Las Gallinas Valley Sanitary District

San Rafael, California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

Las Gallinas Valley Sanitary District

Distribution pump facilities

San Rafael, California

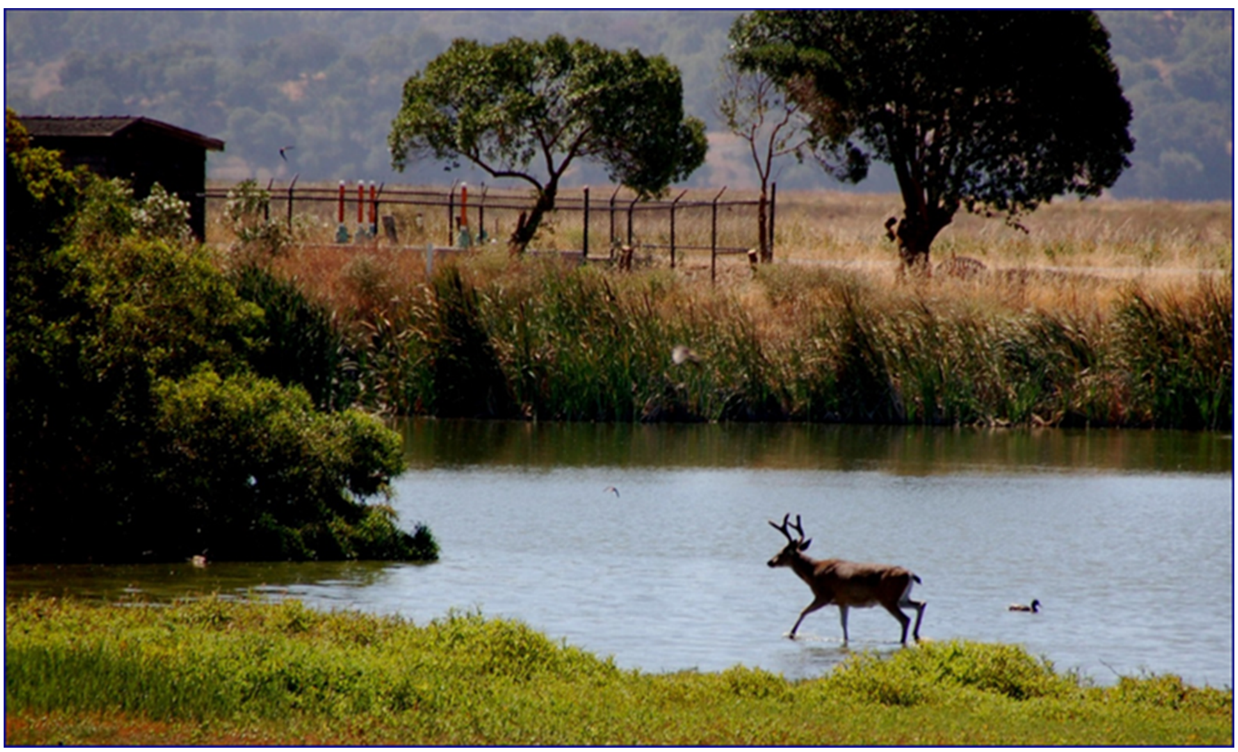
Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

Curtis Paxton
General Manager

Prepared by:

Dale McDonald
Administrative Services Manager



Reclamation Ponds

Secondary Clarifier

New Electrical Building

Las Gallinas Valley Sanitary District

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Las Gallinas Valley Sanitary District

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INTRODUCTORY SECTION

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VALLEY SANITARY DISTRICT

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www.LGVSD.org

December 14, 2023

To the Ratepayers and Honorable Board of Directors of
Las Gallinas Valley Sanitary District
San Rafael, California

It is our pleasure to submit this Annual Comprehensive Financial Report (ACFR) of the Las Gallinas Valley Sanitary District (the District) for the fiscal year ended June 30, 2023 (FY2023). This report was prepared by the District staff that collected and analyzed the financial statements and other information presented herein.

This ACFR was prepared by District staff in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP). Recommended guidelines by the Government Finance Officers Association (GFOA) of the United States and Canada were also followed.

California law requires that every local government publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2023.

The management of the District assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive system of internal controls that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The District's basic financial statements have been audited by Nigro & Nigro, a registered public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2023 are fairly presented in conformity with GAAP and are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statements presentation. No material financial matters of concern were identified. Their audit report is presented as the first component of the financial section of this report.

The ACFR represents the culmination of all budgeting and accounting activities engaged in by management during the fiscal year. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A) which is presented after the independent auditors' report. This letter of transmittal and introduction is designed to complement the MD&A and should be read in conjunction with it.

FINANCIAL CONTROLS AND ACCOUNTING SYSTEMS

Internal Controls

To ensure that accounting data is compiled and properly recorded, and to permit the preparation of financial statements in accordance with generally accepted accounting principles, the management staff of the District is responsible for establishing and maintaining an accounting system and internal controls structure. These controls are designed to ensure that the assets of the District are adequately protected from loss, theft, unauthorized use or disposition, or other misuse. The internal controls structure is designed to provide reasonable, but not absolute, assurance that this objective is met while recognizing that: (1) the cost of the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management. We believe that the District's internal accounting controls adequately safeguard its assets and provide reasonable assurance that financial transactions are recorded properly and are free of any material misstatements.

Budgetary Controls

The District is not explicitly required by statute to adopt a budget; however, in its commitment to maintain fiscal responsibility, the District adopts an annual budget prior to June 30th each year. The District establishes its appropriations limit in compliance with Article XIIIB of the California Constitution and Cal. Government Code Sec 7910 as part of its annual budget process. In preparation for drafting a budget, management staff meets with the District's Board of Directors (the Board) to update the Strategic Plan to determine the strategic goals and vision for the upcoming year. The budget outlines and reflects the major elements of the upcoming fiscal year operating and capital plans, from which management allocates funds that are necessary for specific departmental activities and capital projects. Management integrates these priorities into the annual budget. In June 2023, the Board accepted a four-year sewer rate study, incorporating the projected expenditures of a 7-year Capital Improvements Plan (CIP) from 2023 through 2030. A significant investment for the construction of new Administration and Operation Control Center building, Laboratory/Education/Boardroom, and corporation yard in included in the CIP along with collection system and treatment plant upgrades. In June 2023, the Board adopted the budget for Fiscal Year 2023-24. Budgetary control is maintained at the detailed line-item level. The General Manager (GM) may approve expenditures in excess of budgeted amounts up to $15,000; for items in excess of this the Board must be informed as soon as administratively feasible. For consultant contracts the GM's signature authority is up to $60,000.

Accounting System

Las Gallinas Valley Sanitary District is an independent special district. The District's accounting structure, insofar as practical and in accordance with GAAP, complies with the Uniform System of Accounts for Waste Disposal Districts provided by the California State Controller's office.

The District reports its activities as an Enterprise Fund under the broad category of funds called proprietary funds. The District uses the full accrual basis of accounting. The District tracks expenditures by department, with each department delineated by function and specific activity, in order to provide management and the Board with better cost control measures. At the end of each fiscal year, these costs are combined to arrive at the financial position and results of operations reflected in the District's basic financial statements.

HISTORY AND PROFILE OF THE DISTRICT

The District was established on April 6, 1954 pursuant to the California Health and Safety Code, Division 6 – Sanitary District Act of 1923. It is located approximately two miles northeast of the City of San Rafael and 20 miles north of San Francisco. It covers an area of about sixteen square miles in the northern part of the City of San Rafael and surrounding unincorporated areas in Marin County, California, including the communities of Lucas Valley, Marinwood, Santa Venetia and Terra Linda. The District's boundaries are Hamilton Field (a former air force base) to the north, San Pablo Bay to the east, and central San Rafael to the south. The District serves a population of approximately 30,000 people. The District is primarily residential and built out, resulting in a fairly stable customer base. As of June 30, 2023, the connections are 97.3% residential (12,491 units) and 2.7% commercial/industrial (343 units); however, the revenue from these connections is 78.66% residential and 21.34% commercial.

Financing Activities

The District has substantially completed a multi-year, multi-million-dollar Secondary Treatment Plant Upgrade and, Recycled Water Expansion (STPURWE) construction project which upgraded the treatment plant to meet more stringent regulatory requirements and allow the District to fully serve Marin Municipal Water District's recycled water customers. The $41 million in bond proceeds that were issued in 2017 to fund the projects has been drawn down and exhausted in October 2020. In addition, the District secured $12 million in additional financing from the California Infrastructure & Economic Developmental Bank (iBank) for the STPURWE project. As of June 20, 2023 $11,432,240 of these funds have been received with the remaining retention balance of $567,760 to be disbursed upon filing of Notice of Completion.

Sewage Collection

- The District operates a sanitary sewer collection system comprised of approximately 105 miles of gravity sewer lines, 6.72 miles of force mains, and 28 pump stations. There are 2,985 manholes and approximately 52.5 miles of privately owned laterals.
- The District continuously televises its sewer mains; the process requires four years to televise all of the system. Televising these lines allows District staff to identify future repair and replacement projects, as well as monitor the integrity of the system.
- The District previously performed smoke testing of the District's sewer mains and laterals to detect leaks in the collection system. It is a process whereby smoke is blown into the sewer mains, lower and upper laterals, to determine where there may be cracked pipes or storm water cross connections. This process helps to identify where there may be Infiltration and Inflow (I&I) into the sewage collection system. I&I is a major concern for wastewater treatment plants since large storms may produce flows that overwhelm the capacity of the sewage collection system and possibly the plant, resulting in sewage spills, plant violations, overflows and fines. The District has contracted to perform a hydraulic study of the collection system to help prioritize capacity related upgrades. While the study is underway, additional smoke testing may be performed on sewer line segments where I&I has been identified as a concern.

Sewage Treatment

- The District operates a sewage treatment plant with a permitted dry weather average capacity of 2.92 million gallons per day (MGD).
- The District treated an average daily flow of 2.91 MGD of sewage per day in FY 2022-23. All influent flow is treated. Some flows are "treated" to higher levels (Recycled Water) and some to lower levels (Blending during storm events).
- The District's treatment plant uses primary treatment to separate the solids from the wastewater; trickling filters and deep bed filters to provide secondary treatment. Treated effluent is disposed of through discharge pipes into Miller Creek which flows to San Pablo Bay during discharge season, November through May. Discharge coincides with wet weather when treated effluent can be diluted by higher levels of bay water due to rain.
- All readily settleable solids and grit are removed from the wastewater stream; grit is then disposed of in a landfill. The solids are treated by gravity thickening and anaerobic digestion, and then pumped to one or more of three storage ponds, where they are typically retained for one year prior to surface disposal on District owned property. The treatment plant produces 280 dry metric tons or approximately 1.5 Million Gallons of Class B biosolids were produced at the treatment plant and removed from the sludge lagoons.

Reuse of Treated Wastewater

- The District is producing recycled water year-round to meet increasing demand during the dry months of summer and fall. In the past, recycled water was predominately used during the summer months, which aligned with the District's non discharge period of June through October.
- The District has a water reclamation project on 385 acres of diked bay lands located to the northeast of the treatment plant. This project includes a 20-acre wildlife marsh pond, 40 acres of storage ponds, 200 acres of irrigated pasture, and 3.5 miles of public trails which are part of the San Francisco Bay Trail. During FY 2022/23, 100.34 million gallons were used for pasture irrigation of organic hay crops.
- The District delivers effluent to Marin Municipal Water District (MMWD), which further treats it so that it can be used for irrigation of landscapes, including golf courses and playing/ recreation fields, dual plumbing for toilet flushing, air-conditioning cooling towers, and car washes within the District's boundaries. In 2017, the District reached an agreement with MMWD to expand the District's recycled water treatment plant to provide tertiary treated wastewater which can then be distributed to MMWD's customers. MMWD decommissioned its existing plant, which is located on the District's property, to allow for construction of STPURWE project. As part of the agreement, MMWD made a capital contribution towards the existing facility and makes payments towards outstanding debt which was issued to build the existing facility and for the expansion. The expansion began construction in December 2018 and the recycled water facility was completed in March 2021 with the treatment plant upgrade scheduled for completion in early 2024.

- The District's new expanded recycled water treatment facility, online since March 2021, has a design capacity of over 5 million gallons per day. The completed expansion effectively quadrupled its capacity. The recycled water delivery from the expanded facility is now being provided to the North Marin Water District (NMWD) and the Marin Municipal Water District (MMWD), who then sell it for use in landscape irrigation, car washes, cooling towers, commercial laundries, and toilet flushing. The District produced 43.25 million gallons to NMWD and 218.19 million gallons for MMWD during FY 2022-23.

Lab and Public Outreach

- The District operates its own lab which collects samples, completes analysis, and performs other testing to comply with the plant discharge permit issued by the State Water Resources Control Board.
- Central Marin Sanitation Agency and District lab staff members manage the source control program. This includes a Fats Oils and Grease (FOG) Program that is designed to prevent customers from discharging substances that are harmful to the sewage treatment process or that may cause clogs to sewer mains and pump stations.
- Lab staff members participate in the Marin County Sanitation Agencies Public Education Program. This program allows participating agencies to combine resources and have a unified message to educate the public about the proper disposal of and to collect pharmaceuticals, mercury, batteries and other household hazardous waste in the County. They participate in programs with school children, the Marin County Fair and various farmers' markets and festivals.
- The District offers tours of the plant treatment works and enhanced wetlands upon request from schools, community groups and other members of the public.
- The District produces a newsletter at least twice a year to educate the public about the sewer collection system, treatment plant and their sewer laterals. Staff has noted an increase in knowledge by homeowners regarding maintaining their sewer laterals.
- The District has a website at www.lgvsd.org where it posts current developments, public education topics and information about what is happening at the Board meetings, the plant and in the District.
- The District was awarded the District Transparency Certificate of Excellence by the Special District Leadership Foundation during July 2015, 2017, 2019, and September 2022 in recognition of its outstanding efforts to promote transparency and good governance. The biennial award period that began in 2019 was extended through 2022 due to the COVID pandemic.

Solid Waste (Garbage) Services and Recycling

The District manages the refuse hauling service for the unincorporated areas in its District. The franchise has been awarded to Marin Sanitary Service which provides curbside recycling, solid waste, yard waste and food scraps hauling, and safe hazardous waste disposal services that are helping achieve Marin County's goal of zero waste.

Compared to neighboring jurisdictions, the District's customers in the unincorporated area enjoy one of the lowest garbage and recycling rates. As of January 1, 2023, residential customers pay a monthly service fee of $37.35 for a 20-gallon cart and $43.93 for a 32-gallon cart. This is below the Marin County $53.86 per month average for a 32-gallon cart.

ECONOMIC CONDITIONS AND OUTLOOK

The District is comprised primarily of residential units with commercial and some light industrial areas. It is substantially built out with in-fill developments in pockets of undeveloped land and redevelopment of commercial areas that were built over twenty years ago. Marin County adopted their 2023-2031 Housing Element Update (6th cycle) on January 24, 2023 which identified sites that may be eligible for in-fill development or converted land use. The District does not expect a significant number of or large new, customers in the near future, but is anticipating conversion of a few larger commercial areas into mixed/residential use. A capital facilities charge study was completed in December 2022. The capital facilities charge is $8,889 effective January 6, 2023 and will be adjusted by the Engineering News Record Construction Cost Index for San Francisco annually.

The Board adopted a four-year rate review and capital improvement plan in June 2023, which provided for an annual sewer user charge rate of $1,233 effective July 1, 2023. This rate, when combined with the average property tax revenue received by the District per single family dwelling unit, is below the average for neighboring agencies in Marin County. Each year, the Board reviews the operating and capital needs of the District to determine the revenue requirements in setting the upcoming rate.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Las Gallinas Valley Sanitary District for its ACFR for the year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This ACFR is the culmination of the hard work and dedication of many District employees and the audit team under the direction of John Cropper, CPA of the accounting firm Cropper Accountancy Corporation. Las Gallinas Valley Sanitary District staff would like to acknowledge the support of the Board for its continuing direction and oversight in providing value to the community of San Rafael.

Curt D. Paxton

Curtis Paxton
General Manager

Dale McDonald
Administrative Services Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Las Gallinas Valley Sanitary District
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

Las Gallinas Valley Sanitary District

Annual Comprehensive Financial Report

Mission Statement

Our Mission

The Mission of the Las Gallinas Valley Sanitary District is to protect public health and our environment, providing effective wastewater collection, treatment, and resource recovery.

