increased by $836,494 or 55.3%. Current liabilities are primarily accounts payable, accrued expenses, current portion of long-term debt, construction deposits, and accrued vacations. The District's noncurrent liabilities decreased by $3,211,936 or 19.4%.

Total operating revenues increased by $641,305, or 8.8% from the previous year, The District's total operating expenses, inclusive of Facilities Rehabilitation, Capital, and depreciation increased by $362,710, or 4.7% from the previous year. The District-wide operating loss was $193,507. Operating expenses, not including depreciation, OPEB, and Pension, are approximately 8.0% less than budgeted for fiscal year 2021-2022.

♦ Permit and inspection fees increased by $141,500 or 276% due primarily to three new subdivisions that are being built, Traditions at the Meadows, Civic Heritage View and Bay's Edge. Connection and franchise fee revenues decreased by $57,827 or 41.4% from the previous year. This is predominantly due to a decline in capacity fees. It is anticipated that connection fee revenue will be limited to occasional infill projects in the future.

District Highlights

The District continues to maintain the plantings and remove nonnative 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 District continued to work on the following capital projects in fiscal year 2021-2022: UV Disinfection Replacement began construction, Manhole Repair/Replacement was completed, Phase 1 of the Collection System Cleaning & CCTV was completed, and Phase 2 was initiated. Site investigation and design work continue on the 888 Howe Road Sanitary Sewer Replacement. The Influent Flow Meter Study was completed, and the Collection System Capacity Assessment Study was completed in July 2022.

In fiscal year 2021-2022 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 Board of Directors approved the 2021 Strategic Plan in April 2021. Strategic Plan achievements in fiscal year 2021-2022 included:

- Implementation of Quarterly Performance Metrics report to the Board.
- Sanitary Sewer Management Plan audit completed and approved by the Board in October 2021.
- 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.
- Culture Improvement Initiative started, to be completed in FY23.
- Significant progress made to update and generate Standard Operating Procedures (SOP) in all departments.
- New Employee Performance Evaluation Form and SOP includes Performance and Developmental Goals.
- Ongoing improved communication with the City of Martinez regarding both agency's projects.
- 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 $116,210 or 0.5%.

Revenues

Total revenues have increased by $624,785 or 7.7%, compared to the previous fiscal year. Operating revenues increased by $641,305, or 8.8%, over the previous year driven primarily by an increase in Sewer Service Charges. Interest and investment income increased by $15,811 or 40.8%, versus the previous year. Connection and Franchise Fees decreased by $57,827, or 41.4%, over the previous year primarily due to a reduction of additional dwelling units and remodeling. Other non-operating income increased by $25,496 or 4.0% due primarily to a COVID Relief grant. Permit and inspection fees increased by $141,500 or 276% due primarily to three new subdivisions that are being built, Traditions at the Meadows, Civic Heritage View, and Bay's Edge.

Expenses

Operating expenses, inclusive of Facilities Rehabilitation, Capital, and depreciation increased by $362,710 or 4.7%, in fiscal year 2021-2022 compared to fiscal year 2020-2021.

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 2021-2022, the District adopted an updated Ten-Year Facilities Replacement and Capital Improvement Plan (CIP) projecting expenditures of $54 million through fiscal year 2031-2032. 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. During the fiscal year, 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 2021-2022, the District had a total of $16,040,087 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 $937,807, or 3.6%.

Capital asset additions, replacements, or rehabilitations completed during the fiscal year include the Manhole Repair/Replacement.

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
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FINANCIAL STATEMENTS

