CROPPER
an accountancy corporation
CERTIFIED PUBLIC ACCOUNTANTS

MT. VIEW SANITARY DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2015 and 2014

professional. personalized. service.

TABLE OF CONTENTS

CROPPER
an accountancy corporation
CERTIFIED PUBLIC ACCOUNTANTS

office location
2700 Ygnacio Valley Road, Ste 270
Walnut Creek, CA 94598
(925) 932-3860 tel

mailing address
2977 Ygnacio Valley Rd, PMB 460
Walnut Creek, CA 94598
(925) 476-9930 efax

www.cropperaccountancy.com

INDEPENDENT AUDITORS' REPORT

The Governing Body
Mt. View Sanitary District

Report on the Financial Statements

We have audited the accompanying financial statements of **Mt. View Sanitary District** as of and for the year ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise **Mt. View Sanitary District**'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Mt. View Sanitary District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 as well as the State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Mt. View Sanitary District** as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed for special districts by the Office of the California State Controller.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management Discussion and Analysis on pages 3 – 8, the Schedule of Other Postemployment Benefit (OPEB) Funding progress on page 36 and the Schedules of the District's Proportionate Share of the Net Pension Liability and the District's Contributions on page 38. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise **Mt. View Sanitary District**'s basic financial statements. The Combining Statement of Net Position; Combining Statement of Revenues, Expenses, and Changes in Net Position; and budgetary comparison information (the accompanying Supplementary Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Supplementary Information on pages 39-41 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. Such 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 accompanying Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Implementation of New Accounting Standards

As disclosed in Note 1 to the financial statements, **Mt. View Sanitary District** implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,* during the fiscal year.

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
January 13, 2016

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, 2015. Please read it in conjunction with the District financial statements.

HIGHLIGHTS

Financial Highlights

- District total net position increased by $1,063,311 or 4.32% as a result of this year's operations.
- District total net position decreased by $2,605,911 or 10.58% as a result of a prior period adjustment recognized upon the adoption of GASB 68 for pension plan reporting
- Total depreciable capital assets and total investment in capital assets, net of related debt decreased by $278,990, or 1.77%.
- Current assets increased by $1,473,847 or 15.91%, primarily due to a $2,081,930 increase in investments in LAIF. Current liabilities increased by $314,640 or 60.13%. Total operating revenues increased by $357,586, or 6.50% vs. the previous year.
- The District's total operating expenses, inclusive of Facilities Rehabilitation, Capital, and depreciation increased by $148,728, or 2.55% vs. the previous year. The District wide operating loss was $114,080. This is significantly less than budgeted for fiscal year 2014-2015. Replacement of the Biotower Center Column was postponed to avoid conflict with the Influent Pump Station Rehabilitation Project and Ferrous Tank Replacement Project. Staff also determined it necessary to clean the Secondary Digester (lower cost) in advance of cleaning the Primary Digester as anticipated in the budget. Primary digester cleaning and associated work (painting, boiler and heat exchanger replacement, etc.) was postponed to Spring 2016 to avoid potential wet weather impacts. The anticipated work in Moorhen Marsh was delayed due to an extended environmental permitting process resulting from a lack of staff at the US Army Corps of Engineers, San Francisco office.
- Connection and franchise fee revenues increased $387,891, or 143% from the previous year, due to the continued upswing of development related projects. Following the housing market collapse in 2009 the District's service area had several planned developments that were essentially ready to build. With the return of some development activity in fiscal year 2011-2012, these ready to build projects were initiated and the District realized the Connection Fee revenues. Planning and entitlement activities that occurred in fiscal year 2012-2013 translated into additional Connection Fee revenue in Fiscal year 2013-2014 and 2014-2015 as these projects moved into the construction phase. The District is approaching build-out of its service area and future connection fee revenue is anticipated to drop off sharply following construction of currently approved development projects. It is anticipated that connection fee revenue will be limited to occasional infill projects in the very near future, putting greater pressure on District Sewer Service Charge revenues to fund all capital and rehabilitation projects.

Mt. View Sanitary District
Management's Discussion and Analysis
For the fiscal year ended June 30, 2015

District Highlights

- The District continued work on a number of projects initiated in prior fiscal years. These projects included the Influent Pump Station Rehabilitation Project. The Influent Pump Station Project final design was completed and bids received with construction to be completed during the first half of fiscal year 2015 - 2016. The District also awarded contracts for the cleaning of the primary digester and replacement of the ferrous chloride tank. The cleaning of the primary digester has been postponed to spring 2016 to avoid potential impacts from wet weather. Completion of the ferrous chloride tank replacement project is scheduled for early 2016. The District also initiated several new projects including design of levee improvements and enhancements within Moorhen Marsh and development of a marsh management plan for McNabney Marsh,

- The District continued implementation of its Strategic Plan. The Strategic Plan identifies the actions necessary to address identified weaknesses and threats while capitalizing on District strengths and opportunities. Key activities included preparation of a biosolids disposal alternatives study and enhanced public outreach via social media.

- District Management continues to place emphasis on reducing operating costs while maintaining the District's high level of service, and while implementing needed capital improvements and facilities rehabilitation and repair.

USING THIS ANNUAL REPORT

District financial statements report information about the District's use of accounting methods similar to 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 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 cash balance during the reporting period?"

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about District finances is whether or not 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 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 decreased from the previous year by $1,542,600 or 6.26%. The following condensed financial statements show net position, statement of net position and changes in net position, statement of revenue and expenses and changes in net position, in a comparative format indicating the amount and percentage of change.