Vision

Recognizing that sanitation and wastewater treatment is vital to protecting the public health, in the course of normal operations the District will:

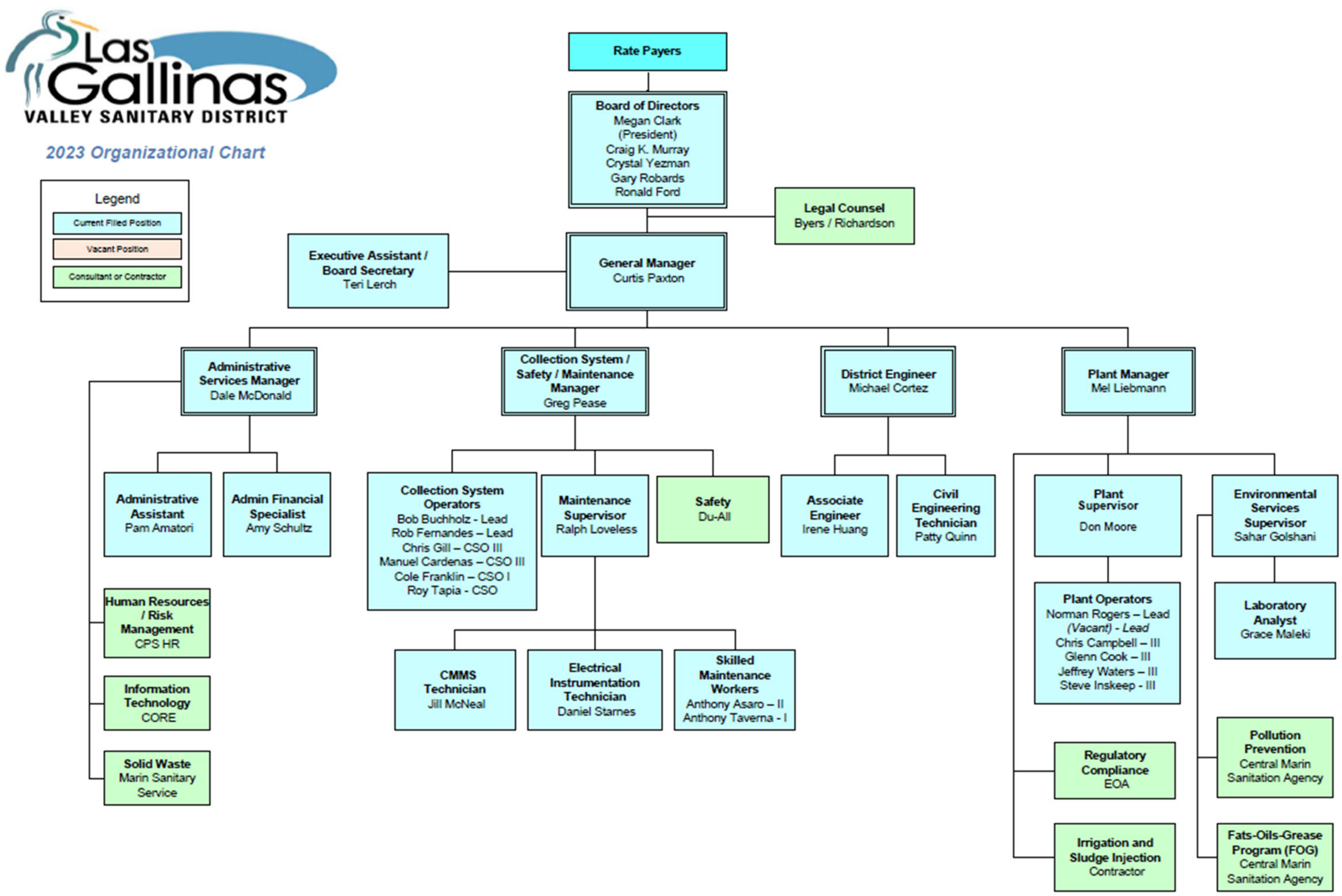
- Manage our treatment and collection systems in a planned and sustainable way to reduce impact on natural resources;
- Proactively manage risks created by cli- mate change, sea level rise, fire, earthquakes and flooding when developing and designing projects ('through the lens');
- Create and maintain a more suitable work- place to promote a sustainable, motivated, long-term and cohesive workforce;
- Provide high-quality, transparent, and accessible customer service;
- Strive for zero spills;
- Meet or exceed regulatory requirements for treatment (effluent, emissions and biosolids);
- Strive toward beneficial recycling of waste- water, biosolids and other resources using safe and effective processes and systems to achieve our zero-waste vision;
- Collaborate with neighboring agencies to achieve efficiencies for the public;
- Cooperate with stakeholders to leverage opportunities for protecting the Bay and regional water resources;
- Increase public education, acceptance and understanding of what we do;
- Promote the District through industry participation and seek industry competitive awards;
- Responsibly manage the refuse franchise;
- Use public funds responsibly;
- Aggressively seek grant and financial opportunities for support of District priorities.

Our Core Values

- Protect Public Health and the Environment.
- Provide High Quality Customer Service.
- Use Public Funds Responsibly.
- Maintain a Safe and Challenging Workplace.

Las Gallinas Valley Sanitary District

Annual Comprehensive Financial Report



Las Gallinas Valley Sanitary District

Annual Comprehensive Financial Report

Directory of Officials

Board of Directors

Megan Clark	Director	12/08/2022 – 12/10/2026 (1)
Crystal Yezman	Director	12/08/2022 – 12/10/2026 (1)
Ronald Ford (2)	Director	12/08/2022 – 12/10/2026 (1)
Craig K. Murray	Director	12/10/2020 – 12/12/2024 (1)
Gary Robards (3)	Director	01/19/2022 – 12/12/2024 (1)

Administration

Curtis Paxton	General Manager (4)
Michael P. Cortez, P.E.	District Engineer
Teresa Lerch	Executive Assistant / Board Secretary
Mel Liebmann	Plant Manager
Greg Pease	Collection System/Safety Manager
Dale McDonald	Administrative Services Manager

(1) The California Voter Participation Rights Act amended the Elections Code to prohibit the District from holding its elections in years other than when a statewide election occurs. The law also allowed Board members to extend their terms by one year to coincide with the next statewide election date.

(2) Director Elias resigned on December 4, 2021. Director Ford was appointed on January 6, 2022 to serve out the term, and was appointed in-lieu of election on December 8, 2022 by the County of Marin.

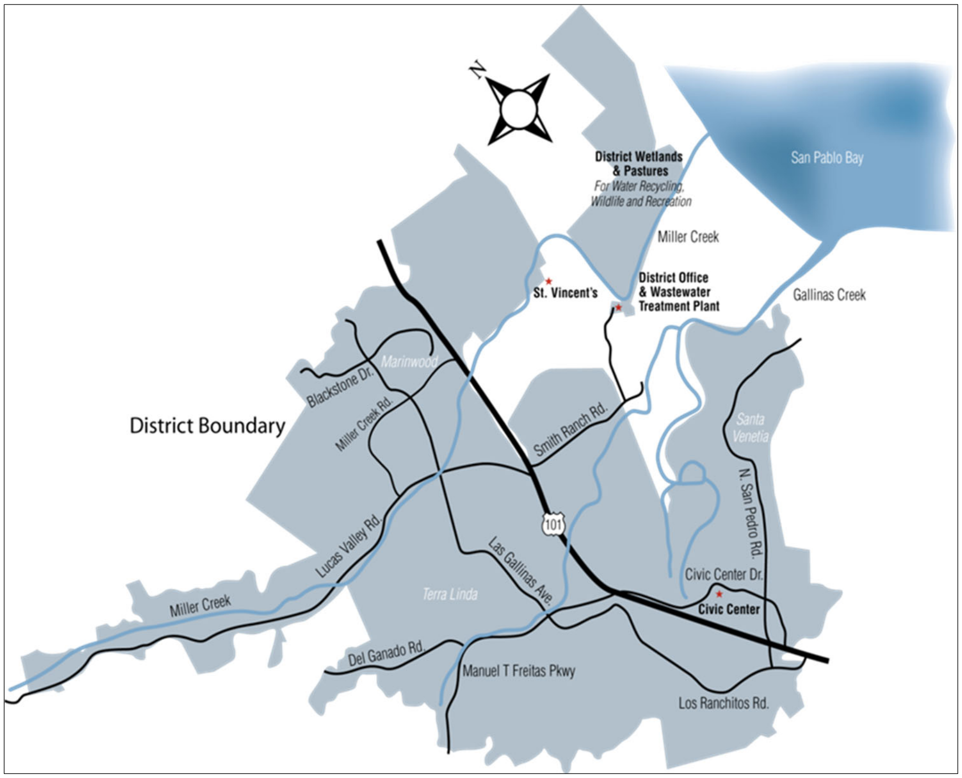
(3) Director Schriebman passed away on November 20, 2022, resulting in vacancy on the Board. The District Board chose to fill the vacancy by appointment. Director Robards was appointed on January 19, 2023 to serve out the term through December 12, 2024.

(4) General Manager Paxton began employment with the District on August 8, 2022.

Las Gallinas Valley Sanitary District

Annual Comprehensive Financial Report

District Service Area



FINANCIAL SECTION

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NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Directors
Las Gallinas Valley Sanitary District
San Rafael, California

Opinion

We have audited the accompanying financial statements of the Las Gallinas Valley Sanitary District (District), which comprise the balance sheet as of June 30, 2023, and the related statement of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2023, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, Schedule of the District's Contributions to the Pension Plan, Schedule of Changes in the District's Net OPEB Liability and Related Ratios, and Schedule of the District's Contributions to the OPEB Plan be presented to supplement the basic financial statements. 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

The introductory, other information and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a separate report dated December 14, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
December 14, 2023

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

Board of Directors
Las Gallinas Valley Sanitary District
San Rafael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Las Gallinas Valley Sanitary District (District), which comprise the balance sheet as of June 30, 2023, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2023.

Internal Control Over Financial Reporting

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

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA

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

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

Nigro & Nigro, PC

Murrieta, California
December 14, 2023

Management's Discussion and Analysis (MD&A) offers readers of Las Gallinas Valley Sanitary District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2023. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2023, the District's net position increased 4.39% or $4,098,340 from the prior year's net position of $93,431,695 to $97,530,035, as a result of the year's operations.
- In fiscal year 2022, the District's net position increased 4.35% or $3,894,642 from the prior year's net position of $89,537,053 to $93,431,695, as a result of the year's operations.
- In fiscal year 2023, operating revenues increased by 11.06% or $1,734,886 from $15,687,263 to $17,422,149 from the prior year, primarily due to an increase in sewer use assessments and charges revenue.
- In fiscal year 2022, operating revenues increased by 0.91% or $141,954 from $15,545,309 to $15,687,263 from the prior year, primarily due to an increase in sewer use assessments and charges revenue.
- In fiscal year 2023, operating expenses before depreciation expense increased by 9.48% or $951,370 from $10,038,629 to $10,989,999, from the prior year, primarily due to increases in sewage collection and pump stations, sewage treatment, and sewage and solid waste disposal.
- In fiscal year 2022, operating expenses before depreciation expense increased by 12.79% or $1,138,058 from $8,900,571 to $10,038,629, from the prior year, primarily due to increases in sewage collection and pump stations, sewage treatment, and general and administrative costs.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a 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 revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, 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 the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

Condensed Balance Sheets

	June 30, 2023	June 30, 2022	Change	June 30, 2021	Change
Assets:					
Current assets	$ 30,596,319	$ 34,642,174	$ (4,045,855)	$ 37,435,847	$ (2,793,673)
Non-current assets	1,188,141	1,204,448	(16,307)	1,595,841	(391,393)
Capital assets, net	123,497,169	119,075,072	4,422,097	109,758,748	9,316,324
Total assets	155,281,629	154,921,694	359,935	148,790,436	6,131,258
Deferred outflows of resources	2,998,337	1,719,577	1,278,760	1,729,151	(9,574)
Total assets and deferred outflows of resources	$ 158,279,966	$ 156,641,271	$ 1,638,695	$ 150,519,587	$ 6,121,684
Liabilities:					
Current liabilities	$ 4,712,396	$ 4,854,992	$ (142,596)	$ 5,978,008	$ (1,123,016)
Non-current liabilities	54,916,413	55,472,791	(556,378)	53,854,550	1,618,241
Total liabilities	59,628,809	60,327,783	(698,974)	59,832,558	495,225
Deferred inflows of resources	1,121,122	2,881,793	(1,760,671)	1,149,976	1,731,817
Net position:					
Net investment in capital assets	71,605,554	64,360,968	7,244,586	58,574,102	5,786,866
Restricted for debt service	909,196	904,710	4,486	900,246	4,464
Unrestricted	25,015,285	28,166,017	(3,150,732)	30,062,705	(1,896,688)
Total net position	97,530,035	93,431,695	4,098,340	89,537,053	3,894,642
Total liabilities, deferred outflows of resources and net position	$ 158,279,966	$ 156,641,271	$ 1,638,695	$ 150,519,587	$ 6,121,684

Current assets – decreased by $4,045,855 in 2023 as funds were drawn down to pay for construction of the Secondary Treatment Plant Upgrade Recycled Water Expansion (STPURWE) project.

Non-current assets – decreased by $119,458 in 2023 primarily due to the right-to-use leased asset being amortized.

Capital assets, net of accumulated depreciation – increased by $4,525,248 in 2023 primarily due to the construction-in-progress related to the SPTURWE project. The project has substantially been completed and is in use. A minor punch list of items are being addressed and Notice of Completion is anticipated in early 2024.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

Deferred outflows of resources – increased by $1,278,760 in 2023 due to the changes in the pension and other postemployment retirement benefits related items in accordance Government Accounting Standards Board No. 68, *Financial Reporting for Pension Plans* (GASB No. 68) and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75).

Current liabilities – decreased by $142,596 in 2023 as fewer outstanding accounts payable and accrued expenses were outstanding compared to the prior year.

Noncurrent liabilities – had decreased by $556,378 in 2023 primarily due to scheduled long-term debt principal repayments.

Deferred inflows of resources – decreased $1,760,671 in 2023 due to pension related deferred inflows based upon revised actuarial assumptions under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75).

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by $97,530,035 as of June 30, 2023.

By far the largest portion of the District's net position (73% as of June 30, 2023) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of year 2023, the District showed a positive balance in its unrestricted net position of $25,015,285 which includes $23,165,985 held as investments in the State of California Local Agency Investment Fund (LAIF), of which $9,074,941 has been designated for District reserves; operating & rate stabilization, capital, emergency repair, and vehicle equipment reserves.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	June 30, 2023	June 30, 2022	Change	June 30, 2021	Change
Operating revenues	$ 17,422,149	$ 15,687,263	$ 1,734,886	$ 15,545,309	$ 141,954
Operating expenses	(10,989,999)	(10,038,629)	(951,370)	(8,900,571)	(1,138,058)
Operating income before depreciation	6,432,150	5,648,634	783,516	6,644,738	(996,104)
Depreciation and amortization expense	(3,619,251)	(3,127,040)	(492,211)	(3,147,807)	20,767
Operating income	2,812,899	2,521,594	291,305	3,496,931	(975,337)
Non-operating revenues(expenses), net	567,915	(204,029)	771,944	41,494	(245,523)
Capital contributions	717,526	1,577,077	(859,551)	1,123,160	453,917
Change in net position	4,098,340	3,894,642	203,698	4,661,585	(766,943)
Net position:					
Beginning of year	93,431,695	89,537,053	3,894,642	84,875,468	4,661,585
End of year	$ 97,530,035	$ 93,431,695	$ 4,098,340	$ 89,537,053	$ 3,894,642

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position (continued)

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years.

In fiscal year 2023, the District's net position increased 4.39% or $4,098,340 from the prior year's net position of $93,431,695 to $97,530,035, as a result of the year's operations.

Total Revenues

	June 30, 2023	June 30, 2022	Increase (Decrease)	June 30, 2021	Increase (Decrease)
Operating revenues:					
Sewer use assessments and charges	$ 16,999,751	$ 15,491,846	$ 1,507,905	$ 15,284,365	$ 207,481
Recycled water fees	246,090	127,742	118,348	123,155	4,587
Other operating revenues	176,308	67,675	108,633	137,789	(70,114)
Total operating revenues	17,422,149	15,687,263	1,734,886	15,545,309	141,954
Non-operating revenues:					
Property taxes	1,718,435	1,706,346	12,089	1,565,590	140,756
Franchise fees	166,059	162,382	3,677	153,351	9,031
Investment earnings	489,894	(168,833)	658,727	323,132	(491,965)
Total non-operating revenues	2,374,388	1,699,895	674,493	2,042,073	(342,178)
Total revenues	$ 19,796,537	$ 17,387,158	$ 2,409,379	$ 17,587,382	$ (200,224)

Operating revenue increased in 2023 by $1,507,905 was relatively flat compared to the prior year. While the sewer service charge (SSC) rate increase of 9.0% was imposed for 2023, lower water use from commercial customers coming out of the COVID-19 pandemic resulted in a reduction of non-residential SSC revenue received. As the District heads into its first year of a four-year rate plan it is anticipated that SSC revenue will return to normal and increase approximately 10% next year.

Non-operating revenues increased as LAIF calculated a positive fair value measurement as of June 30, 2023.

Capital Contributions – to the District come from three primary sources:

Grant funding in 2023 for $3,120 from SB 1383 organic compliance for solid waste franchise reporting. There is no guarantee for additional grant funding in future years.

Connection fees – are primarily dependent on the level of densification of existing development with the District. In previous years, development has consisted of decentralized development rather than new greenfield development. In 2022 and 2023, larger projects along with new greenfield development applications, have been submitted to the District resulting in an increase in connection fee revenue collected to reserve system capacity. Developers have the option to pay their connection fees over a two-year period. Connection fee contributions decreased to $325,673 in 2023, down from the restated $468,273 revenue in 2022. There is no guarantee that the connection fee revenue will continue to grow at the current pace.

Marin Municipal Water District (MMWD) capacity purchase – are for the purchase of capacity from the previous recycled water treatment facility and its proportionate share of the expanded facility expenditures recently incurred as part of the STPURWE project.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Expenses

	June 30, 2023	June 30, 2022	Increase (Decrease)	June 30, 2021	Increase (Decrease)
Operating expenses:					
Sewage collection and pump stations	$ 2,741,055	$ 1,941,906	$ 799,149	1,570,736	371,170
Sewage treatment	3,671,060	3,211,152	459,908	2,865,940	345,212
Sewage and solid waste disposal	712,974	435,226	277,748	506,939	(71,713)
Laboratory	534,204	506,304	27,900	498,183	8,121
Engineering	937,443	982,986	(45,543)	874,206	108,780
Recycled Water	102,306	62,460	39,846	106,416	(43,956)
General and administrative	2,290,957	2,898,595	(607,638)	2,478,151	420,444
Total operating expenses	10,989,999	10,038,629	951,370	8,900,571	1,138,058
Depreciation and amortization expense	3,619,251	3,127,040	492,211	3,147,807	(20,767)
Non-operating expenses:					
Interest expense	1,806,473	1,903,924	(97,451)	2,000,579	(96,655)
Total non-operating expenses	1,806,473	1,903,924	(97,451)	2,000,579	(96,655)
Total expenses	$ 16,415,723	$ 15,069,593	$ 1,346,130	$ 14,048,957	$ 1,020,636

Operating expenses before depreciation expense – increased by 9.48% or $951,370 from $10,038,629 to $10,989,999, from the prior year, primarily due to increases in sewage collection and pump stations, sewage treatment, and sewage and solid waste disposal.