MT VIEW SANITARY DISTRICT
Statements of Net Position
June 30, 2022 and 2021

		2022		2021
ASSETS				
Current Assets				
Cash in County	$	610,185	$	7,145,224
Cash in Bank		110,323		102,114
Petty Cash		160		12
Investment in L.A.I.F.		12,502,446		6,906,026
Total Cash and Equivalents (Note 2)		13,223,114		14,153,376
Accounts Receivable (Note 3)		96,050		66,092
Current portion of Lease Receivable		182,287		176,448
Prepaid Expense		138,766		138,009
Total Current Assets		13,640,217		14,533,925
Noncurrent Assets				
Noncurrent portion of Lease Receivable		670,277		849,881
Capital assets, net of Accumulated Depreciation (Note 5)		27,230,939		26,293,132
Total Noncurrent Assets		27,901,216		27,143,013
TOTAL ASSETS		41,541,433		41,676,938
DEFERRED OUTFLOWS OF RESOURCES				
Other Postemployment Benefits (Note 7)		262,973		211,390
Pension (Note 6)		844,602		862,687
TOTAL DEFERRED OUTFLOWS OF RESOURCES		1,107,575		1,074,077
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Expenses		1,756,403		929,066
Current Portion of Long-term Debt (Note 8)		454,935		439,360
Current Portion of Lease Payable (Note 4)		6,537		5,120
Current Portion of Accrued Vacations		103,816		89,371
Construction Deposits		26,420		48,700
Total Current Liabilities		2,348,111		1,511,617
Noncurrent Liabilities:				
Noncurrent Portion of Long-term Debt (Note 8)		10,702,728		11,157,663
Noncurrent Portion of Lease Payable (Note 4)		26,652		33,190
Noncurrent Portion of Accrued Vacations Net		103,816		89,371
OPEB Liability (Note 7)		600,900		1,585,532
Net Pension Liability (Note 6)		1,927,014		3,707,290
Total Noncurrent Liabilities		13,361,110		16,573,046
TOTAL LIABILITIES		15,709,221		18,084,663
DEFERRED INFLOWS OF RESOURCES				
Other Postemployment Benefits (Note 7)		734,962		48,091
Pension (Note 6)		1,796,334		141,999
Lease (Note 4)		825,654		1,009,635
TOTAL DEFERRED INFLOWS OF RESOURCES		3,356,950		1,199,725
NET POSITION				
Net investment in capital assets		16,040,087		14,657,799
Unrestricted		7,542,750		8,808,828
TOTAL NET POSITION	$	23,582,837	$	23,466,627

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, 2022 and 2021

	2022	2021
OPERATING REVENUES		
Service charges	$ 7,726,990	$ 7,227,185
Permit and inspection fees	192,794	51,294
Total operating revenues	7,919,784	7,278,479
OPERATING EXPENSES		
Sewage collection	1,128,982	1,082,933
Sewage treatment	3,404,606	2,834,726
Sewage disposal	289,959	184,773
Administrative and general	1,820,173	2,278,925
Depreciation and amortization	1,469,571	1,369,224
Total operating expenses	8,113,291	7,750,581
OPERATING INCOME (LOSS)	(193,507)	(472,102)
NON-OPERATING REVENUES (EXPENSES)		
Taxes	467,183	451,085
Interest income	54,533	38,722
Rents and leases	196,115	186,717
Interest expense	(403,318)	(241,714)
Other non-operating revenues (expenses)	(86,769)	(3,769)
Total non-operating revenues (expenses)	227,744	431,041
Change in net position before connection and franchise fees	34,237	(41,061)
Franchise and connection fees	81,973	139,800
CHANGE IN NET POSITION	116,210	98,739
Net Position - Beginning	23,466,627	23,365,360
Prior period adjustment - Adoption of GASB 87 (see Note 9)	-	2,528
Net Position - Beginning of Year, as Restated	23,466,627	23,367,888
Net Position - Ending	$ 23,582,837	$ 23,466,627

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

MT VIEW SANITARY DISTRICT
Statements of Cash Flows
June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	$ 7,889,826	$ 7,466,314
Payments to suppliers	(2,216,778)	(2,601,765)
Payments to employees and related benefits	(4,050,952)	(3,703,317)
Net cash provided by (used in) operating activities	1,622,096	1,161,232
CASH FLOWS FROM NONNCAPITAL FINANCING ACTIVITIES:		
Receipt of taxes	467,183	451,087
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Franchise and connection fees received	81,973	139,800
Principal received / (paid), net	(628,462)	5,794,368
Interest payments	(403,318)	(240,928)
Acquisition and construction of capital assets	(2,407,378)	(2,205,364)
Net cash provided by (used in) in capital and related financing activities	(3,357,185)	3,487,876
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	54,533	30,837
Rents and leases	369,880	177,908
Other income	(86,769)	(3,769)
Net cash provided by (used in) investing activities	337,644	204,976
Net increase (decrease) in cash and cash equivalents	(930,262)	5,305,171
Cash and cash equivalents, July 1	14,153,376	8,848,205
Cash and Cash equivalents, June 30	$ 13,223,114	$ 14,153,376
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	$ (193,507)	$ (472,102)
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation expense	1,469,571	1,369,224
GASB 68 effect on pension expense	(107,856)	232,064
GASB 75 effect on OPEB expense	(349,344)	(137,339)
(Increase) decrease in:		
Accounts receivable	(29,958)	187,835
Prepaid expenses	(757)	(1,591)
Increase (decrease) in:		
Accounts payable and accrued expenses	827,337	(28,765)
Refundable deposits	(22,280)	3,420
Accrued vacation	28,890	8,486
Net cash provided by operating activities	$ 1,622,096	$ 1,161,232

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 18 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, 2021, the Fund's net assets increased by $242, due to investment income earnings, to $188,583, 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 hierarch 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.