Condensed District Statement of Net Position

Description	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Current Assets	$ 10,736,975	$ 9,263,128	$ 1,473,847	15.91 %
OPEB Assets	194,476	193,429	1,047	0.54 %
Capital Assets	15,448,958	15,727,948	(278,990)	(1.77%)
Total Assets	$ 26,380,409	$ 25,184,505	$ 1,195,904	4.75 %
Deferred Outflows of Resources- Pensions	$ 425, 244	$ -	$ 425,244	Infinite
Current Liabilities	$ 837,926	$ 523,286	$ 314,639	60.13 %
Long-Term Liabilities	2,316,658	37,813	2,278,845	6,027%
Total Liabilities	$ 3,154,584	$ 561,099	$ 2,593,485	462 %
Deferred Inflows of Resources- Pensions	$ 570,263	$ -	$ 570,263	Infinite
Net Position:				
Invested in Capital Assets, Net of Related Debt	$ 15,448,958	$ 15,727,948	($ 278,990)	(1.77%)
Unrestricted	7,631,848	8,895,458	1,263,610	(14.21%)
Total Net Position	$ 23,080,806	$ 24,623,406	($ 1,542,600)	(6.26%)

Changes in District net position can be determined by reviewing the following condensed Statement of Revenue, Expenses, and Change in Net Position.

Condensed District Statement of Revenues and Expenses and Change in Net Position

Description	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Amount of Increase (Decrease)	Percent (%) of Increase (Decrease)
Operating Revenues	$ 5,862,197	$ 5,504,611	$ 357,586	6.50 %
Interest and Investment Income	23,080	18,811	4,269	22.69%
Connection and Franchise Fees	659,490	271,599	387,891	143 %
Other Income	494,821	508,678	(13,857)	(2.72%)
Total Revenues	$ 7,039,588	$ 6,303,699	$ 735,889	11.67%
Operating Expenses	$ 5,976,277	$ 5,827,549	$ 148,278	2.55%
Total Expenses	$ 5,976,277	$ 5,827,549	$ 148,278	2.55%
Increase in Net Position	$ 1,063,311	$ 476,150	$ 587,161	123 %
Net Position Beginning of Year	$ 24,623,406	$ 24,147,256	$ 476,150	1.97%
Prior Period Adjustment-Adoption of GASB 68 (Pensions)	(2,605,911)	-	(2,605,911)	Infinite
Net Position Beginning of Year, as Restated	$ 22,017,495	$ 24,147,256	($ 2,129,761)	(8.82%)
Net Position End of Year	$ 23,080,806	$24,623,406	($ 1,542,600)	(6.26%)

Revenues

Total revenues have increased $735,889 or 11.67 % compared to the previous fiscal year, due primarily to the significant increase in connection and franchise fees, as supplemented by increased service charges and permit and inspection fees. Operating revenues (which include permit and inspection fees) showed an increase of $357,586 or 6.50% over the previous year. Interest and investment income increased by $4,269, or 22.69%, versus the previous year. Connection and Franchise Fees increased by $387,891, or 143% over the previous year due to a continued upswing in development activity. Other income decreased by $13,857, or 2.72%.

Expenses

Operating expenses, inclusive of Facilities Rehabilitation, Capital, and depreciation, increased by $148,278 or 2.55% in fiscal year 2014 - 2015 compared to fiscal year 2013 - 2014.

Budgetary Highlights

The District adopts an annual budget each year which outlines the major elements of forthcoming operations and capital improvements.

The District maintains an ongoing capital improvement program which is updated annually at the same time the operating budget is approved. For fiscal year 2011-2012, the District adopted an updated Five Year Capital Improvement Plan and a Five Year Facilities Replacement Plan. These plans identify the District's short and long term capital and replacement needs as identified through a number of engineering reviews and analysis. Both plans are anticipated to be funded on a pay-as-you-go basis in the near term. The District is continuing to implement asset management practices to further reduce near term project costs and extend the balance of funds in both the Capital Outlay Fund and the Facilities Replacement Fund.

The District will be updating its Capital Improvement Program in Fiscal Year 2015-2016 to reflect changes in priorities among projects and to update project budgets.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2015, the District had a total of $15,448,958 invested in capital assets, net of accumulated depreciation.

The assets included: land; collection system subsurface lines and pump stations; treatment plant equipment and structures, administration building and vehicles. The total decrease in the District's investment in capital assets, for the current fiscal year was $278,990 or 1.77%.

The primary capital assets event during the fiscal year was the initiation of construction of the Influent Pump Station Rehabilitation Project to address wet weather capacity issues. This project is scheduled to be completed in early 2016.. The District awarded construction contracts for the ferrous chloride tank replacement project, and primary digester cleaning project. The District also initiated design of levee improvements and enhancements for Moorhen Marsh and contracted with Ducks Unlimited for the development of a marsh management plan for McNabney Marsh.

Long Term Liabilities

Long term liabilities include accrued vacation and other post employment benefits (OPEB). The District has joined the California Employers' Retiree Benefit Fund (CERBT) to prefund the District's OPEB obligation.

RATES AND OTHER ECONOMIC FACTORS

The District is governed by the 1923 California Sanitary District Act, as well as the regulations of the State Water Resources Control Board (SWRCB) that require rate-based revenues that must cover the costs of operation, maintenance and recurring capital replacement (OM&R). The District's Ad Valorem tax component of revenue is subject to general economic conditions that result in increases or decreases in property tax values. Accordingly, the District sets its rates to its users to cover the costs of OM&R and debt financed capital improvements, plus any increments for known or anticipated changes in program costs and earmarks any Ad Valorem tax revenues for pay as you go funding for collection system rehabilitation and repair activities.

Operating costs continue to be kept at or below inflationary levels for the past several years.

REQUESTS FOR INFORMATION

This financial report is designed to provide our customers and creditors with a general overview of District finances, and demonstrate District accountability for the money it receives. If you have any questions about this report, or need additional financial information, contact the District Manager at (925) 228-5635 x 32.