Recycled water – expenses increased once the new recycled water plant was brought online in March 2021. There was no recycled water capital replacement expenses in 2022. Operation and maintenance expenses for recycled water production has increased in 2023 and therefore the recoverable revenue collected from the Marin Municipal Water District and North Marin Water District has also increased.

Interest expense – decreased by $97,451 as the District continues to make scheduled payments on its outstanding debt.

Capital Assets

Capital assets:	Balance June 30, 2023	Balance June 30, 2022	Balance June 30, 2021
Non-depreciable assets	$ 75,608,448	$ 69,633,949	$ 58,671,205
Depreciable assets	117,340,648	115,273,799	113,629,856
Accumulated depreciation	(69,451,927)	(65,832,676)	(62,542,313)
Total capital assets, net	$ 123,497,169	$ 119,075,072	$ 109,758,748

At the end of year 2023, the District's investment in capital assets amounted to $123,351,038 (net of accumulated depreciation), respectively. Capital asset additions amounted to $8,041,348 for various projects and equipment. See Note 6 for further information.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Capital Assets (continued)

The major capital construction projects and activities for the fiscal year ended June 30, 2023 were:

- Continued construction of the nearly completed Secondary Treatment Plant Upgrade project
- Standby generator systems for pump stations
- Canopy installation over the CNG Fueling station
- Design of Terra Linda Force Main access structures
- Grit chamber auger rebuild

Debt Administration

The long-term debt of the District is summarized below:

Long-term debt:	Balance June 30, 2023	Balance June 30, 2022	Balance June 30, 2021
Long-term debt payable	$ 51,766,054	$ 54,482,713	$ 51,213,926

Long-term debt decreased by a total of $2,716,659 for the year ended June 30, 2023. Principal payments were $2,595,306 and amortization of the debt premium amounted to $121,353. See Note 9 for further information.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

ECONOMIC FACTORS, RATES AND BUDGETARY CONTROL

The District is a California Special District maintained as an enterprise fund. As a special district, charges to customers are made only to those who receive services. The District is not typically subject to general economic conditions such as increases or decreases in property tax values or other types of revenues that vary with economic conditions such as sales taxes. However, it does receive approximately 9% of its budget from property taxes which are dependent upon property tax valuations. Delinquent property tax payments will not materially impact the District as it participates in an optional alternative method for allocating delinquent property tax revenues. Using the accrual method of accounting under the Teeter Plan, Marin County allocates property tax revenues based on the total amount of property taxes billed, but not yet collected. The Teeter Plan allows counties to finance property tax receipts for local agencies, such as the District, by borrowing money to advance cash to each taxing jurisdiction in an amount equal to the current year's delinquent property taxes. There is always the possibility the State legislature changes the law in how future property tax revenue is allocated to special districts but the risk to the District remains small as just over 9% of its revenue comes from property taxes. Sewer Service Charges imposed by the District are placed on the property tax roll as a special assessment and, like property taxes under the Tetter Plan, delinquent tax payments by property owners will not materially impact the District. Accordingly, the District sets its user rates and capacity charges to cover the costs of operation, maintenance and recurring capital replacement and debt financed capital improvements, plus increments for known or anticipated changes in program costs.

ECONOMIC FACTORS, RATES AND BUDGETARY CONTROL (continued)

The District, as a wastewater collection and treatment plant operator, is subject to increasing regulatory compliance regulations. These regulations require upgrades to plant and equipment, as well as increased staff to effectively operate the system. The District reviewed its operating and capital needs during a four-year sewer service rate study through June 30, 2023. Most of the rate increase is for planned capital improvements, the largest of which is the new Administration and Operations Control Center building, Laboratory and Education building, and corporation yard with phased in construction planned to begin in 2025. Other substantial capital projects at the treatment plant and to the collection system are needed to improve wastewater processes to meet regulatory requirements.

The expected revenue from sanitary service charges for the fiscal year 2023-24 is $1,233 per Sanitary Unit. Expected Total Revenue is $18,984,072.

The District and its Board adopts an annual budget to serve as its formal financial plan. The Board sets all fees and charges required to fund the District's operations and capital programs. The budget is used as a key control device (1) to ensure Board approval for amounts set for operations and capital projects; (2) to monitor expenses and project progress; and (3) as compliance that approved spending levels have not been exceeded. All operating activities and capital activities of the District are included within the approved budget.

The District is monitoring the changes in the current financial and credit markets. Reserve funds are invested in two ways. The majority of funds are invested in the Local Agency Investment Fund (LAIF), which is an investment pool managed by the Treasurer of the State of California. The Treasurer's office is regularly informing the pool members of the impact of changes in the investment landscape on the portfolio. The balance is held in savings accounts with the local Bank of Marin. Community based banks tend to be more conservative in their lending decisions and retain funds within the locality. Funds on deposit with the bank are covered by insurance from the Federal Deposit Insurance Corporation up to $250,000. In addition, the funds are collateralized 110% by securities held in trust.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Administrative Services Manager, 101 Lucas Valley Rd., Suite 300, San Rafael, CA 94903 – (415) 472-1734.

LAS GALLINAS VALLEY SANITARY DISTRICT

Balance Sheets

June 30, 2023 (With Comparative Amounts as of June 30, 2022)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2023	2022
Current assets:		
Cash and cash equivalents (Note 2)	$ 28,862,994	$ 33,297,575
Accrued interest receivable	181,867	40,755
Accounts receivable (Note 4)	866,311	786,395
Private sewer later assistance program receivable (Note 5)	78,918	81,706
Inventory – materials and supplies	424,502	297,690
Prepaid expenses	181,727	138,053
Total current assets	30,596,319	34,642,174
Non-current assets:		
Restricted – cash and investments (Note 2 and 3)	909,196	904,710
Private sewer lateral assistance program receivable (Note 5)	278,945	299,738
Capital assets – not being depreciated (Note 6)	75,608,448	69,633,949
Capital assets – being depreciated, net (Note 6)	47,888,721	49,441,123
Total non-current assets	124,685,310	120,279,520
Total assets	155,281,629	154,921,694
Deferred outflows of resources:		
Deferred amounts related to refunding of long-term debt (Note 9)	24,459	33,927
Deferred amounts related to net OPEB liability (Note 10)	889,041	747,317
Deferred amounts related to net pension liability (Note 11)	2,084,837	938,333
Total deferred outflows of resources	2,998,337	1,719,577
Total assets and deferred outflows of resources	$ 158,279,966	$ 156,641,271
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,247,203	$ 1,454,689
Deposits and unearned revenues	57,768	57,768
Accrued interest payable	471,113	489,516
Long-term liabilities – due within one year:		
Compensated absences (Note 7)	176,690	151,469
Right-to-use lease payable (Note 8)	102,388	106,244
Long-term debt payable (Note 9)	2,657,234	2,595,306
Total current liabilities	4,712,396	4,854,992
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 7)	412,276	353,427
Right-to-use lease payable (Note 8)	47,632	159,074
Long-term debt payable (Note 9)	49,108,820	51,887,407
Net OPEB liability (Note 10)	899,028	932,334
Net pension liability (Note 11)	4,448,657	2,140,549
Total non-current liabilities	54,916,413	55,472,791
Total liabilities	59,628,809	60,327,783
Deferred inflows of resources:		
Deferred amounts related to net OPEB liability (Note 10)	951,593	967,408
Deferred amounts related to net pension liability (Note 11)	169,529	1,914,385
Total deferred inflows of resources	1,121,122	2,881,793
Net position:		
Net investment in capital assets (Note 12)	71,605,554	64,360,968
Restricted for debt service (Note 3)	909,196	904,710
Unrestricted	25,015,285	28,166,017
Total net position	97,530,035	93,431,695
Total liabilities, deferred inflows of resources and net position	$ 158,279,966	$ 156,641,271

LAS GALLINAS VALLEY SANITARY DISTRICT

Statements of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2023 (With Comparative Amounts as of June 30, 2022)

	2023	2022
Operating revenues:		
Sewer use assessments and charges	$ 16,999,751	$ 15,491,846
Recycled water fees	246,090	127,742
Other charges and services	176,308	67,675
Total operating revenues	17,422,149	15,687,263
Operating expenses:		
Sewage collection and pump stations	2,741,055	1,941,906
Sewage treatment	3,671,060	3,211,152
Sewage and solid waste disposal	712,974	435,226
Laboratory	534,204	506,304
Engineering	937,443	982,986
Recycled water	102,306	62,460
General and administrative	2,290,957	2,898,595
Total operating expenses	10,989,999	10,038,629
Operating income before depreciation and amortization	6,432,150	5,648,634
Depreciation and amortization expense	(3,619,251)	(3,127,040)
Operating income	2,812,899	2,521,594
Non-operating revenues(expenses):		
Property taxes	1,718,435	1,706,346
Franchise fees	166,059	162,382
Investment earnings	489,894	(168,833)
Interest expense	(1,806,473)	(1,903,924)
Total non-operating revenues(expenses), net	567,915	(204,029)
Change in net position before capital contributions	3,380,814	2,317,565
Capital Contributions:		
Federal and state capital grants	3,120	645,535
Connection fees	325,673	468,273
MMWD capacity purchase	388,733	463,269
Total capital contributions	717,526	1,577,077
Change in net position	4,098,340	3,894,642
Net position:		
Beginning of year	93,431,695	89,537,053
End of year	$ 97,530,035	$ 93,431,695

LAS GALLINAS VALLEY SANITARY DISTRICT

Statements of Cash Flows

For the Fiscal Year Ended June 30, 2023 (With Comparative Amounts as of June 30, 2022)

	2023	2022
Cash flows from operating activities:		
Cash receipts from customers and others	$ 17,342,233	$ 15,046,075
Cash paid to employees for salaries and wages	(4,491,841)	(3,877,837)
Cash paid to vendors and suppliers for materials and services	(7,566,157)	(7,152,924)
Net cash provided by operating activities	5,284,235	4,015,314
Cash flows from non-capital financing activities:		
Proceeds from property taxes	1,718,435	1,706,055
Franchise fees	166,059	162,382
Advances for the private sewer lateral assistance program	91,627	101,082
Repayment from the private sewer lateral assistance program	(68,045)	(46,400)
Net cash provided by non-capital financing activities	1,908,076	1,923,119
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(8,041,348)	(12,090,931)
Principal paid on right-to-use leased asset	(115,298)	(101,229)
Principal paid on long-term debt	(2,595,306)	(2,700,783)
Interest paid on long-term debt	(1,937,294)	(2,034,744)
Proceeds from debt issuance	-	6,090,923
Proceeds from federal and state capital grants	3,120	645,535
Connection fees	325,673	468,273
MMWD capacity purchase	388,733	463,269
Net cash used in capital and related financing activities	(11,971,720)	(9,259,687)
Cash flows from investing activities:		
Investment earnings	349,314	(187,221)
Net cash provided by (used in) investing activities	349,314	(187,221)
Net decrease in cash and cash equivalents	(4,430,095)	(3,508,475)
Cash and cash equivalents:		
Beginning of year	34,202,285	37,710,760
End of year	$ 29,772,190	$ 34,202,285
Reconciliation of cash and cash equivalents to the balance sheet:		
Cash and cash equivalents	$ 28,862,994	$ 33,297,575
Restricted – cash and investments	909,196	904,710
Total cash and cash equivalents	$ 29,772,190	$ 34,202,285

	2023	2022
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 2,812,899	$ 2,521,594
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,619,251	3,127,040
Change in assets – (increase)decrease:		
Accounts receivable	(79,916)	(641,188)
Inventory – materials and supplies	(126,812)	4,178
Prepaid expenses	(43,674)	(74,033)
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net OPEB liability	(141,724)	(29,484)
Deferred amounts related to net pension liability	(1,146,504)	29,591
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(207,486)	(1,027,036)
Compensated absences	84,070	75,381
Net OPEB liability	(33,306)	(108,175)
Net pension liability	2,308,108	(1,594,371)
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to net OPEB liability	(15,815)	(69,753)
Deferred amounts related to net pension liability	(1,744,856)	1,801,570
Total adjustments	2,471,336	1,493,720
Net cash provided by operating activities	$ 5,284,235	$ 4,015,314
Noncash investing, capital and financing transactions:		
Amortization of bond premium	$ (121,353)	$ (121,353)
Amortization of deferred amounts related to refunding of long-term debt	$ 9,467	$ 9,467

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Las Gallinas Valley Sanitary District (District) was formed on April 6, 1954 as a special district of the State of California. The District provides sewage collection, treatment, disposal, and wastewater recycling services, as well as manages the refuse hauling and recycling services franchise. The District currently serves over 30,000 people in communities north of central San Rafael. The District's wastewater treatment and recycling facilities are located in Marin County on over 400 acres on San Pablo Bay.

The scope of this report extends exclusively to the financial information presented for the District. The District is governed by a five-person Board of Directors (Board) elected for four-year terms. The Board has no oversight responsibility for any other governmental unit or agency. As such, the Board's governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters extends only to the affairs of the District.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

B. Basis of Presentation, Basis of Accounting

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents
For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments
Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Restricted Assets
Amounts shown as restricted assets have been restricted by either bond indentures, external constraints, or laws and regulations of other governments.

4. Accounts Receivable
Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. The majority of the District's sewer user assessment revenue and all of the property tax revenue is collected by the County of Marin through charges on the tax rolls. The collections are remitted to the District as follows: 55% in December, 40% in April, and the balance of 5% during June and July. The June and July remittances allow the County as the collection agent to true-up any changes for revisions in the sewer charges after the initial calculation in August.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Inventory – Materials and Supplies

Supply inventories maintained by the District consist primarily of chemicals, pipe fittings, valves, pumps and filters. Inventories are valued at cost using the first-in, first-out method.

6. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

7. Right-To-Use Leased Asset and Right-To-Use Lease Payable

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. The District has established a single model for lease accounting based on the principle that leases are financings of a right-to-use underlying asset. As a lessee, the District is required to recognize a lease liability(payable) and an intangible right-to-use leased asset. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the leased asset and lease payable if certain changes occur that are expected to significantly affect the amount of the lease payable.

8. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over $5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Subsurface lines	50-75 years
Facilities and structures	15-40 years
Equipment	5-20 years

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

10. Compensated Absences

The District's personnel policies provide vacation and sick leave benefits to its employees. Upon separation from employment, employees are paid for accumulated vacation days and accrued administrative and compensated time off (overtime hours for which pay is not taken). Employees who have been with the District for at least three years are also paid for one-half of their accumulated sick days.

11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2022
Measurement Date June 30, 2022
Measurement Period July 1, 2021 to June 30, 2022

12. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition 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.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2021
Measurement Date June 30, 2022
Measurement Period July 1, 2021 to June 30, 2022

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retires) as of the beginning of the measurement period.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

13. Net Position

Net position is classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets -** This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted net position –** This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position -** This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

E. Use of Estimates

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

F. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The County of Marin County Assessor's Office assesses all real and personal property within the County each year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The Marin County Treasurer's Office remits the total amount of property taxes billed regardless if they have been collected or not.

The property tax calendar is as follows:

Lien date January 1
Levy date July 1
Due dates November 1 and February 1
Collection dates December 10 and April 10

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Grant Revenue
The District's grants are cost-reimbursement grants, which are earned as the allowable expenditures under the agreement are made. A receivable is recorded when the criteria established for requesting reimbursement under the grant agreement has been satisfied and the amount of reimbursement is determinable. Grants for feasibility studies are recorded as nonoperating income. Grants for capital purposes are reported as capital contributions.

H. Connection Fees
The District charges connection fees to developers to reserve system capacity. Amounts charged are recorded as liabilities (unearned connection fees) until connections are actually made. Once connections are made, the fees are recognized as increases to capital contributions.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

Description	June 30, 2023
Cash and cash equivalents	$ 28,862,994
Restricted – cash and investments	909,196
Total cash and investments	$ 29,772,190

Cash and investments consisted of the following:

Description	June 30, 2023
Petty cash	$ 528
Demand deposits held with financial institutions	6,047,943
Local Agency Investment Fund (LAIF)	22,814,523
Investments	909,196
Total cash and investments	$ 29,772,190

NOTE 2 – CASH AND INVESTMENTS (continued)

Demand Deposits with Financial Institutions
At June 30, 2023, the carrying amount of the District's demand deposits were $6,048,071 and the financial institution's balances were $6,363,856. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits
Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the District 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 and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2023, the District's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

Local Agency Investment Fund (LAIF)
The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests its funds to manage the State's cash flow and strengthen the financial security of local public agencies. PMIA's policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). LAIF allows cities, counties, and special districts to place money in a major portfolio and, at no additional costs, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from LAIF at any time as LAIF is highly liquid and has a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount 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 the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers funds in LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2023, the District held $22,814,523 in LAIF.

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments

The District's investments as of June 30, 2023 are presented in the following Investment Table:

				Maturity		
Type of Investments	**Measurement Input**	**Credit Rating**	**Total Fair Value**	**12 Months or Less**	**13 to 24 Months**	**25 to 120 Months**
Negotiable certificates-of-deposit	Level 2	AAA	$ 909,067	$ -	$ -	$ 909,067
Money-market mutual funds	N/A	N/A	129	129	-	-
Total investments			$ 909,196	$ 129	$ -	$ 909,067

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the fiscal officer to deposit funds in financial institutions to purchase financial investments in accordance with California Government Code 53600-53610.

Disclosures Relating to 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. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by in the Investment Table that shows the distribution of the District's investments by maturity as of June 30, 2023.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer 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 in the Investment Table are Standard & Poor's credit ratings for the District's investments as of June 30, 2023.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in LAIF.