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

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 2022	Fiscal Year 2021
Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021

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.

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

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.

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 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.

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

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, 2022, the District implemented the following GASB pronouncements

GASB Statement No. 87, *Leases.* - The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model.

This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The implementation of this pronouncement did have a material effect on the District's financial statements.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a *Construction Period.* - The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The implementation of this pronouncement did not have a material effect on the District's financial statements.

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

Implemented New GASB Pronouncements (continued)

GASB Statement No. 92, *Omnibus 2020.* - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. The topics include but are not limited to leases, intra-entity transfers between a primary government and a post-employment benefit plan component unit, accounting for pensions and OPEB related assets, measurement of liabilities related to asset retirement obligations, and nonrecurring fair value measurements of assets or liabilities. The implementation of this pronouncement did not have a material effect on the District's financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* - The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021 (fiscal year 2021-22). For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021 (fiscal year 2022).

GASB Statement No. 98, *The Annual Comprehensive Report*. – This Statement establishes the term annual comprehensive financial report, with the acronym ACFR as a replacement for the comprehensive annual financial report, whose acronym, when using the common pronunciation, was that of a "profoundly objectionable racial slur." This did not have a material effect on the financial statements of the District.

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

Upcoming New GASB Pronouncements

GASB Statement No. 91, *Conduit Debt Obligations.* - The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 (fiscal 2023). Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* - The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPP.

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

Upcoming New GASB Pronouncements (continued)

PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated).

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (fiscal year 2023), and all reporting periods thereafter. The District has not yet determined whether the implementation of this Pronouncement will have a material impact on the financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* - This Statement provides 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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (fiscal year 2023), and all reporting periods thereafter. The District has not yet determined whether the implementation of this Pronouncement will have a material impact on the financial statements.

GASB Statement No. 99, *Omnibus 2022.* - The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

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

Upcoming New GASB Pronouncements (continued)

The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- 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, and all reporting periods thereafter.

The District has not yet determined whether the implementation of this Pronouncement will have material impact on the financial statements.

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

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

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

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

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

Upcoming New GASB Pronouncements (continued)

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

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

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

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

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

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

2. CASH AND EQUIVALENTS

Summary of Cash and Equivalents

Cash and equivalents as of June 30, 2022 and 2021, are classified in the accompanying financial statements as follows:

	2022	2021
Cash	$ 610,185	$ 7,145,224
Cash in bank	110,323	102,114
Petty cash	160	12
Cash equivalents – investment in LAIF	12,502,446	6,906,026
Total Cash and Equivalents	$ 13,223,114	$ 14,153,376

2. CASH AND EQUIVALENTS (continued)

Policies and Practices

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

General Authorizations

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

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

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issue of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code and the actual rating as of the June 30, 2022, for each investment type.

				Rating at Year-End	
Investment Type	Fair Value	Minimum Legal Rating	Not Required To Be Rated	Aaa	Unrated
Cash	$ 720,508	N/A	$ 720,508	$ -	$ -
State Investment Pool	12,502,446	N/A	-	-	12,502,446
Total	$ 13,222,954		$ 720,508	$ -	$ 12,502,446

2. CASH AND EQUIVALENTS (continued)

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, 2022 and 2021, the District respectively had $110,323 and $102,114 on deposit at the bank. The full amounts were under the $250,000 FDIC insured limit.

Investment in the State Investment Pool

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

Custodial Credit Risk – Investments

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

Investment in Fair Value

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

3. ACCOUNTS RECEIVABLE

At June 30, 2022 and 2021, accounts receivable were comprised of the following:

	2022	2021
Northern California Veteran's Hospital	$ 60,157	$ 48,947
LAIF interest	24,586	4,670
Dorothy M. Sakasaki Environmental Fund	-	-
Advance on Supplemental Taxes	6,785	5,133
All other	4,522	7,342
	$ 96,050	$ 66,092

4. LEASES

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, 2022, the copier has a carrying amount of $31,150, net of accumulated depreciation of $8,900.

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, 2022.

Year Ending June 30,	Principal	Interest	Total
2023	$ 6,537	$ 1,817	$ 8,354
2024	7,627	1,396	9,023
2025	8,839	905	9,744
2026	10,187	339	10,525
2027	-	-	-
Total	$ 33,189	$ 4,457	$ 37,646

As of the year ended June 30, 2022, total amortization expense was $7,629.

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, 2022.

4. LEASES (continued)

Year Ending June 30,	Total
2023	$ 183,981
2024	183,981
2025	183,981
2026	135,556
2027	71,029
2028-2029	67,126
Total	$ 825,654

As of the year ended June 30, 2022, total rental income was $196,115.