FINANCIAL STATEMENTS

MT. VIEW SANITARY DISTRICT
Statements of Net Position
June 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets		
Cash in County	$ 213,544	$ 800,138
Petty Cash	160	216
Investment in L.A.I.F.	10,399,614	8,317,684
Total Cash and Equivalents	10,613,318	9,118,038
Accounts Receivable	54,835	88,280
Prepaid Expense	68,822	56,810
Total Current Assets	10,736,975	9,263,128
Noncurrent Assets		
Net OPEB asset	194,476	193,429
Capital assets, net of Accumulated Depreciation	15,448,958	15,727,948
Total Noncurrent Assets	15,643,434	15,921,377
TOTAL ASSETS	26,380,409	25,184,505
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension (Note 7)	425,244	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	425,244	-
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Expenses	753,701	443,403
Construction Deposits	34,280	38,787
Current Portion of Accrued Vacations	46,662	37,813
Other Current Liabilities	3,283	3,283
Total Current Liabilities	837,926	523,286
Noncurrent Liabilities:		
Noncurrent Portion of Accrued Vacations	46,662	37,813
Net Pension Liability (Note 7)	2,269,996	-
Total Noncurrent Liabilities	2,316,658	37,813
TOTAL LIABILITIES	3,154,584	561,099
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows (Note 7)	570,263	-
TOTAL DEFERRED INFLOWS OF RESOURCES	570,263	-
NET POSITION		
Investment in capital assets, net of related debt	15,448,958	15,727,948
Unrestricted	7,631,848	8,895,458
TOTAL NET POSITION	$ 23,080,806	$ 24,623,406

The accompanying notes are an integral part of the financial statements

MT. VIEW SANITARY DISTRICT
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2015 and 2014

	2015	2014
OPERATING REVENUE		
Service charges	5,530,286	5,294,302
Permit and inspection fees	331,911	210,309
Total operating revenue	5,862,197	5,504,611
OPERATING EXPENSES		
Sewage collection	698,070	790,801
Sewage treatment	2,726,052	2,326,978
Sewage disposal	267,976	206,659
Administrative and general	1,608,325	1,746,826
Depreciation and amortization	675,854	756,285
Total operating expenses	5,976,277	5,827,549
OPERATING INCOME (LOSS)	(114,080)	(322,938)
NON-OPERATING REVENUES (EXPENSES)		
Taxes	328,732	290,813
Interest income	23,080	18,811
Rents and leases	147,768	169,003
Grants and donations	8,504	19,290
Transfers in (out)	-	-
Other non-operating revenues (expenses)	9,817	29,572
Total non-operating revenues (expenses)	517,901	527,489
Change in net position before connection and franchise fees	403,821	204,551
Connection and franchise fees	659,490	271,599
CHANGE IN NET POSITION	1,063,311	476,150
Net Position - Beginning	24,623,406	24,147,256
Prior period adjustment - Adoption of GASB 68 (see Note 9)	(2,605,911)	-
Net Position - Beginning of Year, as Restated	22,017,495	24,147,256
Net Position - Ending	$ 23,080,806	$ 24,623,406

The accompanying notes are an integral part of the financial statements

MT. VIEW SANITARY DISTRICT
Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities:		
Receipts from customers and users	$ 5,895,642	$ 5,458,757
Payments to suppliers	(2,879,257)	(2,574,851)
Payments to employees and related benefits	(2,301,632)	(2,553,951)
Net cash provided by operating activities	714,753	329,955
Cash Flows From Noncapital Financing Activities:		
Receipt of taxes	328,732	290,813
Cash Flows From Capital And Related Financing Activities:		
Connection and franchise fees received	659,490	271,599
Acquisition and construction of capital assets	(396,864)	(445,673)
Net cash used in capital and related financing activities	262,626	(174,074)
Cash Flows From Investing Activities		
Interest received	23,080	18,811
Rents and leases	147,768	169,003
Grants and donations	8,504	19,290
Other income	9,817	29,572
Net cash provided by investing activities	189,169	236,676
Net increase in cash and cash equivalents	1,495,280	683,370
Cash and cash equivalents, July 1	9,118,038	8,434,668
Cash and Cash equivalents, June 30	$ 10,613,318	$ 9,118,038
Reconciliation of operating income to net cash provided by operating activities		
Operating income	(114,080)	(322,938)
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation expense	675,854	756,285
GASB 68 effect on pension expense	(190,896)	-
(Increase) decrease in:		
Accounts receivable	33,445	(45,854)
Prepaid expenses	(12,012)	17,984
Net OPEB asset	(1,047)	(47,292)
Increase (decrease) in:		
Accounts payable and accrued expenses	310,298	(206)
Refundable deposits	(4,507)	(16,568)
Accrued vacation	17,698	(11,456)
Non-current accrued liability	-	-
Net cash provided by operating activities	$ 714,753	$ 329,955

The accompanying notes are an integral part of the 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 over 75 years. The district serves and estimated 20,000 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 7,681 parcels.

The District is governed by a five-member elected Board of Directors, and has 14 full-time employees. The Board 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 primarily accountability 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.

Basis of Accounting

The District applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued GASBS 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.

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.

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

Basis of Accounting (continued)

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 assets, 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 sales and 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 three 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.

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 assets 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.

Investments

Investments held at June 30, 2015, with original maturities greater than one year, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

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

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.

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 with the employee retires.

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

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

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.

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.

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.

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.

New Accounting Pronouncements

In June of 2012, GASB issued GASBS No. 68, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts that meet certain criteria relating to irrevocable contributions, dedicated plan assets, and protection of plan assets from creditors. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified into categories. Cost-sharing employers, such as the District, are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans. Cost-sharing plans are pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan)—the collective net pension liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the pension plan are determined, and consideration should be given to separate rates, if any, related to separate portions of the collective net pension liability.

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

New Accounting Pronouncements (continued)

In addition, the effects of (1) a change in the employer's proportion of the collective net pension liability and (2) differences during the measurement period between the employer's contributions and its proportionate share of the total of contributions from employers included in the collective net pension liability are required to be determined. These effects are required to be recognized in the employer's pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees). The portions of the effects not recognized in the employer's pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. Employer contributions to the pension plan subsequent to the measurement date of the collective net pension liability also are required to be reported as deferred outflows of resources related to pensions.