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. All of the District's investments were assigned a Level 2 input on the Investment Table.

NOTE 3 – RESTRICTED CASH AND INVESTMENTS AND RESTRICTED NET POSITION

Restricted cash and investments consist of unexpended proceeds from issuing the revenue bonds – 2017 and the related debt service reserve funds. The debt service reserve funds are invested in negotiable certificates-of-deposit with Bank of Marin with maturity dates in fiscal year 2026 and money market mutual funds.

NOTE 4 – ACCOUNTS RECEIVABLE

The balance at June 30, 2023 and 2022 consisted of the following;

Description	June 30, 2023	June 30, 2022
Sewer use charges receivable	$ 23,484	$ 86,707
Sewer use charges – assessment receivable	266,814	125,742
Property taxes receivable	8,253	6,186
Retention receivable	567,760	567,760
Total accounts receivable	$ 866,311	$ 786,395

NOTE 5 – PRIVATE SEWER LATERAL ASSISTANCE PROGRAM

The District has a private sewer lateral assistance program which allows property owners to receive an advance to repair or replace their sewer laterals. The maximum that may be advanced under the program is $10,000 per property, with interest charged at 2%, and the amount is repaid over 10 years through the property tax collections.

The activity in the program for the fiscal year ending June 30, 2023 consisted of the following;

Description	Balance
Balance at July 1, 2022	$ 381,444
Payments received	(91,626)
Advances made	68,045
Balance at June 30, 2023	$ 357,863

Scheduled payments to be received from the advances in future years are as follows:

Fiscal Year	Payment
2024	$ 78,918
2025	67,803
2026	45,875
2027	40,717
2028	33,400
2029 - 2033	91,150
Total	357,863
Current	(78,918)
Long-term	$ 278,945

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2023, were as follows:

Description	Balance July 1, 2022	Additions	Deletions/ Transfers	Balance June 30, 2023
Non-depreciable assets:				
Land	$ 2,867,571	$ -	$ -	$ 2,867,571
Construction-in-process	66,766,378	7,459,600	(1,485,101)	72,740,877
Total non-depreciable assets	69,633,949	7,459,600	(1,485,101)	75,608,448
Depreciable assets:				
Subsurface lines and manholes	35,887,968	-	-	35,887,968
Sewage collection	3,130,049	215,954	-	3,346,003
Sewage treatment	41,172,935	289,653	-	41,462,588
Sewage disposal	8,200,137	-	-	8,200,137
Reclamation	1,578,216	-	-	1,578,216
Recycled water production	9,501,549	-	-	9,501,549
Pump stations	13,593,087	506,963	-	14,100,050
Administration	1,131,101	1,054,279	-	2,185,380
Building	515,756	-	-	515,756
Laboratory	563,001	-	-	563,001
Total depreciable assets	115,273,799	2,066,849	-	117,340,648
Accumulated depreciation:				
Subsurface lines and manholes	(17,994,380)	(670,348)	-	(18,664,728)
Sewage collection	(2,242,715)	(132,318)	-	(2,375,033)
Sewage treatment	(22,634,119)	(1,292,157)	-	(23,926,276)
Sewage disposal	(7,237,414)	(147,234)	-	(7,384,648)
Reclamation	(1,026,508)	(41,688)	-	(1,068,196)
Recycled water production	(3,716,477)	(384,023)	-	(4,100,500)
Pump stations	(9,578,914)	(322,802)	-	(9,901,716)
Administration	(797,102)	(511,256)	-	(1,308,358)
Building	(266,474)	(103,151)	-	(369,625)
Laboratory	(338,573)	(14,274)	-	(352,847)
Total accumulated depreciation	(65,832,676)	(3,619,251)	-	(69,451,927)
Total depreciable assets, net	49,441,123	(1,552,402)	-	47,888,721
Total capital assets, net	$ 119,075,072	$ 5,907,198	$ (1,485,101)	$ 123,497,169

NOTE 7 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2023, were as follows:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year	Due in More Than One Year
$ 504,896	$ 607,933	$ (523,863)	$ 588,966	$ 176,690	$ 412,276

NOTE 8 – RIGHT-TO-USE LEASE PAYABLE

Changes in right-to-use lease payable for fiscal year ending June 30, 2023 was as follows:

Balance July 1, 2022	Additions	Payments	Balance June 30, 2023	Current Portion	Long-term Portion
$ 265,318	$ -	$ (115,298)	$ 150,020	$ 102,388	$ 47,632

Annual debt service requirements for the right-to-use lease payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 102,388	$ 2,171	$ 104,559
2025	47,632	238	47,870
Total	150,020	$ 2,409	$ 152,429
Current	(102,388)		
Long-term	$ 47,632		

The District is reporting a total right-to-use leased asset, net of $146,131 and a right-to-use lease payable of $150,020 for the year ending June 30, 2023. Also, the District is reporting total amortization expense of $103,151, principal payments of $115,298 and interest expense of $4,343 related to the above noted lease.

The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease payments to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease.

The District's lease is summarized as follows:

Building Space

On December 1, 2019, the District entered into a 60-month lease for building space and a meeting room to serve as the District's administrative building. An initial right-to-use lease liability was recorded in the amount of $515,756. The District makes monthly fixed lease payments of $7,796 per month with a 3.0% annual increase. The lease has an implied interest rate of 2.0%. The District is amortizing the right-to-use leased asset of $515,756 at $8,596 per month. The District has plans to build a new administrative building at its plant location by end of calendar year 2026. The District expects to continue the lease until the completion of construction.

NOTE 9 – LONG-TERM DEBT PAYABLE

Changes in long-term debt payable for the year ended June 30, 2023, were as follows:

Description	Balance July 1, 2022	Additions	Payments	Balance June 30, 2023	Current Portion	Long-term Portion
Loan payable – 2011	$ 2,517,664	$ -	$ (237,889)	$ 2,279,775	$ 247,186	$ 2,032,589
Loan payable – 2012	39,064	-	(39,064)	-	-	-
State revolving fund loan – 2012	2,472,779	-	(218,699)	2,254,080	224,604	2,029,476
Loan payable – 2019	10,982,679	-	(359,654)	10,623,025	$370,444	10,252,581
Revenue bonds – 2005	2,698,800	-	(630,000)	2,068,800	660,000	1,408,800
Revenue bonds – 2017	33,375,000	-	(1,110,000)	32,265,000	1,155,000	31,110,000
Revenue bonds – 2017 – premium	2,396,727	-	(121,353)	2,275,374	-	2,275,374
	$ 54,482,713	$ -	$ (2,716,659)	$ 51,766,054	$ 2,657,234	$ 49,108,820

Loan Payable – 2011

The District entered into a financing agreement with Bank of Marin on June 10, 2011 for $4,600,000. The loan is for the recycled water facility which was completed in July 2012. The loan bears interest at 3.88%, requires a reserve fund equal to one year's debt service, or $332,681, and monthly principal and interest payments of $27,723 beginning July 2011 through June 10, 2031. The loan requires the District to maintain a debt coverage ratio of earnings before interest, depreciation and amortization over scheduled principal payments of 1.2 to 1.0. Annual debt service requirements for the loan payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 247,186	$ 85,495	$ 332,681
2025	257,318	75,363	332,681
2026	267,625	65,056	332,681
2027	278,345	54,336	332,681
2028 - 2031	1,229,301	101,425	1,330,726
Total	2,279,775	$ 381,675	$ 2,661,450
Current	(247,186)		
Long-term	$ 2,032,589		

Loan Payable – 2012

The District entered into a financing agreement with Bank of Marin on July 27, 2012 for $2,000,000. The loan is for the recycled water facility which was completed in July 2012. The loan bears interest at 3.25%, requires a reserve fund equal to one year's debt service, or $235,346, and monthly principal and interest payments of $19,612 beginning September 10, 2012 through August 10, 2022. The loan requires the District to maintain a debt coverage ratio of earnings before interest, depreciation and amortization over scheduled principal payments of 1.2 to 1.0. In 2023, the District paid-off the loan.

NOTE 9 – LONG-TERM DEBT PAYABLE (continued)

State Revolving Fund Loan – 2012
The District had a construction loan with the State Water Resources Control Board, which converted to a term loan in November 2012 after the last construction draw was received. The loan bears interest at 2.7%, requires a reserve fund equal to one year's debt service, or $285,464, and annual principal and interest payments beginning June 1, 2012 through June 1, 2032. The loan requires the District to maintain a debt coverage ratio of earnings before interest, depreciation and amortization over scheduled principal payments of 1.2 to 1.0. Annual debt service requirements for the loan payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 224,604	$ 60,860	$ 285,464
2025	230,669	54,795	285,464
2026	236,897	48,567	285,464
2027	243,293	42,171	285,464
2028	249,862	35,602	285,464
2029 - 2032	1,068,755	73,105	1,141,860
Total	2,254,080	$ 315,100	$ 2,569,180
Current	(224,604)		
Long-term	$ 2,029,476		

Loan Payable – 2019
The District entered into an agreement with California Infrastructure and Economic Development Bank (iBank) in May 2019 for a loan of $12,000,000. The loan has maturity dates ranging from August 1, 2019 through August 1, 2043; interest is due each February and August with the first payment due August 1, 2019. Payments of principal and interest are due whether or not any of the funds have been disbursed. As of June 30, 2023, $11,432,240 of these funds have been received. The interest rate on the loan is 3.00% per annum. Annual debt service requirements for the loan payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 370,444	$ 313,134	$ 683,578
2025	381,557	301,854	683,411
2026	393,004	290,236	683,240
2027	404,794	278,269	683,063
2028	416,938	265,943	682,881
2029 - 2033	2,279,986	1,131,486	3,411,472
2034 - 2038	2,643,129	762,897	3,406,026
2039 - 2043	3,064,111	288,259	3,352,370
2044	669,062	10,036	679,098
Total	10,623,025	$ 3,642,114	$ 14,265,139
Current	(370,444)		
Long-term	$ 10,252,581		

NOTE 9 – LONG-TERM DEBT PAYABLE (continued)

Revenue Bonds – 2005
The District issued $10,000,000 of Wastewater Revenue Certificates of Participation Bonds rated AA on November 15, 2005. The bonds had maturity dates ranging from December 1, 2006 through December 1, 2025 and carried an average interest rate of 4%. The net proceeds from the sale, after paying issuance costs, underwriter fees, and the reserve surety bond premium was $9,774,000.

In April 2014, the bonds were refinanced with Municipal Finance Corporation, a private lender. The principal balance outstanding was $6,880,000 and a 1% early call premium of $68,800 was required to retire the bonds. The refinanced bonds payable of $6,948,800 will be paid over the remaining term of the old debt, with principal payments due each December 1st; and interest payments are due each December 1st and June 1st through 2025. The interest rate on the refinanced debt is 3.3%.

The discount of $42,442 and the call premium of $68,800 are recorded as a deferred outflow of resources – deferred amount on debt refunding, net and is being amortized over the remaining term of the bond payments. The amount of amortization recorded to interest expense was $9,467 for the year ended June 30, 2023.

The debt is payable solely from net revenues of the District. Net revenues consist generally of all revenues after payment of adjusted operation and maintenance costs and include property taxes received by the District. The bond requires the District to maintain a debt coverage ratio of earnings before interest, depreciation and amortization over scheduled principal payments of 1.15 to 1.0. Annual debt service requirements for the bond payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 660,000	$ 57,380	$ 717,380
2025	690,000	35,105	725,105
2026	718,800	11,861	730,661
Total	2,068,800	$ 104,346	$ 2,173,146
Current	(660,000)		
Long-term	$ 1,408,800		

NOTE 9 – LONG-TERM DEBT PAYABLE (continued)

Revenue Bonds – 2017

The District issued $38,365,000 of Revenue Bonds rated AAA on April 28, 2017. The bonds have maturity dates ranging from April 1, 2018 through April 1, 2042; interest is due each October and April with the first payment due October 1, 2017. The yield to maturity on the bonds ranges from 0.87% to 3.57% with a stated interest rate of 4% and a true interest cost of 3.2984%.

The bonds are generally callable in whole or in part on or after April 1, 2027. This special call provision relates to the expansion of the recycled water treatment facility to serve MMWD (See Note 16).

Issuance costs, surety bond premium and underwriter's discount were expensed in the year of issuance. The original issue premium will be amortized to interest expense annually at $121,353 over the remaining term of the bonds.

The interest paid on the bonds qualifies as exempt from income tax for specified bond holders. As such the District is subject to Internal Revenue Code requirements concerning arbitrage. There are safe harbors for spending the bond proceeds that can exempt the District from having to rebate any excess interest earned on unspent funds in excess of interest paid to bond holders. The arbitrage calculation is required every five years; the first year will be in 2022.

The debt is payable solely from net revenues of the District. The loan requires the District to maintain a debt coverage ratio of earnings before interest, depreciation and amortization over scheduled principal payments of 1.25 to 1.0. Annual debt service requirements for the bond payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 1,155,000	$ 1,290,600	$ 2,445,600
2025	1,205,000	1,244,400	2,449,400
2026	1,250,000	1,196,200	2,446,200
2027	1,300,000	1,146,200	2,446,200
2028	1,355,000	1,094,200	2,449,200
2029 - 2033	7,620,000	4,614,400	12,234,400
2034 - 2038	9,535,000	2,920,600	12,455,600
2039 - 2042	8,845,000	901,800	9,746,800
Total	32,265,000	$ 14,408,400	$ 46,673,400
Current	(1,155,000)		
Long-term	$ 31,110,000		

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2023
OPEB related deferred outflows	$ 889,041
Net other post-employment benefits liability	899,028
OPEB related deferred inflows	951,593

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

A. General Information about the OPEB Plan

Plan Description
The District has established an agent multiple-employer other post-employment benefit plan that provides health insurance (OPEB Plan) to employees in accordance with the Memorandum of Understanding between the District and its employees. These employees must meet certain service requirements and retire directly from employment with the District. According to the most current postemployment medical benefits plan, effective July 1, 2014 there are four tiers of benefits.

Tier 1 – Employees who retired prior to January 1, 2003, with five years of service, receive a benefit that is indexed by 6% each year and are eligible for spousal coverage up to the benefit cap. The monthly cap was $983 as of January 1, 2023.

Tier 2 – Employees who were employed prior to January 1, 2003, and retire with five years of District service, receive a monthly benefit that is set by the California Department of Personnel Administration. The monthly benefit cap was $883 as of January 1, 2023. This benefit is available to the employee only without any spousal coverage.

Tier 3 – Employees hired after January 1, 2003 are eligible for benefits from 50% to 100% of the rate established by the California Department of Personnel Administration. They have to work for the District for at least five years, retire from the District, and have a minimum of 10 years of CalPERS agency service to receive a 50% benefit. The benefit increases 5% each year after that until the maximum coverage is reached at 20 years of service.

Tier 4 – Employees who are hired after July 1, 2014 and retire from the District after 10 years of service are eligible for benefits from 50% to 100% of the rate established by the California Department of Personnel Administration. The benefit increases 5% each year after that until the maximum coverage is reached at 20 years of service and is available only to the employee. All employees who retire from the District, have five years of CalPERS service credits, and participate in the CalPERS medical plan receive a benefit paid by the District equal to the minimum Public Employees' Medical and Hospital Care Act (PEMHCA) contribution. This monthly contribution is included in the cap outlined above for all tiers. However, an employee who is a member of Tier 3, but does not work for the District for five years, and has five years of CalPERS service credits, is eligible for the PEMHCA. The monthly amount was $151 as of January 1, 2023.

Funding Policy
The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis with contributions being made to an OPEB Trust.

Contributions
Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For the fiscal year ended June 30, 2023, the measurement period, the District's contributions totaling $265,824 included $139,560 placed in its OPEB Trust, $98,232 in current year premium payments, and an implied subsidy of $28,032.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

A. General Information about the OPEB Plan (continued)

Accounting for the Plan
The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments
Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

B. Net OPEB Liability
The District's total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions
The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	5.75%
Long-Term Expected Rate of Return on Investments	5.75%
Inflation	2.50%
Payroll increases	2.75%
Healthcare Trend Rates	Non-Medicare - 8.50% trending down annually to 3.45% by 2076 Medicare (Non-Kaiser) - 7.50%, trending down annually to 3.45% in 2076 Medicare (Kaiser) - 6.25% trending down annually to 3.45% by 2076
Morbidity	CalPERS 2000 - 2019 Experience Study
Mortality	CalPERS 2000 - 2019 Experience Study
Disability	CalPERS 2000 - 2019 Experience Study
Retirement	CalPERS 2000 - 2019 Experience Study
	2.7%@55 and 2% @62
Percent Married	80% of future retirees would enroll a spouse

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

B. Net OPEB Liability (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
PARS moderate investment policy:		
Equity	34.00%	4.56%
Fixed income	41.00%	1.56%
TIPS	5.00%	-0.08%
Commodities	3.00%	1.22%
REITs	17.00%	4.06%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Net OPEB Liability

The changes in the total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022 (Measurement date June 30, 2021)	$ 3,047,573	$ 2,115,239	$ 932,334
Changes for the year:			
Service cost	167,475	-	167,475
Interest	181,213	-	181,213
Differences in experience	(471,612)	-	(471,612)
Changes in assumption	85,135	-	85,135
Employer contributions	-	278,576	(278,576)
Net investment income	-	(282,141)	282,141
Benefit payments	(127,020)	(127,020)	-
Administrative expenses	-	(918)	918
Net changes	(164,809)	(131,503)	(33,306)
Balance at June 30, 2023 (Measurement date June 30, 2022)	$ 2,882,764	$ 1,983,736	$ 899,028

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

C. Changes in the Net OPEB Liability (continued)

Changes of Assumptions
In fiscal year 2021-22, the measurement period, there were no changes to the discount rate.

Change of Benefit Terms
In fiscal year 2021-22, the measurement period, there were no changes to the benefit terms.