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, 2022. See Note 9 – Restatement of Prior Period Balances for additional information.

	Restated Beginning of Year	Additions	Transfers/ Retirements	End of Year
Capital assets not being depreciated				
Land	$ 275,455	$ -	$ -	$ 275,455
Construction in progress	1,512,551	1,897,002	(799,747)	2,609,806
Total non-depreciable assets	1,788,006	1,897,002	(799,747)	2,885,261
Capital assets being depreciated				
Infrastructure	1,437,055	-	-	1,437,055
Subsurface lines	886,916	-	-	886,916
Collection facilities	11,305,552	991,107	-	12,296,659
Sewage treatment	19,962,294	167,288	-	20,129,582
Disposal plant	8,435,845	19,663	-	8,455,508
General plant	4,942,678	132,065	-	5,074,472
Total depreciated assets	46,970,340	1,310,123	-	48,280,462
Less accumulated depreciation				
Infrastructure	309,274	22,325	-	331,599
Subsurface lines	99,528	1,197	-	100,725
Collection facilities	5,860,817	268,832	-	6,129,649
Sewage treatment	11,600,448	780,170	-	12,380,618
Disposal plant	1,276,757	275,542	-	1,552,299
General plant	3,357,169	113,876	-	3,471,045
Total accumulated depreciation	22,503,993	1,461,942	-	23,965,935
Total depreciated capital assets, net	24,466,347	(151,819)	-	24,314,527
Leased capital assets amortized				
Equipment	40,050	-	-	40,050
Less accumulated amortization				
Equipment	(1,271)	(7,629)	-	(8,900)
Total leased assets, net	38,779	(7,269)	-	31,150
Capital assets, net	$ 26,293,132	$1,737,554	$ (799,747)	$27,230,939

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 disaster. 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	$15,500,000	$2,500 (E&O) $25,000
Excess Liability	Great American Excess & Surplus Company	$15,000,000	-
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	$423,305	$1,000/$2,000
Deadly Weapons Response	Lloyd's of London	$500,000	-
Workers' Compensation			
Employer's Liability	CSRMA	$750,000	-
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, 2021, 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 and probationary 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, 2022, 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	15.870%	8.090%

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 the 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, 2021 (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 15.870 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 8.090 percent of annual payroll.

For the year ended June 30, 2022, 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
$ 556,035	15.870%	8.090%

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: 6/30/21	$ 3,707,290	0.03407%
Balance at: 6/30/22	1,927,014	0.03563%
Total change in Net Pension Liability	$ (1,780,276)	(0.00156)%

The District's net pension liability at June 30, 2022, of $1,927,014 is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2021, and the total pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021 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, 2022 and 2021, the District recognized pension expense (revenue) of $(107,857) and $232,064, respectively, for the Plan. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Year Ended June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
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)

Year Ended June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 497,413	$ -
Differences between actual and expected experience	191,048	-
Changes in assumptions	-	(26,442)
Proportionate share of contributions	64,095	(44,384)
Differences between projected and actual investment earnings	110,131	-
Adjustment due to differences in proportions	-	(71,173)
Total	$ 862,687	$ (141,999)

Of the $844,602 reported above as deferred outflows of resources, $556,035 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, 2023 (measurement period ended June 30, 2022). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

6. PENSION PLANS (continued)

Year Ended June 30, 2022		Year Ended June 30, 2021	
Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources	Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2023	$ (319,600)	2022	$ 21,025
2024	(348,856)	2023	87,773
2025	(374,442)	2024	61,655
2026	(464,869)	2025	52,822
Thereafter	-	Thereafter	-

The amounts above are the net of outflows and inflows recognized in the measurement period ended June 30, 2022 and 2021.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability:

For the measurement period ending June 30, 2021 (the measurement date), the collective total pension liability was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. Both the June 30, 2022 total pension liability and the June 30, 2021 total pension liability were determined using the following actuarial methods and assumptions:

	Miscellaneous	
Year Ended June 30,	2022	2021
Valuation Date	June 30, 2020	June 30, 2019
Measurement Date	June 30, 2021	June 30, 2020
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	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 15 years of projected on-going mortality improvement using 90% of Scale MP 2016 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 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

6. PENSION PLANS (continued)

Discount Rate:

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

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

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

The expected real rates of return by asset class for June 30, 2022 and 2021, are 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 7.15 percent, 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 (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
June 30, 2022	$4,150,696	$1,927,014	$88,728
June 30, 2021	$5,741,208	$3,707,290	$2,026,728

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, 2022 and 2021, 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, 2021 and 2020 actuarial valuations, the following current and former employees were covered by the benefit terms under the Plan:

	2021	2020
Active employees	18	16
Inactive employees or beneficiaries currently receiving benefits	13	10
Inactive employees entitled to, but not yet receiving benefits	-	-
	31	26

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, 2022 and 2021, the District's implied subsidies were $37,981 and $43,462 respectively, which accounted for all contributions.