A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

This Statement requires that notes to financial statements of cost-sharing employers include descriptive information about the pension plans through which the pensions are provided. Cost-sharing employers should identify the discount rate and assumptions made in the measurement of their proportionate shares of net pension liabilities. Cost-sharing employers also should disclose information about how their contributions to the pension plan are determined.

This Statement requires cost-sharing employers to present in required supplementary information 10-year schedules containing (1) the net pension liability and certain related ratios and (2) information about required contributions, contributions to the pension plan, and related ratios. The District is required to implement provisions of this Statement for the year ended June 30, 2015 (effective for periods beginning after June 15, 2014). This Statement resulted in a change in current practice, and had a material effect on the financial statements of the District. See Notes 7 and 9 for additional information.

In January of 2013, GASB issued GASBS No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

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

New Accounting Pronouncements (continued)

This Statement requires the use of carrying values to measure the assets and liabilities in a government merger; it also requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values, provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold, and requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The District is required to implement provisions of this Statement for the year ended June 30, 2015 (effective for periods beginning after December 15, 2013). This Statement has not resulted in a change in current practice, or had a material effect on the financial statements of the District.

In April of 2013, GASB issued GASBS No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting. The District is required to implement provisions of this Statement for the current fiscal year (effective for periods beginning after June 15, 2013). This Statement has not resulted in a change in current practice, or had a material effect on the financial statements of the District.

In November of 2013, GASB issued GASBS No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The District is required to implement provisions of this Statement simultaneously with the provisions of Statement 68 for the year ended June 30, 2015 (effective for periods beginning after June 15, 2014). This Statement has not resulted in a change in current practice, or had a material effect on the financial statements of the District.

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

New Accounting Pronouncements (continued)

In February of 2015, GASB issued GASBS No. 72, *Fair Value Measurement and Application.* Fair value is described as an exit price. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurement

This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. This Statement generally requires investments to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The District is required to implement the provisions of this Statement for the fiscal year ended June 30, 2016 (effective for periods beginning after June 15, 2015). This Statement will most likely not result in a change in current practice, or have a material effect on the financial statements of the District.

In June of 2015, GASB issued GASBS No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes, and clarifies the application of certain provisions of Statements 67 and 68.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

.

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

New Accounting Pronouncements (continued)

The District is required to implement the provisions of this Statement for the fiscal year ended June 30, 2016 (effective for periods beginning after June 15, 2015). This Statement has not resulted in a change in current practice, or had a material effect on the financial statements of the District.

In June of 2015, GASB issued GASBS No. 74, *Financial Reporting for Postsemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, Pension Disclosures.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members

For defined benefit OPEB plans that are administered through trusts that meet the specified criteria, this Statement requires two financial statements—a statement of fiduciary net position and a statement of changes in fiduciary net position.

For single-employer and cost-sharing OPEB plans that are administered through trusts that meet the specified criteria, the following information also is required to be disclosed:

- Information about the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability.
- Significant assumptions and other inputs used to measure the total OPEB liability and information about the sensitivity of the measure of the net OPEB liability to changes in the discount rate and changes in the healthcare cost trend rate.

All defined benefit OPEB plans are required to present in required supplementary information a schedule covering each of the 10 most recent fiscal years that includes the annual money-weighted rate of return on OPEB plan investments for each year.

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

New Accounting Pronouncements (continued)

For single-employer and cost-sharing OPEB plans, the following information for each of the 10 most recent fiscal years is required to be presented as required supplementary information:

- Sources of changes in the net OPEB liability
- Information about the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, and the net OPEB liability as a percentage of covered-employee payroll.

In addition, all OPEB plans, including agent OPEB plans, are required to explain certain factors that significantly affect trends in the amounts reported in the schedules of required supplementary information, such as changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions.

This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The total OPEB liability generally is required to be determined through an actuarial valuation. However, if an OPEB plan has fewer than 100 plan members (active and inactive), use of a specified alternative measurement method in place of an actuarial valuation is permitted. Actuarial valuations, or calculations using the specified alternative measurement method, of the total OPEB liability are required to be performed at least every two years, with more frequent valuations or calculations encouraged.

The District is required to implement the provisions of this Statement for the fiscal year ended June 30, 2017 (effective for periods beginning after June 15, 2016). This Statement may result in a change in current practice, and have a material effect on the financial statements of the District.

In June of 2015, GASB issued GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The consistency, comparability, and transparency of the information reported by employers and governmental nonemployer contributing entities about OPEB transactions will be improved by requiring:

- The use of a discount rate that considers the availability of the OPEB plan's fiduciary net position associated with the OPEB of current active and inactive employees and the investment horizon of those resources, rather than utilizing only the long-term expected rate of return regardless of whether the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and is expected to be invested using a strategy to achieve that return

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

New Accounting Pronouncements (continued)

- A single method of attributing the actuarial present value of projected benefit payments to periods of employee service, rather than allowing a choice among six methods with additional variations
- Immediate recognition in OPEB expense, rather than a choice of recognition periods, of the effects of changes of benefit terms

The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information, as follows:

- More robust disclosures of assumptions will allow for better informed assessments of the reasonableness of OPEB measurements.
- Explanations of how and why the OPEB liability changed from year to year will improve transparency.
- The summary OPEB liability information, including ratios, will offer an indication of the extent to which the total OPEB liability is covered by resources held by the OPEB plan, if any.
- For employers that provide benefits through OPEB plans that are administered through trusts that meet the specified criteria, the contribution schedules will provide measures to evaluate decisions related to contributions.

The District is required to implement the provisions of this Statement for the fiscal year ended June 30, 2018 (effective for periods beginning after June 15, 2017). This Statement may result in a change in current practice, and have a material effect on the financial statements of the District.