Subsequent Events
There were no subsequent events that would materially affect the results presented in this disclosure.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.75%) or 1 percentage point higher (6.75%) than the current discount rate:

	1% Decrease 4.75%	Discount Rate 5.75%	1% Increase 6.75%
Net OPEB Liability	$ 1,265,875	$ 899,028	$ 594,552

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

	1% Decrease	Healthcare Cost Current Trend	1% Increase
Net OPEB Liability	$ 552,216	$ 899,028	$ 1,326,124

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of $86,609. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	$ 265,824	$ -
Changes in assumptions	185,173	(289,021)
Differences between expected and actual experience	241,635	(662,572)
Differences between projected and actual earnings on OPEB plan investments	196,409	-
Total Deferred Outflows/(Inflows) of Resources	$ 889,041	$ (951,593)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)
The differences between projected and actual earnings on plan investments is amortized over five years. The District reported $265,824 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2024	$ (128,630)
2025	(92,915)
2026	(81,369)
2027	49,340
2028	(62,335)
Thereafter	(12,467)
Total	$ (328,376)

At June 30, 2023, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

NOTE 11 – PENSION PLAN

Summary
The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2023
Pension related deferred outflows	$ 2,084,837
Net pension liability	4,448,657
Pension related deferred inflows	169,529

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

NOTE 11 – PENSION PLAN (continued)

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%
Required member contribution rates	8.000%	6.750%
Required employer contribution rates – FY 2022	14.020%	7.590%

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2022 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

At June 30, 2022 measurement date, the following members were covered by the benefit terms:

	Miscellaneous Plans		
Plan Members	Classic Tier 1	PEPRA Tier 2	Total
Active members	11	15	26
Transferred and terminated members	12	9	21
Retired members and beneficiaries	28	-	28
Total plan members	51	24	75

All qualified permanent and probationary employees are eligible to participate in the District's 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.

NOTE 11 – PENSION PLAN (continued)

A. General Information about the Pension Plan (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 nonindustrial disability benefits after five 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.

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. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended June 30, 2023, were as follows:

	Miscellaneous Plans		
Contribution Type	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Contributions – member	$ 563,931	$ 122,749	$ 686,680

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

Proportionate Share of Net Pension Liability and Pension Expense
The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The District's proportionate share 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.

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2023:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2023	**Fiscal Year Ending June 30, 2022**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2022	June 30, 2021	
Percentage of Risk Pool Net Pension Liability	0.095072%	0.112732%	-0.017660%
Percentage of Plan Net Pension Liability	0.038514%	0.039579%	-0.001065%

NOTE 11 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)
The District's proportionate share percentage of the net pension liability over the measurement period for the fiscal year ended June 30, 2023, was as follows:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2021 (Measurement Date)	$ 15,668,213	$ 13,527,665	$ 2,140,548
Balance as of June 30, 2022 (Measurement Date)	$ 16,941,130	$ 12,492,473	$ 4,448,657
Change in Plan Net Pension Liability	$ 1,272,917	$ (1,035,192)	$ 2,308,109

For the year ended June 30, 2023, the District recognized pension expense of $103,429. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 686,680	$ -
Difference between actual and proportionate share of employer contributions		(47,793)
Adjustment due to differences in proportions	38,085	(61,901)
Differences between expected and actual experience	89,338	(59,835)
Differences between projected and actual earnings on pension plan investments	814,876	-
Changes in assumptions	455,858	-
Total Deferred Outflows/(Inflows) of Resources	$ 2,084,837	$ (169,529)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

NOTE 11 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)
An amount of $686,680 reported 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 ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2024	$ 323,253
2025	266,183
2026	140,786
2027	498,406
Total	$ 1,228,628

Actuarial Methods and Assumptions Used to Determine Total Pension Liability
For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021, total pension liability. The June 30, 2023, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term fair value return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

NOTE 11 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Long-term Expected Rate of Return (continued)
The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class.

Investment Type[1]	New Strategic Allocation	Real Return[1,2]
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

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

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

Subsequent Events
There were no subsequent events that would materially affect the results in this disclosure.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
Plan Type	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
CalPERS – Miscellaneous Plan	6,758,038	$ 4,448,657	$ 2,548,609

NOTE 11 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans
At June 30, 2023, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2023.

NOTE 12 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30:

Description	June 30, 2023
Net investment in capital assets	
Capital assets – not being depreciated	$ 75,608,448
Capital assets, net – being depreciated	47,888,721
Deferred amounts related to refunding of long-term debt	24,459
Right-to-use lease payable – current portion	(102,388)
Long-term debt payable – current portion	(2,657,234)
Right-to-use lease payable – non-current portion	(47,632)
Long-term debt payable – non-current portion	(49,108,820)
Total net investment in capital assets	$ 71,605,554

NOTE 13 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in Traditional and Roth 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the accompanying financial statements.

NOTE 14 – RISK MANAGEMENT POOL

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disaster. The District's insurance coverage is carried through the California Sanitation Risk Management Association (CSRMA) in pooled programs and through a commercial insurance carrier. CSRMA is a public entity risk pool currently operating as a common risk management and insurance program for member sanitary districts located throughout California. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group. Although CSRMA may assess additional premiums to a member district in the event of losses in excess of reserves, no additional assessments have occurred nor are they contemplated. The financial statements of CSRMA are available their website, www.csrma.org. Condensed financial information for CSRMA is presented below:

A.	**Entity**	CSRMA	
B.	**Purpose**	To spread the adverse effects of losses among the member entities and purchase excess insurance as a group.	
C.	**Participants**	As of June 30, 2023 – 59 member districts	
D.	**Governing board**	Ten representatives employed by members	
E.	**Condensed financial information**	June 30, 2023	
	Audit signed	December 4, 2023	
	Statement of financial position:		**June 30, 2023**
	Total assets		$ 35,837,500
	Total liabilities		25,803,417
	Net position		$ 10,034,083
	Statement of revenues, expenses and changes in net position:		
	Total revenues		$ 21,686,396
	Total expenses		(18,692,969)
	Change in net position		2,993,427
	Beginning – net position		7,040,656
	Ending – net position		$ 10,034,083
F.	**Member agencies share of year-end financial position**		Not Calculated

The District maintains workers' compensation coverage and employer's liability coverage in accordance with the statutory requirements of the State of California.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2023, 2022, and 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2023, 2022, and 2021.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Marin Municipal Water District Water-Reclamation Agreement

In 2017, the District entered into a purchase and sale of recycled water agreement with MMWD to provide MMWD with up to 2.5 million gallons per day of plant capacity to produce a minimum of 600 acre fee per year, for 30 years. As part of the agreement, MMWD made an initial payment towards the cost of the existing facility of $333,563 and will make quarterly payments of $51,637 through October 1, 2022 and after that $26,890 per quarter through July 1, 2031 for their proportional share of loans made in 2011 and 2012. In addition, the District has designed an expansion of the existing facility in order to serve MMWD. Funding for the expansion is from part of the proceeds of the 2017 Revenue Bonds and a WaterSmart Grant awarded in 2015. The project was awarded to Myers & Sons Construction LLC on November 15, 2018 by the Board and the estimated construction cost was $48,622,939. On December 17, 2018 the General Manager signed the contract. The cost of the portion of the expansion ascribed to MMWD is $4.6 million with payments due semi-annually on April 1st and October 1st through April 1, 2042. MMWD paid $388,733 in 2023 per the agreement. The agreement superseded the previous Treatment Wastewater Agreement with MMWD, which terminated in June 2021, after the expanded recycled water facility began operation. (See Note 9 – Revenue Bonds – 2017 for further information)

The agreement with MMWD will be modified to revise the payment amounts due the District once the project is completed and all costs are known. MMWD is responsible for demolishing the existing facility which is located on the District's site.

In addition to these payments, MMWD will be charged for deliveries of recycled water based on the District's regular, ongoing operations and maintenance costs. Both the District and MMWD are required to annually deposit into a capital repair and replacement fund equal to 10% of annual operations and maintenance costs.

Future minimum payments expected to be received from MMWD are as follows:

Fiscal Year	Total
2024	$ 364,049
2025	364,447
2026	364,111
2027	364,111
2028	364,426
2029 - 2033	1,605,796
2034 - 2038	1,306,319
2039 - 2042	1,022,225
	$ 5,755,484

North Marin Water District Recycled Water Production Agreement

In 2011, the District entered into an agreement with North Marin Water District (NMWD) to annually produce at least 220 acre feet of recycled water for 20 years. A Second Revised Inter-Agency agreement with NMWD was entered into on June 30, 2022, extending the term 30 years with recycled water delivery maximum capacity set at 0.7 million gallons per day. NMWD will reimburse the District for its operating and maintenance costs associated with producing the recycled water.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (continued)

Excluded Leases – Short-Term Leases and De Minimis Leases
The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, d*e minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Grant Awards
Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation
In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 16 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 14, 2023, the date which the financial statements were available to be issued.

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Required Supplementary Information

LAS GALLINAS VALLEY SANITARY DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2023

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.27220%	$ 1,693,868	$ 1,801,016	94.05%	79.82%
June 30, 2015	0.03057%	2,098,373	2,002,442	104.79%	78.40%
June 30, 2016	0.34162%	2,722,446	2,065,897	131.78%	74.06%
June 30, 2017	0.03195%	3,169,000	2,234,070	141.85%	73.31%
June 30, 2018	0.03229%	3,111,237	2,263,451	137.46%	75.26%
June 30, 2019	0.03337%	3,419,231	2,427,993	140.83%	76.07%
June 30, 2020	0.03433%	3,734,920	2,523,986	147.98%	75.02%
June 30, 2021	0.03958%	2,140,549	2,767,942	77.33%	86.34%
June 30, 2022	0.03851%	4,448,657	3,193,903	139.29%	73.74%

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:
There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:
There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:
There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:
There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:
The discount rate was reduced from 7.15% to 6.90% and the inflation rate was reduced from 2.50% to 2.30%.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only seven years are shown.

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	$ 330,377	$ (330,377)	$ -	$ 2,002,442	16.50%
June 30, 2016	295,148	(295,148)	-	2,065,897	14.29%
June 30, 2017	331,323	(331,323)	-	2,234,070	14.83%
June 30, 2018	332,915	(332,915)	-	2,263,451	14.71%
June 30, 2019	374,938	(374,938)	-	2,427,993	15.44%
June 30, 2020	446,449	(446,449)	-	2,523,986	17.69%
June 30, 2021	526,615	(526,615)	-	2,767,942	19.03%
June 30, 2022	601,730	(601,730)	-	3,193,903	18.84%
June 30, 2023	686,680	(686,680)	-	3,711,773	18.50%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2013	Entry Age	Fair Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Fair Value	2.30%	6.90%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment expense, including inflation
Retirement Age	50 years (2.7%@55), 52 years (2%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the first measurement date year of implementation; therefore, only seven years are shown.

LAS GALLINAS VALLEY SANITARY DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

For the Year Ended June 30, 2023

Last Ten Fiscal Years*

Fiscal Year Ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Total OPEB liability:						
Service cost	$ 167,475	$ 150,216	$ 77,111	$ 96,178	$ 91,597	$ 77,776
Interest	181,213	172,960	227,575	195,332	185,403	196,002
Changes of assumptions	85,135	172,113	(321,884)	(181,852)	-	(457,988)
Differences between expected and actual experience	(471,612)	-	(538,461)	514,719	(9,045)	156,326
Changes of benefit terms	-	-	-	-	-	-
Benefit payments	(127,020)	(129,717)	(133,439)	(117,075)	(132,720)	(153,771)
Net change in total OPEB liability	(164,809)	365,572	(689,098)	507,302	135,235	(181,655)
Total OPEB liability - beginning	3,047,573	2,682,001	3,371,099	2,863,797	2,728,562	2,910,217
Total OPEB liability - ending	2,882,764	3,047,573	2,682,001	3,371,099	2,863,797	2,728,562
Plan fiduciary net position:						
Contributions - employer	278,576	269,692	273,462	256,635	250,954	287,951
Net investment income	(282,141)	334,810	79,999	91,660	62,465	64,362
Administrative expense	(918)	(1,038)	(1,198)	(270)	(562)	(463)
Benefit payments	(127,020)	(129,717)	(133,439)	(117,075)	(132,720)	(153,771)
Net change in plan fiduciary net position	(131,503)	473,747	218,824	230,950	180,137	198,079
Plan fiduciary net position - beginning	2,115,239	1,641,492	1,422,668	1,191,718	1,011,581	813,502
Plan fiduciary net position - ending	1,983,736	2,115,239	1,641,492	1,422,668	1,191,718	1,011,581
District's net OPEB liability	$ 899,028	$ 932,334	$ 1,040,509	$ 1,948,431	$ 1,672,079	$ 1,716,981
Plan fiduciary net position as a percentage of the total OPEB liability	68.81%	69.41%	61.20%	42.20%	41.61%	37.07%
Covered-employee payroll	$ 3,887,047	$ 3,167,587	$ 2,734,659	$ 2,676,304	$ 3,687,903	$ 2,252,470
District's net OPEB liability as a percentage of covered-employee payroll	23.13%	29.43%	38.05%	72.80%	45.34%	76.23%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes in benefits
Measurement Date June 30, 2018 – There were no changes in benefits
Measurement Date June 30, 2020 – There were no changes in benefits
Measurement Date June 30, 2019 – There were no changes in benefits
Measurement Date June 30, 2020 – There were no changes in benefits
Measurement Date June 30, 2021 – There were no changes in benefits
Measurement Date June 30, 2022 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in benefits
Measurement Date June 30, 2018 – There were no changes in benefits
Measurement Date June 30, 2019 – There were no changes in benefits
Measurement Date June 30, 2020 – There were no changes in benefits
Measurement Date June 30, 2021 – There were no changes in benefits
Measurement Date June 30, 2022 – There were no changes in benefits

* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

LAS GALLINAS VALLEY SANITARY DISTRICT

Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan
For the Year Ended June 30, 2023

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Actuarially determined contribution	$ 246,200	$ 241,523	$ 236,657	$ 228,225	$ 213,168	$ 219,673
Contributions in relation to the actuarially determined contributions	(265,824)	(266,946)	(269,692)	(256,635)	(250,954)	(287,951)
Contribution deficiency (excess)	$ (19,624)	$ (25,423)	$ (33,035)	$ (28,410)	$ (37,786)	$ (68,278)
Covered payroll	$ 4,331,646	$ 3,887,047	$ 3,167,587	$ 2,676,304	$ 3,687,903	$ 2,252,470
Contributions as a percentage of covered payroll	6.14%	6.87%	8.51%	9.59%	6.80%	12.78%

Notes to Schedule:

Valuation Date	June 30, 2022	June 30, 2020	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:						
Actuarial cost method Entry age normal	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years	20-years	20-years
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Discount rate	5.75%	5.75%	6.25%	6.75%	6.73%	6.50%
Inflation	2.50%	2.75%	2.75%	2.26%	2.25%	2.26%
Payroll increases	2.75%	3.00%	3.00%	3.25%	3.25%	3.25%
Mortality	(2)	(2)	(2)	(2)	(2)	(2)
Morbidity	(3)	(3)	(3)	(3)	(3)	(3)
Disability	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(4)	(4)	(4)	(4)	(4)	(4)
Percent Married	80%	80%	80%	80%	80%	80%
Healthcare trend rates	(5)	(5)	(5)	(5)	(5)	(5)

(1) Closed period, level percent of pay
(2) CalPERS 2000-2019 Experience Study
(3) CalPERS 2000-2019 Experience Study
(4) CalPERS Public Agency Miscellaneous 2.7% @55 and 2% @62
(5) Non-Medicare - 8.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076;
Medicare (Non-Kaiser) - 7.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076;
Medicare (Kaiser) - 6.25% for 2024, decreasing to an ultimate rate of 3.45% in 2076;

* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

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OTHER INFORMATION

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Glossary of Acronyms

In order to help the reader better understand the terms and abbreviations used in this document, management is providing a list of acronyms and their definitions.

ACRONYM	NAME	DEFINITION
AAL	Actuarial Accrued Liability	The actuarial present value of all postemployment benefits attributable to past service.
AICPA	American Institute of Certified Public Accountants	The national professional organization of Certified Public Accountants (CPAs) in the United States. It sets ethical standards for the profession and U.S. auditing standards for audits of private companies, nonprofit organizations, federal, state and local governments. It also develops and grades the Uniform CPA Examination.
AOC	Annual OPEB Cost	An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan. The annual OPEB cost is the amount that must be calculated and reported as an expense.
ARC	Annual Required Contribution	The employer's periodic required contributions to a defined benefit OPEB plan, calculated in accordance with the parameters.
Auditors' Opinion	Unmodified Opinion	An opinion is said to be unmodified when the Auditor concludes that the Financial Statements give a true and fair view in accordance with the financial reporting framework used for the preparation and presentation of the Financial Statements. An Auditor gives a Clean opinion or Unmodified Opinion when he or she does not have any significant reservation in respect of matters contained in the Financial Statements. The most frequent type of report is referred to as the "Unmodified Opinion," and is regarded by many as the equivalent of a "clean bill of health" to a patient, which has led many to call it the "Clean Opinion," but in reality it is not a clean bill of health, because the Auditor can only provide reasonable assurance regarding the Financial Statements, not the health of the entity itself, or the integrity of company records not part of the foundation of the Financial Statements. This type of report is issued by an auditor when the financial statements presented are free of material misstatements and are represented fairly in accordance with the Generally Accepted Accounting Principles (GAAP), which in other words means that the entity's financial condition, position, and operations are fairly presented in the financial statements. It is the best type of report an auditee may receive from an external auditor.