Net OPEB Liability:

The District's Net OPEB Liabilities were measured on June 30, 2021 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, 2021 and 2020:

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	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:

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

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%	

Discount Rate:

The discount rate used to measure the total OPEB liabilities at June 30, 2022 and 2021 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, 2020	$ 4,189,201	$ 2,544,957	$1,644,244
Changes recognized for the measurement period:			
Service cost	123,766	-	123,766
Interest	265,669	-	265,669
Contributions - employer	-	358,410	(358,410)
Net investment income	-	90,981	(90,981)
Benefit payments	(203,967)	(203,967)	-
Administrative expense	-	(1,244)	1,244
Net changes	185,468	244,180	(58,712)
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

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

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, 2021 and 2020:

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
June 30, 2021	$1,210,824	$600,900	$109,409
June 30, 2020	$2,257,483	$1,585,532	$1,048,058

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, 2021 and 2020:

	1% Decrease 4.50%	Trend Rate 5.50%	1% Increase 6.50%
June 30, 2021	$152,274	$600,900	$1,156,029
June 30, 2020	$1,061,840	$1,585,532	$2,238,793

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 expense.

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

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

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

For the years ended June 30, 2022 and 2021, the District recognized OPEB expense (benefit) of $(349,344) and $(137,339) respectively.

At June 30, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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)

Year Ended June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 151,375	$ -
Differences between expected and actual experience	-	(8,897)
Changes of assumptions	-	(14,525)
Net differences between projected and actual earnings on plan investments	60,015	(24,669)
Total	$ 211,390	$ (48,091)

The $218,003 and $151,375 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, 2023 and 2022 respectively.

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

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, 2022		Year Ended June 30, 2021	
Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources	Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2023	$(157,399)	2022	$(7,295)
2024	(152,215)	2023	7,004
2025	(152,378)	2024	12,188
2026	(167,261)	2025	12,025
2027	(49,765)	2026	(2,856)
Thereafter	(10,974)	Thereafter	(9,142)

8. LONG-TERM DEBT

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

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

Project installment note principal payments as of June 30, 2022 for each of the next five fiscal years are:

Fiscal Year	Principal	Interest	Total
2023	$ 223,269	$ 226,076	$ 449,345
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	$ 5,382,753	$ 2,256,103	$ 7,638,856

8. LONG-TERM DEBT (continued)

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, 2022 for each of the next five fiscal years are:

Fiscal Year	Principal	Interest	Total
2023	$ 231,666	$ 165,792	$ 397,458
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
2038-2041	1,490,991	98,844	1,589,835
Total	$ 5,774,909	$ 1,776,800	$ 7,551,709

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9. RESTATEMENT OF PRIOR PERIOD BALANCES

As part of implementing GASB Statement No. 87, *Leases,* the District was required to perform a retrospective examination of net position to determine what the balance would have been if the lease had been presented on the Statement of Net Position at June 30, 2021. That examination resulted in a prior period restatement to the Statement of Net Position as follows:

	June 30, 2021 original	June 30, 2021 as restated	Restatement
Restatement of the Statement of Net Position			
Current portion of lease receivable	$ -	$ 176,448	$ 176,448
Noncurrent portion of lease receivable	-	849,881	849,881
Leased capital assets	-	40,050	40,050
Amortization of leased capital assets	-	(1,271)	(1,271)
Current portion of lease payable	-	(5,120)	(5,120)
Noncurrent portion of lease payable	-	(33,190)	(33,190)
Deferred inflows of resources – lease	-	(1,009,635)	(1,009,635)
Effect on Net Position	$ -	$ 17,163	$ 17,163
Restatement of Net Position			
Net investment in capital assets	$ 14,657,330	$ 14,657,799	$ 469
Unrestricted	8,792,134	8,808,828	16,694
Total Net Position	$ 23,449,464	$ 23,466,627	$ 17,163
Restatement of the Statement of Revenues, Expenses, and Changes in Net Position			
Restatement of the Statement			
Interest income	$ 30,837	$ 38,722	$ 7,885
Rents and leases income	177,908	186,717	8,809
Amortization expense	-	(1,271)	(1,271)
Interest expense	(240,928)	(241,716)	(788)
Restatement of fiscal year 2021's change in net position	(32,183)	(17,548)	14,635
Prior period restatement to fiscal year 2020's net position	-	2,528	2,528
Effect on Net Position	$ (32,183)	$ (15,020)	$ 17,163