In June of 2015, GASB issued GASBS No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

The District is required to implement the provisions of this Statement for the fiscal year ended June 30, 2016 (effective for periods beginning after June 15, 2015), and should be applied retroactively. This Statement may result in a change in current practice, and have a material effect on the financial statements of the District.

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

New Accounting Pronouncements (continued)

In August of 2015, GASB issued GASBS No. 77, *Tax Abatement Disclosures.* This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

The District is required to implement the provisions of this Statement for the fiscal year ended June 30, 2017 (effective for periods beginning after December 15, 2015). This Statement may result in a change in current practice, and have a material effect on the financial statements of the District.

2. CASH AND EQUIVALENTS

Summary of Cash and Equivalents

Cash and equivalents as of June 30, 2015 and 2014, are classified in the accompanying financial statements as follows:

	2015	2014
Cash	$ 213,554	$ 800,138
Petty cash	160	216
Cash equivalents – investment in LAIF	10,399,614	8,317,684
Total Cash and Equivalents	$ 10,613,318	$ 9,118,038

Policies and Practices

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

2. CASH AND EQUIVALENTS (continued)

General Authorizations

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

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

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issue of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code and the actual rating as of the June 30, 2015, for each investment type.

				Rating at Year-End	
Investment Type	Fair Value	Minimum Legal Rating	Not Required To Be Rated	Aaa	Unrated
Cash	$ 213,544	N/A	$ 213,544	$ -	$ -
State Investment Pool	10,399,614	N/A	-	-	10,399,614
Total	$ 10,613,158		$ 213,544	$ -	$ 10,399,614

Concentration of Credit Risk

During the current fiscal year the District invested 98% of its monies in the State Investment Pool (LAIF) which is not limited by the California Government Code.

2. CASH AND EQUIVALENTS (continued)

Investment in the State Investment Pool – The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata 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.

3. ACCOUNTS RECEIVABLE

At June 30, 2015 and 2014, accounts receivable were comprised of the following:

	2015	2014
Northern California Veteran's Hospital	43,948	44,135
Allied Waste N.A. Inc.	-	22,471
Valero Refining Co.	-	12,743
LAIF interest	5,363	4,836
Advance on Supplemental	3,900	3,847
All other	1,624	248
	54,835	88,280

This space intentionally left blank.

4. 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, 2015:

	Balance Beg. of Year	Additions	Transfers/ Retirements	Balance End of Year
At Cost				
Capital assets not being depreciated				
Land	$ 275,455	$ -	$ -	$ 275,455
Construction in progress	420,683	485,223	-	905,906
Total non-depreciable assets	696,138	485,223	-	1,181,361
Capital assets being depreciated				
Infrastructure	1,437,055	-	-	1,437,055
Subsurface lines	886,916	-	-	886,916
Collection facilities	10,016,921	72,753	-	10,089,674
Sewage treatment	13,089,658	-	(300,750)	12,788,908
Disposal plant	578,442	19,410	-	597,852
General plant	4,747,679	14,827	-	4,762,506
Total depreciated assets	30,756,671	106,990	(300,750)	30,562,911
Less accumulated depreciation				
Infrastructure	152,999	22,324	-	175,323
Subsurface lines	91,151	1,197	-	92,348
Collection facilities	4,115,936	255,587	(25,579)	4,345,944
Sewage treatment	8,234,876	342,922	(153,336)	8,424,462
Disposal plant	531,540	10,148	-	541,688
General plant	2,598,359	117,190	-	2,715,549
Total accumulated depreciation	15,724,861	749,368	(178,915)	16,295,314
Total capital assets being depreciated, net	15,031,810	(642,378)	(121,835)	14,267,597
Capital assets, net	$ 15,727,948	$ (157,155)	$ (121,835)	$ 15,448,958

This space intentionally left blank.

5. NON-CURRENT ACCRUED LIABILITY- RWQCB SETTLEMENT

The Regional Water Quality Control Board for the San Francisco Bay region ("RWQCB") assessed a $125,000 penalty for a spill which occurred in 2009, for which the District obtained approval to complete a supplemental environmental project ("SEP") costing at least $125,000 in lieu of paying the penalty. On December 14, 2010, the District obtained approval from the RWQCB to replace the original SEP with the Peyton Slough Hydraulic Relief Project SEP (alternate SEP). The District will be responsible for securing the additional funds needed to complete the alternate SEP, which has been estimated at $1.5 million. This amount is significantly higher than the $125,000 original SEP. If adequate funding is not available by November 15, 2013, the entire SEP amount ($125,000), plus interest at 2.5% must be deposited into the State's Cleanup and Abatement Account. The total non-current accrued liability (including accrued interest) at June 30, 2012, was $131,328. In May of 2013, the $131,128 was transferred to the Dorothy M. Sakazaki Environmental Endowment Fund ("DMSEEF"), a California nonprofit public benefit corporation created to operate as an entity for the receipt and disbursement of funds supporting the Mt. View Sanitary District's environmental programs.

As of June 30, 2015, the District had secured an additional $41,780 in contributions as "mitigation in-lieu of construction" from outside third parties, and as interest earned. The DMSEEF received an award of a grant from the State of California Department of Fish and Wildlife Environmental Enhancement Committee ("DFWEEC") for $415,500, which was originally scheduled to be received in the fiscal years ending on June 30, 2014 and 2015. The total committed funding to date of $1,388,108 has been deemed to be in compliance with the agreement by the RWQCB.

Due to project delays, and incomplete funding, the funding to DMSEEF for fiscal years 2014 and 2015 from the DFWEEC was postponed, but has been made available in fiscal year 2016.

6. 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.

This space intentionally left blank.