Glossary of Acronyms (continued)

ACRONYM	NAME	DEFINITION
ACFR	Annual Comprehensive Financial Report	A set of U.S. government financial statements comprising the financial report of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the GASB.
CalPERS	California Public Employees Retirement System	The California Public Employees' Retirement System is an agency in the California executive branch that "manages pension and health benefits for more than 1.6 million California public employees, retirees, and their families."
CERBT	California Employers' Retiree Benefit Trust	An investment vehicle that can be used by all California public employers to prefund future retiree health and OPEB.
CSRMA	California Sanitation Risk Management Association	A joint powers authority which provides broad coverage and risk management services to its members who are primarily local government agencies that provide water and wastewater services.
COP	Certificates of Participation	A financial document that is used by a municipal government or other government entity creates a bond issue. Revenues of the issuer are pledged to repay the bonds rather than being secured by property.
ERAF	Education Revenue Augmentation Funds	A fund used to collect the property taxes in each county that are shifted from cities, the county and special districts prior to their reallocation to K-14 school agencies. The county treasurer maintains the ERAF on behalf of the county auditor.
FASB	Financial Accounting Standards Board	Financial Accounting Standards Board (FASB) is a private, not-for-profit organization whose primary purpose is to develop generally accepted accounting principles (GAAP) within the United States in the public's interest.
FOG	Fats, Oils and Grease	Substances than can cause overflows of sanitary sewer systems if not disposed of properly.
GAAP	Generally Accepted Accounting Principles	The standard framework of guidelines for financial accounting used in any given jurisdiction; generally known as accounting standards or standard accounting practice. These include the standards, conventions, and rules that accountants follow in recording and summarizing and in the preparation of financial statements.

Glossary of Acronyms (continued)

ACRONYM	NAME	DEFINITION
GASB	Governmental Accounting Standards Board	Currently the source of generally accepted accounting principles (GAAP) used by state and local governments in the United States of America.
I&I	Infiltration and Inflow	Infiltration is groundwater entering sanitary sewers through defective pipe joints and broken pipes. Inflow is water entering sanitary sewers from inappropriate connections such as roof drains, cellar drains, and yard drains.
LAIF	Local Agency Investment Fund	A fund managed by the Office of the Treasurer of the State of California, which is available for local governments.
MD&A	Management Discussion and Analysis	An integrated part of the annual financial statements. The purpose of the MD&A is to provide a narrative explanation, through the eyes of management, of how an entity has performed in the past, its financial condition, and its future prospects.
MGD	Million Gallons per Day	Measurement unit used for calculating volume of wastewater treated at the plant.
MMWD	Marin Municipal Water District	Water agency for Marin County serving areas south of Ignacio.
NBWRA	North Bay Water Reuse Authority	A coordinated regional group of water and sanitation agencies in Sonoma, Marin, and Napa Counties to offset potable water demand by promoting water reuse for agriculture, urban, and environmental uses.
NMWD	North Marin Water District	Water agency for Marin County serving areas north of Ignacio and some coastal communities.
OPEB	Other Postemployment Benefits	Postemployment benefits other than pension benefits. Other postemployment benefits (OPEB) include postemployment healthcare benefits, regardless of the type of plan that provides them, and all postemployment benefits provided separately from a pension plan, except benefits defined as special termination benefits.

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STATISTICAL SECTION

Introduction to the Statistical Section

This section of the Las Gallinas Valley Sanitary District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the District's overall health.

Financial Trend Information

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

- Balance Sheets
- Statements of Revenues, Expenses and Changes in Net Position

Revenue Capacity Information

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its largest single own-source revenue: sewer service charges.

- Sewer Service Charge Revenue
- Sewer Service Rates per Eligible Dwelling Unit
- Principal Revenue Payers
- Summary of Sewer Customers by Class

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

- Revenues, Expenditures, Debt Service Coverage and Cash Flows from Operations
- Outstanding Debt per Connection
- Other Postemployment Benefits Funding Status and Covered Lives

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

- Demographic and Economic Statistics
- Principal Employers in Marin County

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

- Recycled Water Production
- Daily Average Influent Flow
- Private Sewer Lateral Assistance Program
- Collection System Services
- Full-time Equivalent Employees by Function

Las Gallinas Valley Sanitary District

Recycled water treatment facilities

Las Gallinas Valley Sanitary District

Balance Sheets - Statements of Net Position for the Last Ten Fiscal Years

(in thousands)

Fiscal Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
			As Restated						As Restated	
ASSETS										
Current Assets	$ 30,596	$ 34,642	$ 37,436	$ 43,570	$ 68,828	$ 66,984	$ 63,817	$ 21,657	$ 20,401	$ 19,409
Capital and other assets	124,685	120,280	111,355	97,155	70,656	65,282	64,935	59,823	56,651	54,820
TOTAL ASSETS	**155,282**	**154,922**	**148,790**	**140,725**	**139,484**	**132,266**	**128,752**	**81,480**	**77,052**	**74,229**
Deferred Outflows of Resources	**2,998**	**1,720**	**1,729**	**1,811**	**1,380**	**1,570**	**1,141**	**702**	**486**	**910**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**158,280**	**156,642**	**150,520**	**142,536**	**140,864**	**133,836**	**129,893**	**82,182**	**77,538**	**75,139**
LIABILITIES										
Total current liabilities	4,712	4,855	5,978	5,871	5,758	3,412	3,823	1,841	2,136	1,956
Total noncurrent liabilities	54,916	55,473	53,855	51,144	53,243	55,938	56,121	16,162	16,823	18,919
TOTAL LIABILITIES	**59,629**	**60,328**	**59,833**	**57,015**	**59,001**	**59,350**	**59,944**	**18,003**	**18,959**	**20,875**
Deferred Inflows of Resources	**1,121**	**2,882**	**1,150**	**638**	**511**	**528**	**144**	**296**	**622**	**-**
TOTAL LIABILITIES AND DEFERRED INFLOWS RESOURCES	**60,750**	**63,210**	**60,983**	**57,653**	**59,512**	**59,878**	**60,088**	**18,299**	**19,581**	**20,875**
NET POSITION:										
Net investment in capital assets	71,606	64,361	58,574	47,893	55,392	51,243	48,605	43,749	39,712	37,011
Restricted	909	905	900	895	880	880	874	867	860	858
Unrestricted	25,015	28,166	30,063	27,462	25,072	21,836	20,325	19,227	17,491	16,394
TOTAL NET POSITION	**$ 97,530**	**$ 93,432**	**$ 89,537**	**$ 84,883**	**$ 81,352**	**$ 73,958**	**$ 69,805**	**$ 63,883**	**$ 57,957**	**$ 54,264**

Source: Las Gallinas Valley Sanitary District Basic Financial Statements.

Note: The Statements of Net Position for 2015 have been restated for the correction of an error and the implementation of GASB No. 68. The Statements of Net Position for 2021 have been restated for the adoption GASB No. 87 - Leases and to recognize unaccounted receivables for sew er use charges - assessments and property taxes.

Las Gallinas Valley Sanitary District

Statements of Revenues, Expenses and Changes in Net Position
For the Last Ten Fiscal Years

(in thousands)

Fiscal Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
OPERATING REVENUES:			**As Restated**						**As Restated**	
Sewer use charges	$ 17,000	$ 15,492	$ 15,284	$ 14,832	$ 14,229	$ 13,635	$ 13,060	$ 11,647	$ 10,311	$ 10,157
Recycled water fees	246	128	123	67	64	61	45	50	120	75
Miscellaneous	176	68	138	27	8	41	42	46	22	46
TOTAL OPERATING REVENUES	**17,422**	**15,688**	**15,545**	**14,926**	**14,301**	**13,737**	**13,147**	**11,743**	**10,453**	**10,278**
OPERATING EXPENSES:										
Sewage collection and pump stations	2,741	1,942	1,571	1,273	1,162	1,271	1,036	945	1,156	1,089
Sewage treatment	3,671	3,211	2,866	4,270	1,934	1,875	2,065	1,547	1,425	1,519
Sewage and solid waste disposal	713	435	507	616	197	129	216	83	127	340
Laboratory	534	506	498	360	319	339	338	295	352	402
Engineering[1]	937	983	874	616	470	650	532	448	435	325
Recycled water	102	62	106	116	181	69	57	98	109	90
General and administrative	2,291	2,899	2,478	2,891	1,774	2,208	1,719	1,635	1,467	1,692
Depreciation and amortization	3,619	3,127	3,148	2,897	2,655	2,601	2,526	2,429	2,413	2,432
TOTAL OPERATING EXPENSES	**14,609**	**13,166**	**12,048**	**13,039**	**8,692**	**9,142**	**8,489**	**7,480**	**7,484**	**7,889**
INCOME (LOSS) FROM OPERATIONS	2,813	2,522	3,497	1,887	5,609	4,595	4,658	4,263	2,969	2,389
NONOPERATING REVENUES:										
Property taxes	1,718	1,706	1,566	1,528	1,358	1,294	1,243	1,129	1,091	1,123
Federal and state grants	-	-	-	-	-	-	-	-	-	19
Franchise fees	166	162	153	125	69	25	25	25	25	25
Gain on disposal, net & Other	-	-	-	3	-	-	-	-	1	-
Interest income	490	(169)	323	519	543	281	150	79	51	47
TOTAL NONOPERATING REVENUES	**2,374**	**1,700**	**2,042**	**2,175**	**1,970**	**1,600**	**1,418**	**1,233**	**1,168**	**1,214**

Las Gallinas Valley Sanitary District

Statements of Revenues, Expenses and Changes in Net Position
For the Last Ten Fiscal Years (continued)

(in thousands)

Fiscal Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
NONOPERATING EXPENSES:			As Restated						As Restated	
Loss on disposals	$ -	$ -	$ -	$ -	$ -	$ 1	$ 6	$ -	$ -	$ 2
Bond issuance costs	-	-	-	-	-	-	349	-	-	-
Interest expense	1,806	1,904	2,000	1,454	857	1,288	276	402	553	624
TOTAL NONOPERATING EXPENSES	**1,806**	**1,904**	**2,000**	**1,454**	**857**	**1,289**	**631**	**402**	**553**	**626**
INCOME BEFORE CONTRIBUTIONS	3,381	2,318	3,539	2,608	6,722	4,906	5,445	5,094	3,584	2,977
CAPITAL CONTRIBUTIONS:										
Connection fees	326	468	213	39	35	239	40	34	74	44
Federal and state grants	3	646	446	369	174	362	-	798	35	-
Intergovernmental	389	463	463	515	463	455	437	-	-	-
CHANGE IN NET POSITION	4,098	3,895	4,662	3,531	7,394	5,962	5,922	5,926	3,693	3,021
NET POSITION - BEGINNING OF YEAR AS PREVIOUSLY STATED	93,432	89,537	84,875	81,352	73,958	69,805	63,883	57,957	54,264	51,243
Restatement: Change in Accounting Principle[2]	-	-	-	(8)	-	(1,809)	-	-	-	-
NET POSITION - BEGINNING OF YEAR AS RESTATED	93,432	89,537	84,875	81,344	73,958	67,996	63,883	57,957	54,264	51,243
NET POSITION - END OF YEAR	**$ 97,530**	**$ 93,432**	**$ 89,537**	**$ 84,875**	**$ 81,352**	**$ 73,958**	**$ 69,805**	**$ 63,883**	**$ 57,957**	**$ 54,264**

[1] In prior years, these line items were classified with different departments.

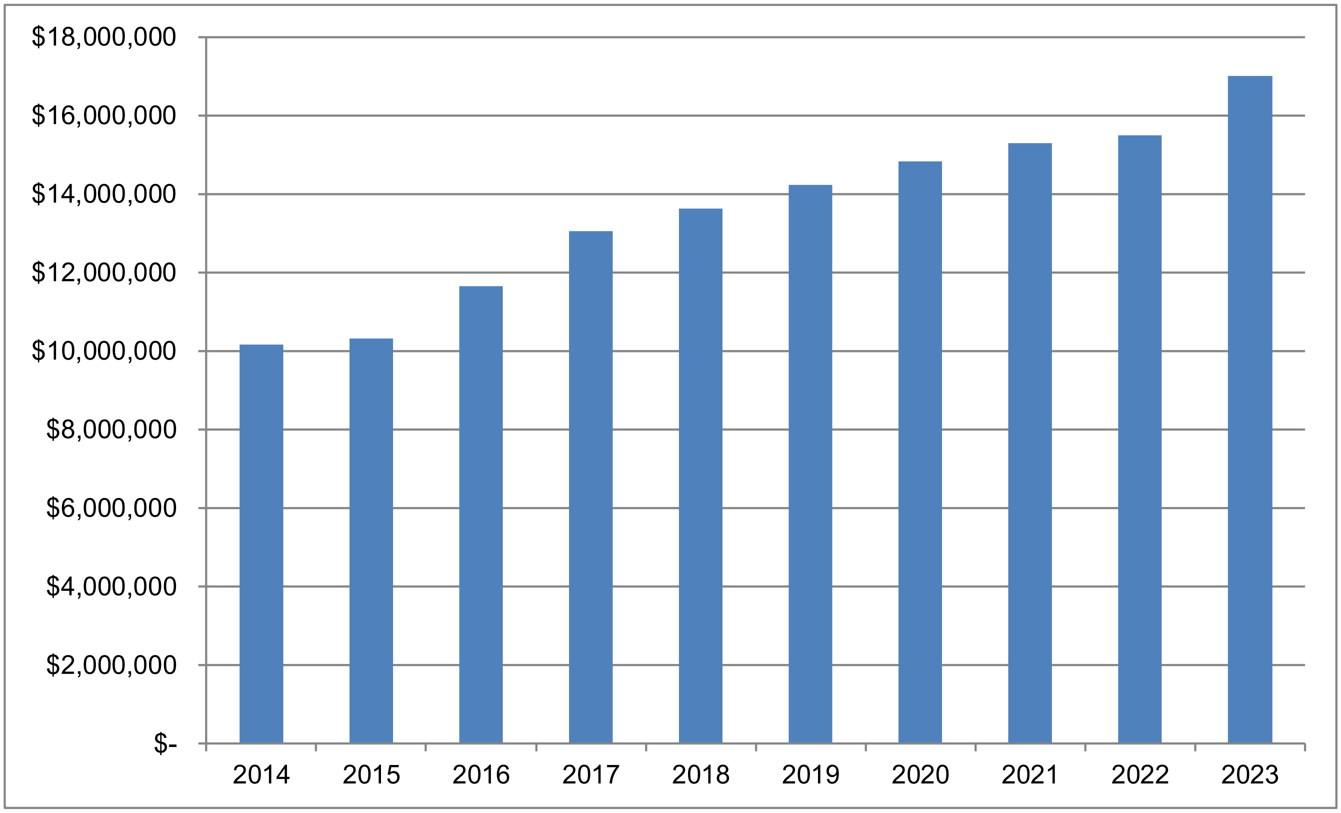
[2] The District implemented GASB 75 - Accounting for Postemployment Benefit Obligations during the fiscal year ended June 30, 2018.
The District adopted GASB 87 - Leases during fiscal year ended June 30, 2022.

Source: Las Gallinas Valley Sanitary District Basic Financial Statements.

Note: The Statements of Revenues, Expenses and Net Position for 2015 have been restated for the correction of an error and the implementation of GASB No. 68.
The Statements of Revenues, Expenses and Net Position for 2021 have been restated for the adoption GASB No. 87 - Leases and to recognize unaccounted receivables for sewer use charges - assessments and property taxes.

Las Gallinas Valley Sanitary District

Sewer Service Charge Revenue for the Past Ten Fiscal Years



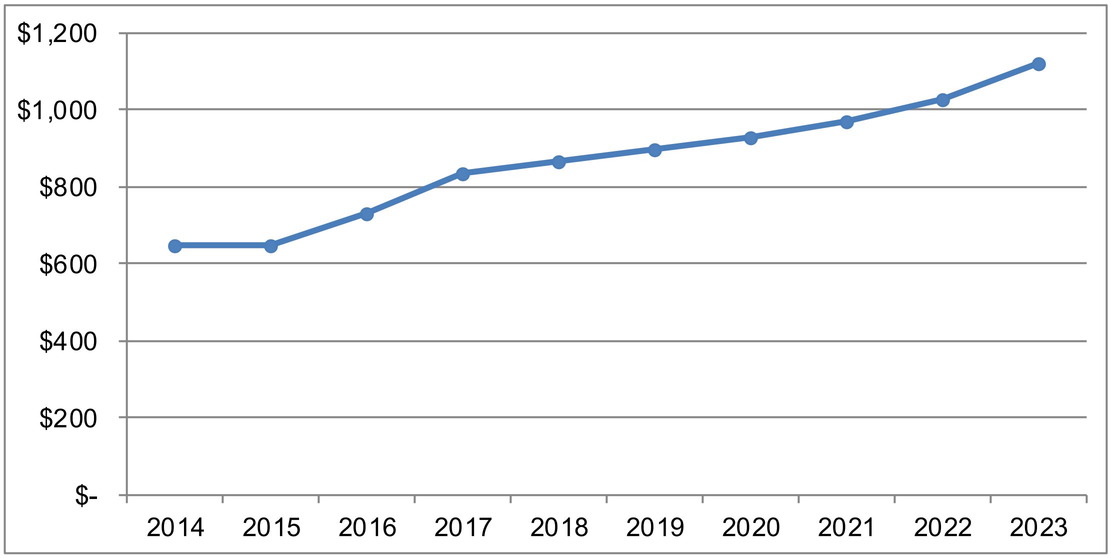
Historic Sewer Service Revenue

Fiscal Year Ended June 30,	Sewer Service Revenue	Percentage Change
2014	$ 10,157,200	0.87%
2015	$ 10,311,200	1.52%
2016	$ 11,647,257	12.96%
2017	$ 13,059,850	12.13%
2018	$ 13,634,548	4.40%
2019	$ 14,228,877	4.36%
2020	$ 14,831,995	4.24%
2021	$ 15,284,365	3.05%
2022	$ 15,491,846	1.36%
2023	$ 16,999,751	9.73%