REQUIRED SUPPLEMENTARY INFORMATION

MT VIEW SANITARY DISTRICT
Required Supplementary Information
For the Year Ended June 30, 2022

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

	Fiscal year ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	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)	0.035630%	0.034070%	0.034620%	0.035120%	0.036000%	0.036870%	0.390800%	0.036480%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$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	$2,110,814	$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	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	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)	$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, 2022

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

	Fiscal year ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	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	$ 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	$ (556,035)	$ (497,413)	$ (457,005)	$ (533,805)	$ (473,404)	$ (448,604)	$ (397,863)	$ (357,937)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$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	29.05%	28.17%	27.13%	31.69%	30.68%	30.25%	30.02%	28.11%

Notes to Schedule:

Valuation Date:	June 30, 2019
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	2.50%
Overall payroll growth	2.75% compounded annually
Salary increase	Varies by Entry Age and Service
Discount rate	7.00%, net of investment adminstration expenses
Mortality	Derived using CalPERS' Membership Data for all Funds. The post- retirement mortality rates include 15 years of projected on-going mortality improvemet 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
Schedule of Changes in the Net OPEB Liability and Related Ratios

Reporting Date - June 30,		2022	2021	2020	2019	2018
Total OPEB liability						
Service cost		$ 127,479	$ 123,766	$ 50,706	$ 49,229	$ 47,795
Interest		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		(184,614)	(203,967)	(172,213)	(142,314)	(124,186)
Net change in total OPEB liability		(64,923)	185,468	108,977	157,281	163,910
Total OPEB Liability - beginning		4,374,669	4,189,201	4,080,224	3,922,943	3,759,033
Total OPEB Liability - ending	(a)	4,309,746	4,374,669	4,189,201	4,080,224	3,922,943
Plan Fiduciary Net Position						
Employer contributions		336,648	358,410	480,420	142,314	322,489
Net investment income		768,732	90,981	135,756	152,625	174,067
Benefits paid to retirees		(184,614)	(203,967)	(172,213)	(142,314)	(124,186)
Administrative expense		(1,057)	(1,244)	(464)	(1,039)	(882)
Net change in plan fiduciary position		919,709	244,180	443,499	151,586	371,488
Plan fiduciary net position- beginning		2,789,137	2,544,957	2,101,458	1,949,872	1,578,384
Plan fiduciary net position- ending	(b)	3,708,846	2,789,137	2,544,957	2,101,458	1,949,872
Net OPEB liability- ending	(a) - (b)	$ 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		86.06%	63.76%	60.75%	51.50%	49.70%
Covered-employee payroll (per actuary report)		$ 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		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
Schedule of OPEB Contributions
Last Ten Fiscal Years*

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

	General Fund	Facilities Rehabilitation	Capital Outlay	Debt Service	Total
ASSETS					
Current Assets:					
Cash in County including Petty Cash	$ 261,811	$ 62,636	$ 284,730	$ 1,008	$ 610,185
Payroll - Direct Deposit	110,323	-	-	-	110,323
Petty Cash	160	-	-	-	160
Investment in L.A.I.F.	5,756,860	562,364	268,623	5,914,599	12,502,446
Total Cash and Equivalents	6,129,154	625,000	553,353	5,915,607	13,223,114
Accounts Receivable	82,919	459	1,454	11,218	96,050
Lease Receivable, current	182,287	-	-	-	182,287
Prepaid Expense	138,766	-	-	-	138,766
Total Current Assets	6,533,126	625,459	554,807	5,926,825	13,640,217
Noncurrent Assets					
Lease Receivable, net of current portion	670,277				670,277
Capital Assets, net of Accumulated Depreciation	27,230,939	-	-	-	27,230,939
Total Noncurrent Assets	27,901,216	-	-	-	27,901,216
TOTAL ASSETS	34,434,342	625,459	554,807	5,926,825	41,541,433
DEFERRED OUTFLOWS OF RESOURCES					
Deferred OPEB Outflows	262,973	-	-	-	262,973
Deferred Pension Outflows	844,602	-	-	-	844,602
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,107,575	-	-	-	1,107,575
LIABILITIES					
Current Liabilities					
Accounts Payable and Accrued Expenses	1,105,145	91,347	406,420	153,491	1,756,403
Current Portion of Long-term Debt	-	-	-	454,935	454,935
Current Portion of Accrued Vacations	103,816	-	-	-	103,816
Leases Payable, current	6,537	-	-	-	6,537
Construction Deposits	14,420	-	12,000	-	26,420
Total Current Liabilities	1,229,918	91,347	418,420	608,426	2,348,111
Noncurrent Liabilities:					
Noncurrent Portion of Long-term Debt	-	-	-	10,702,728	10,702,728
Noncurrent Portion of Lease Payable	26,652	-	-	-	26,652
Noncurrent Portion of Accrued Vacations	103,816	-	-	-	103,816
Net OPEB Liability	600,900	-	-	-	600,900
Net Pension Liability	1,927,014	-	-	-	1,927,014
Total Noncurrent Liabilities	2,658,382	-	-	10,702,728	13,361,110
TOTAL LIABILITIES	3,888,300	91,347	418,420	11,311,154	15,709,221
DEFERRED INFLOWS OF RESOURCES					
Deferred OPEB Inflows	734,962	-	-	-	734,962
Deferred Pension Inflows	1,796,334	-	-	-	1,796,334
Deferred Lease Inflows	825,654	-	-	-	825,654
TOTAL DEFERRED INFLOWS OF RESOURCES	3,356,950	-	-	-	3,356,950
NET POSITION					
Investment in capital assets, net of related debt	27,197,750	-	-	(11,157,663)	16,040,087
Other unrestricted	1,098,917	534,112	136,387	5,773,334	7,542,750
TOTAL NET POSITION	$ 28,296,667	$ 534,112	$ 136,387	$ (5,384,329)	$ 23,582,837