6. RISK MANAGEMENT (continued)

Insurance Coverage

The District's insurance coverage is as follows:

Type of Insurance Coverage	Insurer	Limits	Self Insured Deductible Per Occurrence
All-Risk Property			
Special Form Property	Public Entity Property Insurance Program (PEPIP)	$27,080,564	$5,000
Public Entity Pollution Liability	Illinois Union Insurance Company (PEPIP)	$500,000/ $1,000,000	$50,000/100,000
Liability			
General Liability	CSRMA Pool	$15,500,000	$2,500 to $25,000
Excess Liability	Ironshore Specialty Insurance Co.	$10,000,000	Included above
Pollution (Aggregate) / (Occurrence)	Indian Harbor Insurance Company	$5,000,000/ $1,000,000	$25,000
Workers' Compensation			
Employer's Liability	CSRMA	$750,000	$0
Excess Workers' Comp. Employer's Liability	National Union Fire Insurance Co.	$1,000,000	Included above

7. PENSION PLANS

General Information about the Pension Plan

Plan Descriptions **–** 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, 2013 Annual Actuarial Valuation Report. This report is a publically 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.

7. PENSION PLANS (continued)

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

The Plans' provisions and benefits in effect at June 30, 2015, 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, as % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	7%
Required employer contribution rates	29.172%	6.9%

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, 2014 (the measurement date), the active employee contribution rate is 7.947 percent of annual pay, and the average employer's rate is 27.596 percent of annual payroll.

7. PENSION PLANS (continued)

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous Plan
Contributions - employer	$333,725
Contributions - employee	$91,520

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

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

	Proportionate Share of Net Pension Liability	Miscellaneous
Balance at: 6/30/13 - Valuation date	$ 2,817,149	.086%
Balance at: 6/30/14 – Measurement date	$ 2,269,996	.092%
Total Net Pension Liability	$ (547,159)	.068%

The District's net pension liability of $2,269,996 is measured as the proportionate share of the net pension liability of $2,471,487,278 (or .092%). The net pension liability is measured as of June 30, 2014, and the total pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 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.

This space intentionally left blank.

7. PENSION PLANS (continued)

For the year ended June 30, 2015, the District recognized pension expense (benefit) of $(190,896) for the Plan. At June 30, 2014, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 425,244	$ 0
Differences between actual and expected experience	0	0
Changes in assumptions	0	0
Net differences between projected and actual earnings on pension plan investments	0	(536,567)
Adjustment due to differences in proportions	0	(33,696)
Total	$ 425,244	$ (570,263)

The $425,244 reported above as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016 (measurement period ended June 30, 2015). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2015	$ 279,068
2016	(146,176)
2017	(143,770)
2018	(134,141)
2019	0
Thereafter	0

The amounts above are the net of outflows and inflows recognized in the measurement period ended June 30, 2014.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability **–** For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 total pension liability and the June 30, 2014 total pension liability were determined using the following actuarial methods and assumptions:

7. PENSION PLANS (continued)

	Miscellaneous
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies by entry age and service
Investment Rate of return	7.5% [1]
Mortality Rate Table[2]	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance. Floor on Purchasing Power applies. 2.75% thereafter

(1) Net of pension plan investment and administrative expenses; including inflation

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report. The experience study can be found on the CalPERS website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

7. PENSION PLANS (continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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 returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	.99%	2.43%
Inflation Sensitive	6.0%	.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

7. 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 7.50 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 (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	Discount Rate -1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate +1% (8.50)
Plan's Net Pension Liability / (Asset)	$ 3,607,448	$ 2,269,996	$ 1,160,039

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, 2015, the District there was no outstanding account payable for contributions to the pension plan required for the year ended June 30, 2015.

8. POST EMPLOYMENT HEALTH CARE BENEFITS

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 at least ten years employment with the District, having achieved the age of 55 or older, eligibility to retire under PERS, and not receiving health care benefits from any other source other than Medicare or workers' compensation.

California Public Employees' Retirement System (CalPERS) and the California Employers' Retiree Benefit Fund (CERBT)

To comply with recommendation of the Governmental Accounting Standards Board (GASB) statement No. 43 and No. 45, the District joined the CalPERS CERBT fund in fiscal 2010. At June 30, 2015, the trust had a balance of $1,269,420, including contributions of $150, 010, and investment earnings of $106, net of administrative expenses of $1,246 for the fiscal year then ended.

8. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

The purpose of the CalPERS CERBT Fund is to provide California government employers with a trust through which they may prefund retiree medical costs and other post employment benefits. The objective of the Fund is to seek favorable returns that reflect the broad investment performance. The Fund utilizes the concept of diversification through asset allocation. However, there is no guarantee that the Fund will achieve its investment objective. The Employers who participate in the Fund own units of the Fund's portfolio that invests in accordance with the approved strategic asset allocation, they do not have direct ownership of the securities in the portfolio. The Fund's unit value changes with market condition. The CERBT is a self-funded program, in which the participating employers pay the program costs. The cost charged to participating employers is based on the average daily balance of assets. CalPERS issues a separate Comprehensive Annual Financial Report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

Statement No. 45 sets rules for computing the employer's expense for retiree benefits other than pension, called OPEBs. The expense, called the annual OPEB Cost (AOC), is determined similarly to pensions. The annual required contribution (ARC) of the employer, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal annual costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. When an agency contributes more than the ARC, there is a net OPEB asset; when the contribution is less, a net OPEB obligation results.

Annual OPEB Cost

For 2015, the District's annual OPEB cost of $241,857 (expense) was equal to the ARC of $239,843 less interest of $10,583 plus an ARC adjustment of $12,597. The District contributed $86,507 for retiree health care premiums and $6,387 for dental and vision care (implied Plan subsidies), and had contributed $150,010 to the CERBT trust during the fiscal year ended June 30, 2015. As such, a net OPEB asset of $194,476 exists at June 30, 2015 (see the Statement of Net Position).