Source: Las Gallinas Valley Sanitary District records

Las Gallinas Valley Sanitary District

Sewer Service Rates Per Eligible Dwelling Unit for the Past Ten Fiscal Years



Historic Sewer Service Rates

Fiscal Year Ended June 30,	Sewer Service Rates	Percentage Change
2014	$ 647	0.8%
2015	$ 647	0.0%
2016	$ 734	13.4%
2017	$ 835	13.8%
2018	$ 867	3.8%
2019	$ 898	3.6%
2020	$ 927	3.2%
2021	$ 968	4.4%
2022	$ 1,029	6.3%
2023	$ 1,122	9.0%

Source: Las Gallinas Valley Sanitary District records

Las Gallinas Valley Sanitary District

Principal Revenue Payers
for the Current Fiscal Year and Ten Years Prior

FY 2022/23			FY 2012/13		
Payer	Total Paid	Percentage of Revenue Collected	Payer	Total Paid	Percentage of Revenue Collected
Contempo Marin	$ 448,800	2.94%	County of Marin	$ 298,103	3.37%
County of Marin	397,076	2.60%	Contempo Marin	263,864	2.99%
Marin Valley Mobile Home Park	353,430	2.31%	Marin Valley Mobile Home Park	202,230	2.29%
Northgate Mall	281,173	1.84%	Northgate Mall	200,306	2.27%
Embassy Suites	244,933	1.60%	Bay Apartment Communities	164,354	1.86%
Kaiser Permanente	154,612	1.01%	Embassy Suites	121,640	1.38%
St. Vincent's School	107,600	0.70%	Deer Valley Apartments	110,426	1.25%
Miller Creek School District	79,662	0.52%	San Rafael Manor	103,364	1.17%
Rafael Convalenscent Hospital	74,052	0.48%	Northbay Properties II	96,302	1.09%
Parnow Friendship House Apartments	73,828	0.48%	Sheraton Four Points	82,178	0.93%
Total	**$ 2,215,166**	**14.49%**	**Total**	**$ 1,642,767**	**18.59%**

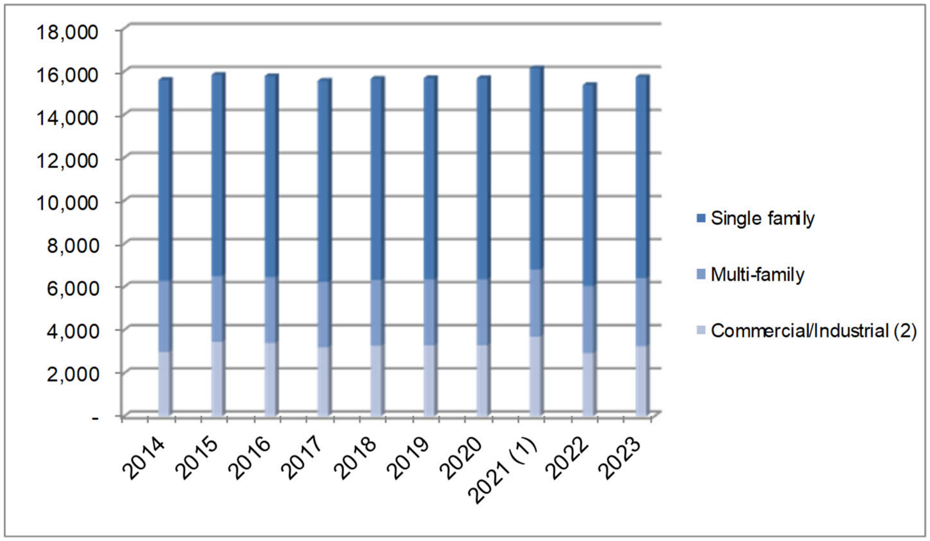
Source: Las Gallinas Valley Sanitary District records

Las Gallinas Valley Sanitary District

Summary of Sewer Customers by Class for the Past Ten Fiscal Years

June 30,

Class	2014	2015	2016	2017	2018	2019	2020	2021 [1]	2022	2023	2023 % of Total
Residential											
Single family	9,329	9,337	9,332	9,334	9,339	9,339	9,339	9,336	9,333	9,330	59.26%
Multi-family	3,300	3,060	3,053	3,050	3,059	3,065	3,065	3,121	3,115	3,161	20.08%
Subtotal	12,629	12,397	12,385	12,384	12,398	12,404	12,404	12,457	12,448	12,491	79.33%
Commercial/Industrial [2]	2,986	3,450	3,401	3,187	3,268	3,286	3,287	3,694	2,931	3,254	20.67%
Total	**15,615**	**15,847**	**15,786**	**15,571**	**15,666**	**15,690**	**15,691**	**16,151**	**15,379**	**15,745**	100.00%



Source: Las Gallinas Valley Sanitary District records

[1] Restated 2021. Multi-family customer class count based on Living Units from 2021 forward to more accurately reflect residental customer counts.

[2] Commercial / Industrial customer class count based on Equivalent Sanitary Units which fluctuate based on prior year water use.

Note: Table is required per 2017 Revenue Bond Official Statement Table 1, see page 22 of document for table and C-2 for requirement.

Revenues, Expenditures, Debt Service Coverage and Cash Flow from Operations
For the Last Ten Fiscal Years

(in thousands)

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GROSS REVENUES[1]			As Restated						As Restated	
Sewer use charges	$ 17,000	$ 15,492	$ 15,284	$ 14,832	$ 14,229	$ 13,635	$ 13,060	$ 11,647	$ 10,311	$ 10,157
Property taxes	1,718	1,706	1,566	1,524	1,354	1,290	1,239	1,125	1,087	1,118
Recycled water fees	246	128	123	67	63	61	45	50	120	75
Other	832	61	614	716	660	590	261	188	177	186
TOTAL GROSS REVENUES	**19,797**	**17,387**	**17,587**	**17,139**	**16,306**	**15,576**	**14,605**	**13,010**	**11,695**	**11,536**
Marin Municipal Water District Debt Debt Reimbursement										
Bank of Marin	157	207	207	206	206	207	437	-	-	-
2017 Revenue Bonds	256	257	257	257	257	249	-	-	-	-
	413	463	463	463	463	456	437	-	-	-
OPERATING AND MAINTENANCE COSTS[2]										
Sewage collection, treatment and disposal	7,125	5,588	4,944	6,159	3,294	3,275	3,317	2,575	2,708	2,948
Laboratory	534	506	498	360	319	339	338	295	352	402
Engineering	937	983	874	615	470	650	532	448	435	325
Recycled water	102	62	106	116	180	69	57	98	109	90
General and administrative	2,291	2,899	2,478	2,891	1,774	2,208	1,719	1,635	1,467	1,692
Less accounting adjustment for pension expense and OPEB	382	(29)	9	(272)	(190)	(299)	(24)	145	48	-
TOTAL OPERATING AND MAINTENANCE COSTS	**11,372**	**10,009**	**8,909**	**9,869**	**5,847**	**6,242**	**5,939**	**5,196**	**5,119**	**5,457**
NET REVENUES	$ 8,425	$ 7,378	$ 8,678	$ 7,270	$ 10,459	$ 9,334	$ 8,666	$ 7,814	$ 6,576	$ 6,079

Revenues, Expenditures, Debt Service Coverage and Cash Flow from Operations
For the Last Ten Fiscal Years (Continued)

(in thousands)

	Fiscal Years Ended June 30,									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
DEBT SERVICE[(3)]										
Current fiscal year	$ 4,614	$ 4,814	$ 4,805	$ 4,798	$ 3,991	$ 3,921	$ 1,543	$ 1,540	$ 1,540	$ 1,583
Next fiscal year	$ 4,585	$ 4,614	$ 4,814	$ 4,805	$ 4,798	$ 3,991	$ 3,921	$ 1,543	$ 1,540	$ 1,540
COVERAGE (1.25X Requirement)										
Current fiscal year	1.83	1.53	1.80	1.52	2.62	2.38	5.62	5.08	4.27	3.84
Next fiscal year	1.84	1.60	1.80	1.51	2.18	2.34	2.21	5.06	4.27	3.95
CASH FLOW FROM OPERATIONS	$ 5,284	$ 4,015	$ 6,418	$ 5,205	$ 8,587	$ 7,339	$ 7,336	$ 6,814	$ 5,190	$ 4,793

Source: Las Gallinas Valley Sanitary District Basic Financial Statements.

Note: The Statements of Revenues, Expenses and Cash Flows from Operations have been restated for the correction of an error and the implementation of GASB No. 68.

The Statements of Revenues, Expenses and Net Position for 2021 have been restated for the adoption GASB No. 87 - Leases and to recognize unaccounted receivables for sewer use charges - assessments and property taxes.

(1) Gross revenues includes all operating and nonoperating revenues and connection fees; excludes grants.

(2) Operating and maintenance costs means the reasonable and necessary costs and expenses paid by the District for maintaining and operating the Wastewater Enterprise excluding depreciation, amortization of intangibles, capital expenditures, accounting adjustments related to pension expense and other post-employment benefit (OPEB) plans.

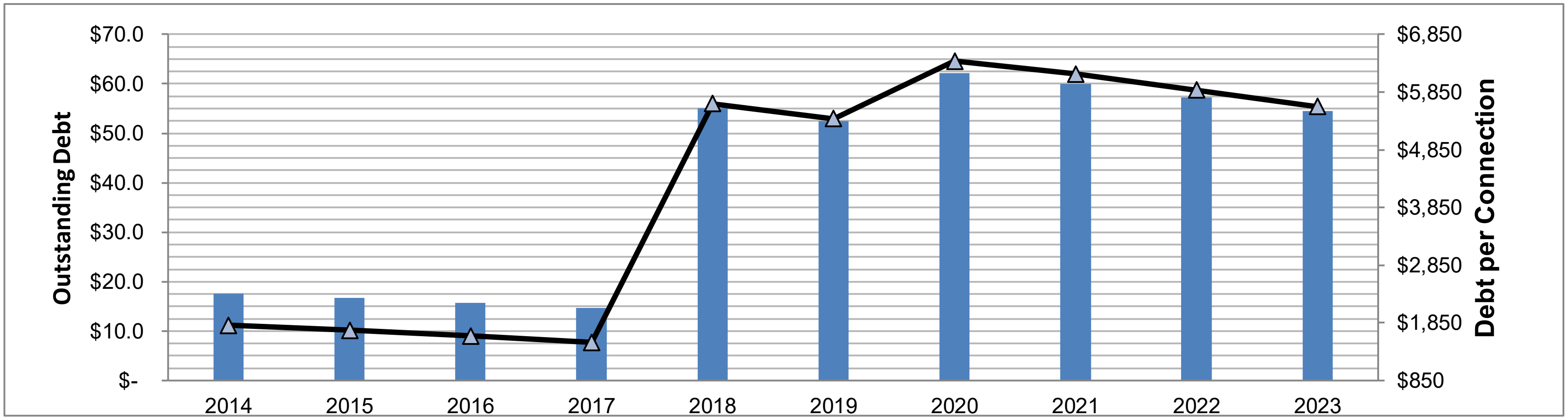
(3) Debt service includes principal and interest due in the specified period

(4) General and administrative restated for fiscal year ending June 30, 2019 from ($2,704) to $1,774.

Note: Table is required per 2017 Revenue Bond Official Statement Table 7, see page 32 of document for table and C-2 for requirement.

Las Gallinas Valley Sanitary District

Outstanding Debt Per Connection
for the Past Ten Fiscal Years



Type of Debt

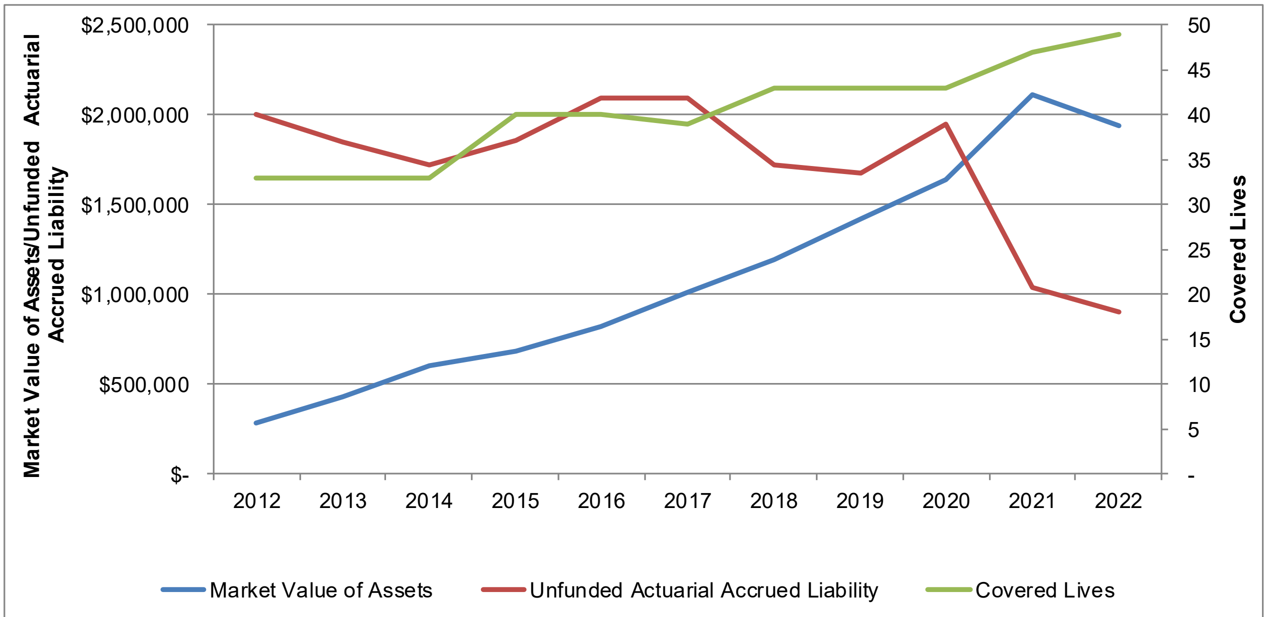
Fiscal Year Ended June 30,	IBank Finance Agreement [1]	Notes Payable	State Revolving Fund	2017 Revenue Bond	Total Outstanding Debt	Debt per Capita [2,3]	Total Parcels Connected [4]	Debt per Connection
2014	$ -	$ 12,749,974	$ 4,027,598	$ -	$ 16,777,572	$ 578	9,742	$ 1,722
2015	$ -	$ 11,928,573	$ 3,850,878	$ -	$ 15,779,451	$ 543	9,742	$ 1,620
2016	$ -	$ 11,079,644	$ 3,669,387	$ -	$ 14,749,031	$ 508	9,742	$ 1,514
2017	$ -	$ 10,196,639	$ 3,482,996	$ 41,368,492	$ 55,048,127	$ 1,896	9,742	$ 5,651
2018	$ -	$ 9,274,581	$ 2,893,080	$ 40,297,139	$ 52,464,800	$ 1,807	9,742	$ 5,385
2019	$ 12,000,000	$ 8,327,949	$ 2,685,728	$ 39,225,786	$ 62,239,463	$ 2,143	9,742	$ 6,389
2020	$ 11,670,866	$ 7,346,584	$ 2,893,080	$ 38,114,433	$ 60,024,963	$ 2,067	9,739	$ 6,163
2021	$ 11,331,858	$ 6,324,182	$ 2,685,728	$ 36,963,080	$ 57,304,847	$ 1,889	9,734	$ 5,887
2022	$ 10,982,679	$ 5,255,508	$ 2,472,779	$ 35,771,727	$ 54,482,693	$ 1,796	9,731	$ 5,599
2023	$ 10,623,025	$ 4,348,575	$ 2,254,080	$ 34,540,374	$ 51,766,054	$ 1,706	9,730	$ 5,320

Source: Las Gallinas Valley Sanitary District records

[1] IBank $12,000,000 finance agreement entered into May 2019 with first payment of note payable made in August 2019. IBank restated for 2020 and 2021.
[2] District population of 29,040 per the 2010 Census data for zip code 94903
[3] District population of 30,340 per the 2020 Census data for zip code 94903
[4] Clarified title to "Total Parcels Connected" beginning in 2020 instead of "Total Connections", restated Total Parcels Connected for years 2021 and 2022.

Las Gallinas Valley Sanitary District

Other Postemployment Benefits Funding Status and Covered Lives for the Past Ten Fiscal Years



Fiscal Year Measurement Date June 30,	Fair Value of Assets	Unfunded Actuarial Accrued Liability	Covered Lives
2012	$ 285,231	$ 2,000,604	33
2013	$ 433,543	$ 1,844,973	33
2014	$ 601,454	$ 1,721,266	33
2015	$ 684,028	$ 1,854,011	40
2016	$ 822,086	$ 2,093,879	40
2017	$ 1,011,581	$ 2,094,980	39
2018	$ 1,191,718	$ 1,716,981	43
2019	$ 1,422,668	$ 1,672,079	43
2020	$ 1,641,492	$ 1,948,431	43
2021	$ 2,115,239	$ 1,040,509	47
2022	$ 1,938,736	$ 899,028	49

Source: Las Gallinas Valley Sanitary District records

Las Gallinas Valley Sanitary District

Demographic and Economic Statistics
for the Past Ten Fiscal Years

Fiscal Year Ended June 30,	Population [1]	Personal Income ($000)[1]	Per Capita Personal Income ($000)[1]	School Enrollment[2]	Unemployment Rate[3]
2013	258,365	$ 25,093,401	$ 97,124	32,793	5.1%
2014	260,750	$ 25,716,754	$ 98,626	33,207	4.2%
2015	261,221	$ 28,492,821	$ 109,076	33,638	3.5%
2016	260,651	$ 30,222,883	$ 115,952	33,633	3.5%
2017	260,955	$ 32,395,707	$ 124,731	33,741	2.4%
2018	259,666	$ 34,866,708	$ 134,275	33,441	2.2%
2019	259,085	$ 35,987,604	$ 138,903	34,333	2.5%
2020	257,332	$ 37,461,199	$ 145,575	34,223	10.0%
2021	259,162	$ 42,936,183	$ 165,673	32,815	4.8%
2022	256,018	$ 43,824,350	$ 171,177	31,689	2.7%
2023	Unavailable	Unavailable	Unavailable	Unavailable	3.4%

Notes / Sources:

[1] US Department of Commerce, Bureau of Economic Analysis - www.bea.gov, the most recently available data is for 2022. New statistics for 2022; revised statistics for 2021.