MT VIEW SANITARY DISTRICT
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

	General Fund	Facilities Rehabilitation	Capital Outlay	Debt Service	Total
Operating Revenues					
Service charges	$ 7,726,990	$ -	$ -	$ -	$ 7,726,990
Permit and inspection fees	192,794	-	-	-	192,794
Total operating revenues	7,919,784	-	-	-	7,919,784
Operating Expenses					
Sewage collection	737,892	5,712	385,378	-	1,128,982
Sewage treatment	3,329,329	35,809	39,468	-	3,404,606
Sewage disposal	276,307	-	13,652	-	289,959
Administrative and general	1,757,508	5,033	57,535	97	1,820,173
Depreciation and amortization	1,469,571	-	-	-	1,469,571
Total operating expenses	7,570,607	46,554	496,033	97	8,113,291
Operating Income (Loss)	349,177	(46,554)	(496,033)	(97)	(193,507)
Non-Operating Revenues (Expenses):					
Taxes	467,183	-	-	-	467,183
Interest income	26,632	1,073	4,320	22,508	54,533
Rents and leases	196,115	-	-	-	196,115
Interest Expense	(1,983)	-	-	(401,335)	(403,318)
Other income (expense)	2,708	(7,334)	(3,502)	(78,641)	(86,769)
	690,655	(6,261)	818	(457,468)	227,744
Income (loss) before connnection and franchise fees, and transfers	1,039,832	(52,815)	(495,215)	(457,565)	34,237
Franchise and connection fees	27,650	-	54,323	-	81,973
Transfers in (out)	183,930	162,700	(1,194,933)	848,303	-
Change in Net Position	1,251,412	109,885	(1,635,825)	390,738	116,210
Net Position - Beginning of Year, as Restated	27,045,255	424,227	1,772,212	(5,775,067)	23,466,627
Net Position - End of Year	$ 28,296,667	$ 534,112	$ 136,387	$ (5,384,329)	$ 23,582,837

MT VIEW SANITARY DISTRICT
Comparision of Budget to Actual
General Fund
For the Year Ended June 30, 2022

	Sewage Collection	Sewage Treatment	Sewage Disposal	Administration & General	Total	General Fund FY 2021-22 Budget	Variance Favorable (Unfavorable)
Salaries and Wages	$ 315,269	$ 1,333,832	$ 72,754	$ 703,293	$ 2,425,148	$ 2,521,478	$ 96,330
Employee Benefits	207,550	878,183	47,896	462,996	1,596,625	1,771,639	175,014
Total Salaries and Benefits	522,819	2,212,015	120,650	1,166,289	4,021,773	4,293,117	271,344
Directors' Fees	-	-	-	20,866	20,866	25,758	4,892
Clothing and Supplies	-	37,203	-	-	37,203	32,500	(4,703)
Election Expense	-	-	-	-	-	12,500	12,500
Gasoline and Oil	9,555	11,526	-	-	21,081	16,700	(4,381)
Insurance	21,587	91,330	4,982	48,156	166,055	179,050	12,995
Memberships	9,558	47,377	22,068	45,531	124,534	129,455	4,921
Office Expenses	-	-	-	37,273	37,273	51,800	14,527
Operating Supplies	-	-	-	372	372	3,000	2,628
Chemicals	-	157,056	-	-	157,056	195,000	37,944
Contractual Services	70,232	165,296	75,590	407,685	718,803	729,118	10,315
Professional Services	-	28,139	11,507	310,874	350,520	544,426	193,906
Printing and Publications	-	-	-	4,285	4,285	3,800	(485)
Rents and Leases	2,982	151	-	-	3,133	3,900	767
Repairs and Maintenance	31,168	164,593	5,953	45,018	246,732	273,600	26,868
Small Tools	7,701	13,396	3,916	-	25,013	32,400	7,387
Research and Monitoring	-	14,525	31,641	-	46,166	71,510	25,344
Travel and Meetings - Admin./General	-	-	-	12,806	12,806	26,950	14,144
Bad Debt Expense	-	-	-	-	-	3,000	3,000
Utilities	56,815	386,722	-	99,558	543,095	484,700	(58,395)
Depreciation and amortization	-	-	-	1,469,571	1,469,571	-	(1,469,571)
OPEB Expense (Benefit)	-	-	-	(349,344)	(349,344)	-	349,344
Pension Expense (Benefit)	-	-	-	(107,856)	(107,856)	-	107,856
Other	5,475	-	-	15,995	21,470	14,101	(7,369)
Total General Fund Operating Expenses	$ 737,892	$ 3,329,329	$ 276,307	$ 3,227,079	$ 7,570,607	$ 7,126,385	$ (444,222)