The following table shows the components of the District's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	2015
Annual Required Contribution	$ 239,843
Interest on net OPEB obligation	(10,583)
Adjustment to annual required contribution	12,597
Annual OPEB Cost (AOC)	241,857
Contributions Made:	
Health care premiums paid	(86,507)
Vision and dental care reimbursements paid	(6,387)
Contributions to CERBT trust	(150,010)
Increase (decrease) in net OPEB obligation	(1,047)
Net OPEB Obligation (Asset) – Beginning of Year	(193,429)
Net OPEB Obligation (Asset) – End of Year	$ (194,476)

8. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

Annual OPEB Cost (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation for 2015 and the preceding years are presented below:

Fiscal Year	Annual OPEB Cost (AOC)	Annual Employer Contribution	Percentage of AOC Contributed	Current Year AOC Obligation (Asset)	Net OPEB Asset
June 30, 2015	$ 241,857	$ 242,905	100%	$ 1,047	$ 194,476
June 30, 2014	$ 237,623	$ 284,915	120%	$ 47,292	$ 193,429
June 30, 2013	$ 260,275	$ 256,396	99%	$ 3,879	$ 146,137

Funding Status and Funding Progress

The District's actuarial report dated July 1, 2013, estimates an unfunded Actuarial Accrued Liability (UAAL) of $1,648,952 in order to fund the health medical benefits of retired employees. The funded status of the plan as of June 30, 2015, was as follows:

Actuarial Valuation Date	Actuarial Valuation of Assets (A)	Cost Method Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (A-B) UAAL	Funding Ratio (A/B)	Covered Payroll (Active Plan Members)	UAAL as a % of Covered Payroll
July 1, 2013	$ 779,308	$ 2,428,260	$ (1,648,952)	32%	$ 1,297,060	127.13%
July 1, 2011	$ 382,668	$ 1,996,500	$ (1,613,832)	19%	$ 1,270,970	126.98%
July 1, 2010	$ 108,000	$ 1,529,000	$ (1,421,000)	7%	$ 1,136,410	125.04%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial liabilities for benefits.

Actuarial Methods and Assumptions

GASB Statement No. 43 requires actuarial reporting by the retiree health benefits trust fund and Statement No. 45 requires that an employer's expense be determined using actuarial methods so that costs accrue over the employees' working lifetimes. In addition, the CERBT trust requires biennial valuation. In order to comply with the above requirements, the Estimate of GASB 45 Actuarial Liability for the District, as of June 30, 2014, was performed by North Bay Pensions actuarial firm.

8. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

Actuarial Methods and Assumptions (continued)

The actuary used following actuarial method and assumption:

Valuation date:	July 1, 2013
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method:	Level Dollar, Closed
Average Remaining Period:	Thirty years (25 remaining as of the Valuation Date)

Actuarial Assumption:

Investment Rate of Return	7.61%
Inflation	General- 3.00% per year
Rates of death	California PERS rates for Public Agencies from 2010 Experience Study
Number of retirees receiving benefits:	8

9. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of $2,605,911 was made to decrease the beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of GASB Statement No. 68, *Financial Reporting for Pension Plans*.

The restatement of beginning net position of the governmental activities is summarized as follows:

Net position at July 1, 2014, as previously stated	$	24,623,406
Net pension liability adjustment		(2,605,911)
Net position at July 1, 2014, as restated	$	22,017,495

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 18, 2015, the date on which the financial statements were available to be issued.

This page intentionally left blank

REQUIRED SUPPLEMENTAL INFORMATION

This page intentionally left blank

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

	6/30/14 [1]
Plan's Proportion of the Net Pension Liability/(Asset)	.03648%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$2,269,996 [2]
Plan's Covered-Employee Payroll	$1,273,446
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	178.26%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.48%
Plan's Proportionate Share of Aggregate Employer Contributions	$211,238 [3, 4]

Schedule of the District's Contributions*

	Fiscal Year 6/30/14 [1]
Actuarially determined contribution	357,937 [5]
Contributions in Relation to the Actuarially Determined Contribution	(357,937)
Contribution Deficiency (Excess)	0
Covered-Employee Payroll	$ 1,273,446 [2, 6]
Contributions as a Percentage of Covered-Employee Payroll	28.11% [2]

Notes to Schedule:

*Amounts presented above were determined as of 6/30/2014. Additional years will be presented as they become available.

[1] Historical information is required only for measurement periods for which GASB 68 is applicable

[2] Covered-employee payroll represented above is based on pensionable earnings provided by the employer.

[3] The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above.

[4] This data is not required to be displayed by GASB 68 for employers participating in cost-sharing plans, but it is being shown here because it is used in the calculation of the Plan's pension expense

[5] Employers are assumed to make contributions equal to the actuarially determined contributions.

[6] Payroll from prior year ($1,236,356) was assumed to increase by the 3.00 percent payroll growth assumption.

This page intentionally left blank

SUPPLEMENTARY INFORMATION

MT. VIEW SANITARY DISTRICT
Combining Statement of Net Position
June 30, 2015

	General Fund	Facilities Rehabilitation	Capital Outlay	Total
ASSETS				
Current Assets:				
Cash in County	$ 134,273	$ 9,920	$ 69,351	$ 213,544
Petty Cash	160	-	-	160
Investment in L.A.I.F.	7,942,936	547,422	1,909,256	10,399,614
Total Cash and Equivalents	8,077,369	557,342	1,978,607	10,613,318
Accounts Receivable	53,211	310	1,314	54,835
Prepaid Expense	68,822	-	-	68,822
Total Current Assets	8,199,402	557,652	1,979,921	10,736,975
Noncurrent Assets				
Net OPEB asset	194,476	-	-	194,476
Capital Assets, net of Accumulated Depreciation	15,448,958	-	-	15,448,958
Total Noncurrent Assets	15,643,434	-	-	15,643,434
TOTAL ASSETS	23,842,836	557,652	1,979,921	26,380,409
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	425,244	-	-	425,244
TOTAL DEFERRED OUTFLOWS OF RESOURCES	425,244	-	-	425,244
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Expenses	$ 313,813	$ 2,855	$ 437,033	$ 753,701
Construction Deposits	23,280	-	11,000	34,280
Current Portion of Accrued Vacations	46,662	-	-	46,662
Other Current Liabilities	-	-	3,283	3,283
Total Current Liabilities	383,755	2,855	451,316	837,926
Noncurrent Liabilities:				
Noncurrent Portion of Accrued Vacations	46,662	-	-	46,662
Net Pension Liability	2,269,996	-	-	2,269,996
Total Noncurrent Liabilities	2,316,658	-	-	2,316,658
TOTAL LIABILITIES	2,700,413	2,855	451,316	3,154,584
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Inflows	570,263	-	-	570,263
TOTAL DEFERRED INFLOWS OF RESOURCES	570,263	-	-	570,263
NET POSITION				
Investment in capital assets, net of related debt	15,448,958	-	-	15,448,958
Designated for capital projects (unrestricted)	-	554,797	1,528,605	2,083,402
Other unrestricted	5,548,446	-	-	5,548,446
TOTAL NET POSITION	$ 20,997,404	$ 554,797	$ 1,528,605	$ 23,080,806