[2] California Department of Education, Educational Demographics Office - www.ed-data.org/County/Marin, the most recently available data is for FY 2021-22, Cumulative Enrollment.

[3] Employment Development Department, Labor Market Information - www.labormarketinfo.edd.ca.gov

Principal Employers In Marin County
Most Recently Available and Ten Years Ago

June 30, 2022

Taxpayer	Type of Business	Total Taxes[1,2]	Percentage of Total County Taxes
Pacific Gas and Electric Company	Utilities	$ 11,754,080	0.93 %
Biomarin Pharmaceutical, Inc.	Pharmaceutical	4,567,395	0.36
California Corporate Center Acquisit	Commercial Rental Property	3,280,444	0.26
MGP XI Northgate LLC	Commercial Rental Property	2,877,587	0.23
JCC Cal Properties, LLC	Commercial Rental Property	2,806,610	0.22
Skywalker Properties LTD	Film and Entertainment	2,703,945	0.21
RP Maximus Cove Owner, LLC	Commercial Rental Property	2,126,239	0.17
Corte Madera Village LLC	Commercial Rental Property	2,130,313	0.17
KW Hamilton Landing LLC	Commercial Rental Property	1,945,589	0.15
PUR San Rafael, LLC	Residential Rental Property	1,473,283	0.12
Total		$ 35,665,485	2.82
Total Taxes of All Taxpayers		$ 1,262,606,363	

June 30, 2013

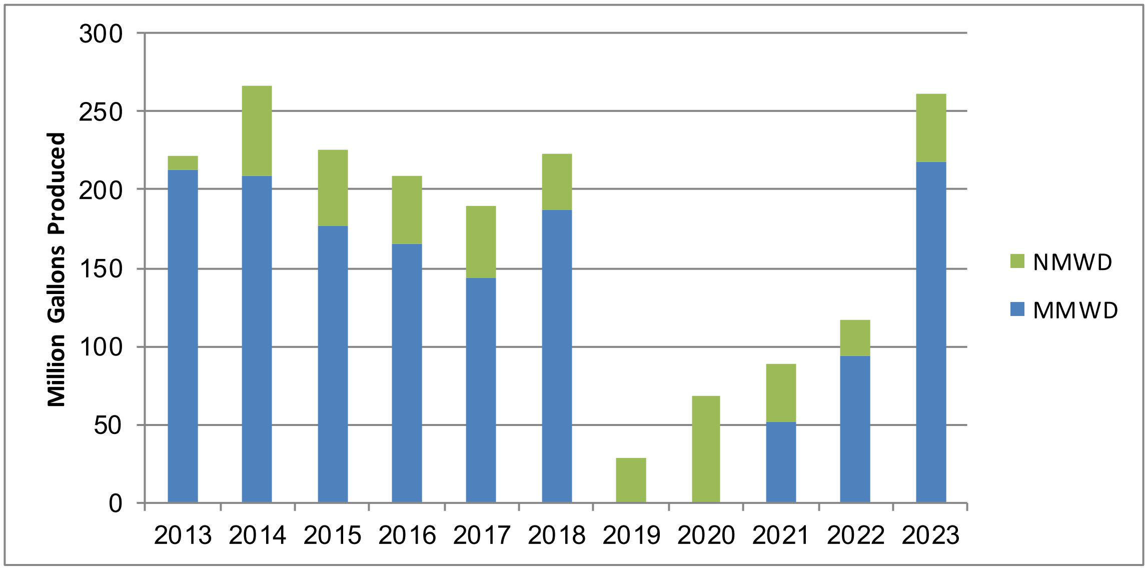
Taxpayer	Type of Business	Total Taxes[1]	Percentage of Total County Taxes
Pacific Gas and Electric Company	Utilities	$ 4,409,096	0.57 %
JCC Cal Properties, LLC	Commercial Rental Property	2,613,971	0.34
Skywalker Properties LTD	Film and Entertainment	2,233,295	0.29
Novato FF Property LLC	Commercial Rental Property	1,749,734	0.22
Corte Madera Village LLC	Commercial Rental Property	1,732,705	0.22
Northgate Mall Assoc	Commercial Rental Property	1,617,088	0.21
Hamilton Marin LLC	Commercial Rental Property	1,552,973	0.20
RPR Larkspur Owner LLC	Residential Rental Property	1,335,455	0.17
770 Tamalpais Dr INC	Commercial Rental Property	1,254,248	0.16
Sutter Health	Health Care	1,189,946	0.15
Total		$ 19,688,511	2.53
Total Taxes of All Taxpayers		$ 777,668,203	

Notes:
[1] Taxable assessed secured amounts
[2] Taxable secured amounts on APNs assessed over $100,000.

Source: Department of Finance Property Tax Division - County of Marin, California

Most recent available data from the County of Marin Annual Comprehensive Financial Report for FY ending June 20, 2022

Recycled Water Production
for the Past Ten Fiscal Years



Fiscal Year Ended June 30,	Million Gallons Produced MMWD	NMWD	Increase (Decrease) [2]
2013	212.03	9.52	58.99%
2014	209.28	56.44	19.94%
2015	176.91	48.96	-15.00%
2016	164.98	43.97	-7.49%
2017	143.86	45.53	-9.36%
2018	186.66	36.44	17.80%
2019	0 [1]	28.87	-87.06%
2020	0 [1]	68.60	137.62%
2021	51.23 [1]	36.97	28.57%
2022	94.2	22.24	32.02%
2023	218.19	43.25	196.42%

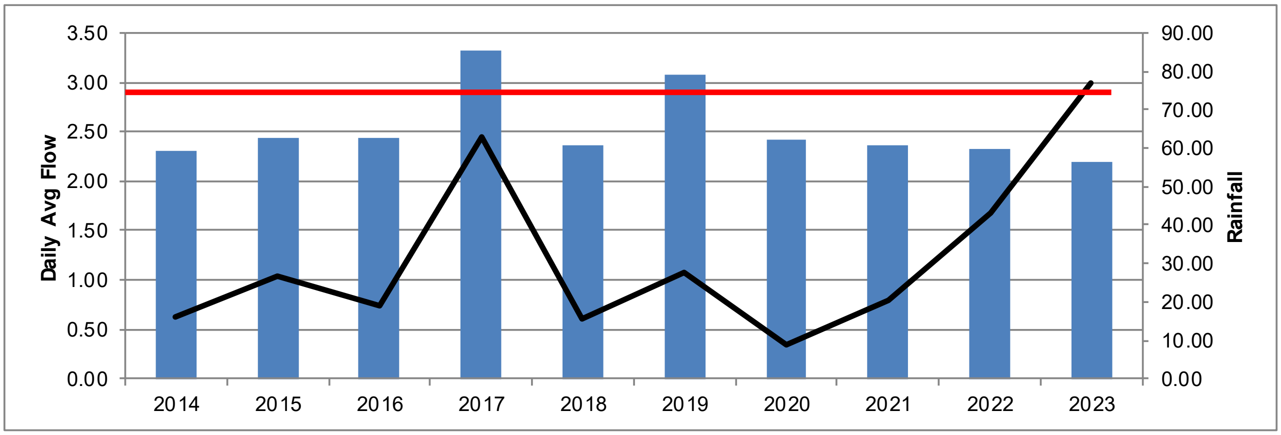
Source: Las Gallinas Valley Sanitary District records

[1] MMWD temporaily suspended intake of water until the Recycled Water Expansion Project was complete. Recycled water service restarted the end of March 2021.

[2] Restated Increase / Decrease % for Fiscal Years 2018 to 2021.

Las Gallinas Valley Sanitary District

Daily Average Influent Flow
for the Past Ten Fiscal Years



Fiscal Year Ended June 30,	Daily Average Flow (MGD)[1]	Increase (Decrease)	Rainfall		Increase (Decrease)
2014	2.30	-11.20%	16.00	2	-32.57%
2015	2.43	5.65%	26.51	2	65.69%
2016	2.44	0.41%	19.10	1	-27.95%
2017	3.32	35.98%	62.80	3	228.80%
2018	2.36	-28.87%	15.67	4	-75.05%
2019	3.07	30.08%	27.44	4	75.11%
2020	2.42	-21.17%	8.89	4	-67.60%
2021	2.36	-2.48%	20.66	5	132.40%
2022	2.33	-1.27%	43.16	5	108.91%
2023	2.19	-6.01%	76.96	5	78.31%

Sources:

[1] Las Gallinas Valley Sanitary District records

[2] Western Regional Climate Center, www.wrcc.dri.edu, rainfall reporting for the San Rafael Civic Center, California July 1 - June 30.

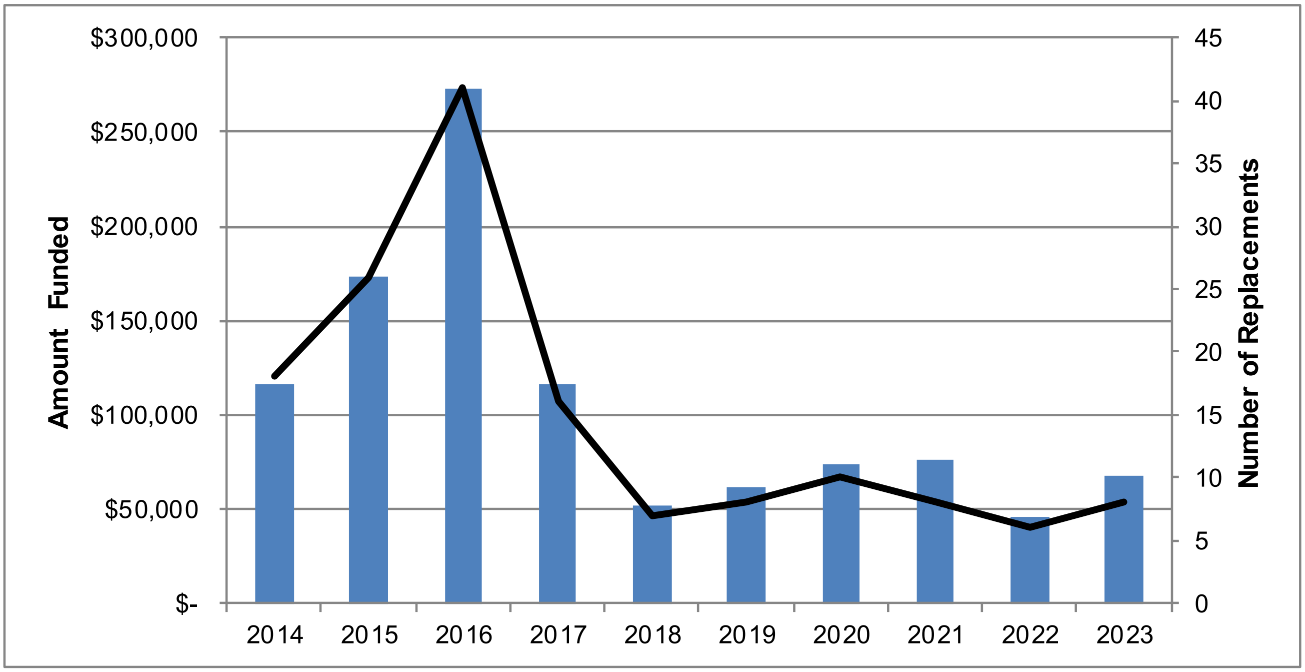
[3] National Weather Service Forecast Office, http://w2.weather.gov/climate/xmacis.php?wfo=mtr for San Rafael Civic Center, July - June

[4] North Marin Water District weather monitoring station at Highways 37 and 101 near Black Pointe.

[5] Marin Water District weather monitoring station at Lake Lagunitas, total as of June 30.

Note: Concentrated efforts by the District to reduce infiltration and inflow (I&I) to the sewer collection system during wet weather events through its repair, replacement and maintenance program is demonstrated in the above graph. As rainfall increases, there been a gradual decrease in daily average flow at the treatment plant; this indicates that the District's sewer rehabilitation program is reducing I&I into the sewer system.

Private Sewer Lateral Assistance Program for the Past Ten Fiscal Years



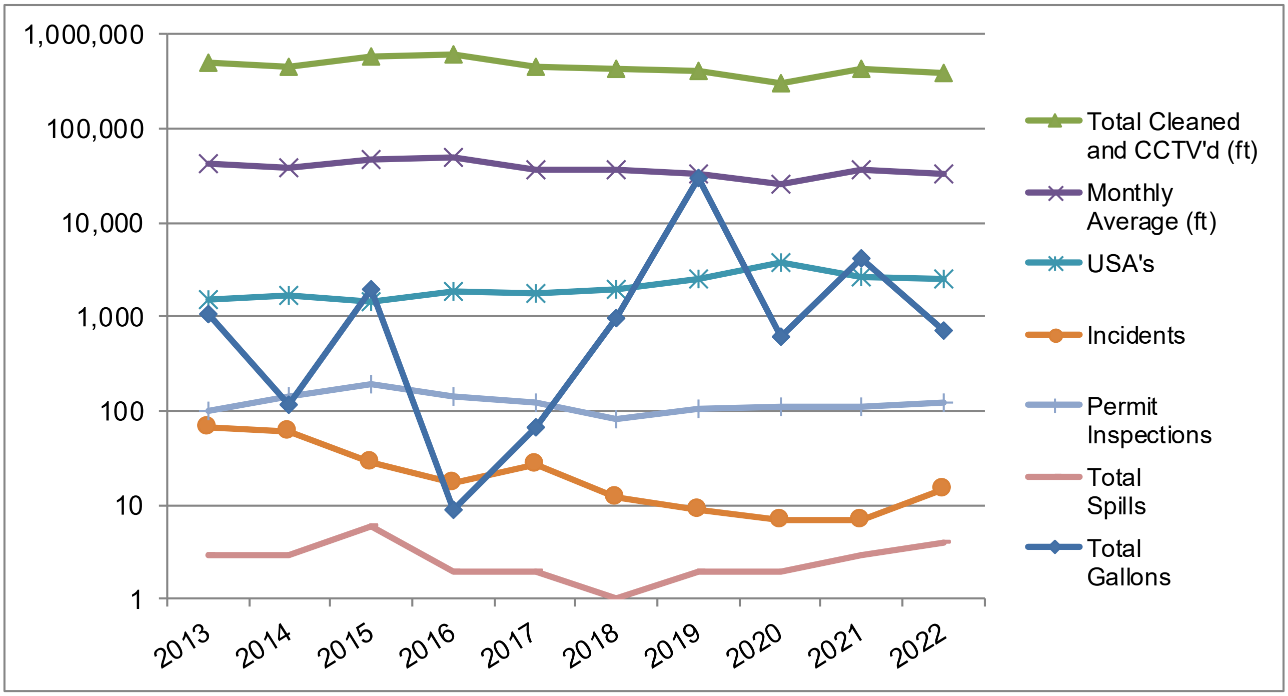
Fiscal Year Ended June 30,	Total Amount Funded	Increase (Decrease)	Number of Funded Replacements	Increase (Decrease)
2014	$ 115,717	10.38%	18	5.88%
2015	$ 172,788	49.32%	26	44.44%
2016	$ 272,322	57.60%	41	57.69%
2017	$ 116,092	-57.37%	16	-60.98%
2018	$ 52,406	-54.86%	7	-56.25%
2019	$ 61,716	17.77%	8	14.29%
2020	$ 73,397	18.93%	10	25.00%
2021	$ 75,904	3.42%	8	-20.00%
2022	$ 46,400	-38.87%	6	-25.00%
2023	$ 68,045	46.65%	8	33.33%

Source: Las Gallinas Valley Sanitary District records

Note: The District began the Private Sewer Lateral Assistance Program in 2013 to help property owners repair and replace their laterals.

Las Gallinas Valley Sanitary District

Collection System Services
Past Ten Calendar Years



Calendar [1] Year	Total Cleaned and CCTV'd (ft)	Monthly Average (ft)	USA's	Incidents	Permit Inspections	Total Spills	Total Gallons
2013	505,587	42,132	1,521	68	100	3	1,073
2014	452,649	37,721	1,721	62	141	3	114
2015	573,209	47,767	1,467	29	190	6	1,964
2016	597,656	49,805	1,896	17	141	2	9
2017	444,989	37,082	1,773	27	125	2	67
2018	436,928	36,411	1,918	12	83	1	975
2019	400,286	33,357	2,548	9	104	2	29,080
2020	303,662	25,305	3,803	7	108	2	601
2021	429,304	35,775	2,681	7	111	3	4,238
2022	394,300	32,858	2,509	15	125	4	710

Source: Las Gallinas Valley Sanitary District records

[1] Reporting for calendar year ended during audit period.

Note: CCTV is video recording of the sewer mains and lateral performed with a mobile unit.
A USA is a request by the Underground Service Alert system to mark utility lines on public and private property. The purpose of the program is to prevent damage to the District's sewer system.

Las Gallinas Valley Sanitary District

Full-Time Equivalent Employees by Function
for the Past Ten Fiscal Years

Fiscal Year Ended June 30,	Operations	Engineering	Laboratory[1]	Collection System	Administration	Board	Total
2014	6	2	2	5	4	5	24
2015	6	3	2	5	4	5	25
2016	7	3	2	5	4	5	26
2017	7	3	2	5	4	5	26
2018	7	2	2	5	4	5	25
2019	7	2	2	5	4	5	25
2020	7	2	2	6	4	5	26
2021	8	2	2	8	5	5	30
2022	8	2	2	10	5	5	32
2023	8	3	2	12	5	5	35

Source: Las Gallinas Valley Sanitary District records

Notes:

[1] 2006-2008 counts associated with paid interns