CROPPER ROWE, LLP
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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
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, 2022, 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 October 18, 2022.

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
October 18, 2022

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October 18, 2022

Mt. View Sanitary District
3800 Arthur Road
P.O. Box 2757
Martinez, CA 94553

We have audited the financial statements of the business-type activities of Mt. View Sanitary District (the "District") for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 18, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the District adopted Statement of Governmental Accounting Standards (GASB Statement) No. 87, No. 89, No. 92, No. 97, and No. 98. With the exception of GASB Statement No. 87- Leases, the adopted statements did not have a significant impact on the financial statements. The cumulative effect of the accounting change was a prior period restatement to the financial statements as of and for the year ended June 30, 2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most *sensitive estimates* affecting the District's financial statements was were:

- Management's estimates of the Pension liability and related deferred inflows and outflows is based on the actuarial inputs and assumptions related to the accounting for pensions per GASB Statement No. 68. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimates of the OPEB liability and related deferred inflows and outflows is based on the actuarial inputs and assumptions related to the accounting for other post-employment benefits per GASB Statement No. 75. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of deprecation is based on the straight-line method of depreciation. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of lease liability and the related deferred inflows of future lease income is based on the application of GASB Statement No. 87 and District used discount rates. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the Financial Statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most *sensitive disclosures* affecting the financial statements were:

- The disclosures of the restatement of prior period balances as a result of the implementation of GASB Statement No. 87- Leases (Note 9 and Note 4). The notes provide further detail on the lease related balances.
- The disclosure of the Pension Plans in Note 6 to the financial statements. The note discloses the inputs, assumptions, and balances related to the District's pension plan.
- The disclosure of the Other Post-Employment Benefits in Note 7. The note discloses the plan, the inputs, the assumptions, and the balances of the District's Other Post-Employment Benefits.
- The disclosure in Note 8 of the long-term debt agreements in the form of two (2) installment notes that the District has entered into over the past couple of years. The note discloses the terms and amounts of the installment notes.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes corrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 18, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion & Analysis, Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of the District's Pension Plan Contributions, the Schedule of Changes in the Net OPEB Liability and Related Ratios, and the Schedule of OPEB Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Statement of Net Position as well as the Combining Statement of Revenues, Expenses and Changes in Net Position, and the General Fund Comparison of Budget to Actual, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Cropper Rowe, LLP

CROPPER ROWE, LLP
Walnut Creek, California

Client: MT. VIEW SANITARY DISTRICT
Current Period: 06/30/2022
Adjusting Journal Type: Corrected

Account	Description	Debit	Credit	Net Income Effect
1				
BR: Recognize in the PY the P&L amounts related to the implementation of GASB 87 that pertain to the PY.				
4951C-14-09	Interest Expense - Leases	0.00	788.00	
4991C-14	Amortization Exp-Right of Use	0.00	1,271.00	
3111G-00	Interest Revenue - Leases	7,885.00	0.00	
3120G-00	Rents & Leases	8,809.00	0.00	
2610G-00-09	Retained Earnings-Fund Balance	0.00	14,635.00	
3180G-00-09	Other Non-Operating Revenue	2,528.00	0.00	
2610G-00-09	Retained Earnings-Fund Balance	0.00	2,528.00	
Total		**19,222.00**	**19,222.00**	**(17,163.00)**
GRAND TOTAL		**19,222.00**	**19,222.00**	**(17,163.00)**