The accompanying notes are an integral part of the financial statements

MT. VIEW SANITARY DISTRICT
Combining Statements of Revenue, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	General Fund	Facilities Rehabilitation	Capital Outlay	Total
Operating Revenues				
Service charges	$ 5,530,286	$ -	$ -	$ 5,530,286
Permit and inspection fees	58,550	-	273,361	331,911
Total operating revenues	5,588,836	-	273,361	5,862,197
Operating Expenses				
Sewage collection	516,438	3,079	178,553	698,070
Sewage treatment	2,439,296	1,587	285,169	2,726,052
Sewage disposal	217,456	11,280	39,240	267,976
Administrative and general	1,464,212	462	143,651	1,608,325
Depreciation and amortization	675,854	-	-	675,854
Total operating expenses	5,313,256	16,408	646,613	5,976,277
Operating Income (Loss)	275,580	(16,408)	(373,252)	(114,080)
Non-Operating Revenues (Expenses):				
Taxes	328,732	-	-	328,732
Interest income	17,165	919	4,996	23,080
Rents and leases	147,768	-	-	147,768
Grants and donations	8,504	-	-	8,504
Interest expense	-	-	-	-
Other income (expense)	9,817	-	-	9,817
	511,986	919	4,996	517,901
Income (loss) before contributions and transfers	787,566	(15,489)	(368,256)	403,821
Contributed sewer lines	-	-	-	-
Connection and franchise fees	-	-	659,490	659,490
Transfers in (out)	468,554	217,565	(686,119)	-
Change in Net Position	1,256,120	202,076	(394,885)	1,063,311
Net Position - Beginning of Year	22,347,195	352,721	1,923,490	24,623,406
Prior period adjustment - Adoption of GASB 68 (see Note 9)	(2,605,911)	-	-	(2,605,911)
Net Position - Beginning of Year, as Restated	19,741,284	352,721	1,923,490	22,017,495
Net Position - End of Year	$ 20,997,404	$ 554,797	$ 1,528,605	$ 23,080,806

The accompanying notes are an integral part of the financial statements

MT. VIEW SANITARY DISTRICT
Comparison of Budget to Actual
General Fund
For the Year Ended June 30, 2015

	Sewage Collection	Sewage Treatment	Sewage Disposal	Administration & General	Depreciation & Amortization	Total	Budget	Variance Favorable (Unfavorable)
Salaries and Wages	$ 161,264	$ 682,270	$ 37,215	$ 377,442	$ -	$ 1,258,191	$ 1,383,240	$ 125,049
Employee Benefits	112,996	478,059	26,076	442,961	-	1,060,092	1,231,320	171,228
Total Salaries and Benefits	274,260	1,160,329	63,291	820,403	-	2,318,283	2,614,560	296,277
Directors' Fees	-	-	-	24,608	-	24,608	25,020	412
Election Expense	-	-	-	300	-	300	25,000	24,700
Clothing and Supplies	2,297	9,717	530	5,123	-	17,667	23,000	5,333
Gasoline and Oil	13,389	5,618	-	-	-	19,007	22,600	3,593
Insurance	14,043	59,415	3,241	31,328	-	108,027	142,080	34,053
Memberships	3,916	-	15,316	62,534	-	81,766	88,130	6,364
Office Expenses	-	-	-	16,224	-	16,224	14,200	(2,024)
Operating Supplies	-	-	-	2,247	-	2,247	3,000	753
Chemicals	-	124,691	-	-	-	124,691	131,500	6,809
Contractual Services	124,479	117,717	51,423	281,210	-	574,829	590,100	15,271
Professional Services	8,923	139	-	338,524	-	347,586	534,600	187,014
Printing and Publications	-	-	-	3,335	-	3,335	2,500	(835)
Rents and Leases	727	1,779	-	0	-	2,506	9,500	6,994
Repairs and Maintenance	27,795	386,356	31,501	3,256	-	448,908	354,400	(94,508)
Small Tools	254	10,939	2,506	2	-	13,701	25,500	11,799
Research and Monitoring	-	60,892	49,648	-	-	110,540	82,000	(28,540)
Travel and Meetings	-	-	-	17,441	-	17,441	22,000	4,559
Bad Debt Expense	-	-	-	-	-	-	3,000	3,000
Utilities	46,291	306,344	-	40,512	-	393,147	389,860	(3,287)
Depreciation	-	-	-	-	675,854	675,854	-	(675,854)
Pension Expense (Benefit)	-	-	-	(190,896)	-	(190,896)	-	190,896
Other	64	195,360	-	8,061	-	203,485	13,500	(189,985)
Total General Fund Operating Expenses	$ 516,438	$ 2,439,296	$ 217,456	$ 1,464,212	$ 675,854	$ 5,313,256	$ 5,116,050	$ (197,206)

The accompanying notes are an integral part of the financial statements