

UPPER VALLEY WASTE MANAGEMENT AGENCY

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

**UPPER VALLEY WASTE MANAGEMENT AGENCY
JUNE 30, 2025**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members
of the Board of Directors
Upper Valley Waste Management Agency
Napa, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and governmental fund of the Upper Valley Waste Management Agency of Napa County (the Agency) as of and for the fiscal year ended June 30, 2025, and the related notes to the basic financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the governmental fund of the Agency as of June 30, 2025, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 Agency'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 Agency'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 and Budgetary Comparison Schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2025, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
October 24, 2025

**UPPER VALLEY WASTE MANAGEMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

On September 29, 1992, the Upper Valley Waste Management Agency (the Agency) was formed by the County of Napa (the County), the City of St. Helena, the City of Calistoga, and the Town of Yountville (hereinafter referred to collectively as "Members") as a joint powers entity to provide economical coordination of regional waste management services to the Members, including but not limited to uniform rate review and rate recommendations, acting as the regional agency for purposes of implementing the provisions of the California Integrated Waste Management Act, and the rate setting franchisor for solid waste handling services within the Agency's service area. The Agency is a public entity legally separate and apart from any of the Members.

After implementation of the updated franchise agreement which went into effect on July 1, 2021, the Agency derives revenue from a franchise fee, defined as 3% of the Upper Valley Disposal Service's (UVDS) gross revenue. During fiscal year 2024-25, a total of \$627,100 franchise fees were collected, an increase of \$45,839, or 7.89% over the prior year.

As management of the Agency, we offer readers of our financial statements this narrative overview and analysis of the financial activities for the fiscal year ending June 30, 2025. Please read it in conjunction with the Agency's Financial Statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Statement of Net Position and Governmental Fund Balance Sheet, and the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance, provide information about the activities of the Agency. The financial statements also include various footnote disclosures, which further describe the Agency's activities.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position.

The Statement of Activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate the comparison between governmental funds and government-wide statements.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information (RSI)

RSI is presented concerning the Agency's General Fund budgetary schedule. The Agency adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Agency presents its financial statements under the reporting model required by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments*. The Agency has provided comparative data for the fiscal years ended June 30, 2025 and 2024. The columns reflect amounts that have been presented in this financial report.

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Assets			
Current assets	<u>\$ 2,747,902</u>	<u>\$ 2,751,830</u>	<u>\$ (3,928)</u>
Total Assets	<u>2,747,902</u>	<u>2,751,830</u>	<u>(3,928)</u>
Liabilities			
Current liabilities	<u>550,655</u>	<u>641,860</u>	<u>(91,205)</u>
Total Liabilities	<u>550,655</u>	<u>641,860</u>	<u>(91,205)</u>
Net Position			
Unrestricted	<u>2,197,247</u>	<u>2,109,970</u>	<u>87,277</u>
Total Net Position	<u><u>\$ 2,197,247</u></u>	<u><u>\$ 2,109,970</u></u>	<u><u>\$ 87,277</u></u>

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceed liabilities by \$2,197,247 as of June 30, 2025. The most significant portion of the Agency's net position is cash surplus from previous years when revenue was derived from a surcharge on landfill revenues. After several large fires generated large volumes of waste at the landfill, it resulted in increased revenue for the Agency.

Cash and investments are maintained in the County's cash and investment pool where interest earned on the Agency's balance is apportioned to the Agency.

Changes in Net Position

The Agency's net position increased overall by \$87,277 during the fiscal year ended June 30, 2025. The government-wide financial statement analysis presented represents an analysis of the Agency's governmental activities.

	2025	2024	Variance
Revenues			
Charges for services (franchise/AB 939 fee)	\$ 627,100	\$ 581,261	\$ 45,839
Intergovernmental	60,278	27,783	32,495
Interest	66,110	47,737	18,373
Total Revenues	753,488	656,781	96,707
Expenses			
Administrative services	216,243	112,274	103,969
Advertising	12,578	31,998	(19,420)
Insurance	-	4,970	(4,970)
Printing and binding	5,427	6,040	(613)
Communication	753	749	4
Accounting and auditing services	6,632	5,113	1,519
Legal services	24,753	60,829	(36,076)
Consulting charges	86,400	85,248	1,152
Recycling program costs	65,062	57,607	7,455
Household hazardous waste disposal	49,161	61,394	(12,233)
Business travel	38	-	38
Community grants	199,131	768	198,363
Rents/leases - equipment	33	199	(166)
Total Expenses	666,211	427,189	239,022
Change in Net Position	87,277	229,592	(142,315)
Net Position - Beginning of Fiscal Year	2,109,970	1,880,378	229,592
Net Position - End of Fiscal Year	\$ 2,197,247	\$ 2,109,970	\$ 87,277

FUND FINANCIAL ANALYSIS

As noted earlier, fund accounting is used by the Agency to ensure and demonstrate compliance with finance-related legal requirements.

For the fiscal year ended June 30, 2025, the Agency reported an ending fund balance of \$2,197,247, an increase of \$87,277 from the prior year.

Total revenues increased from \$656,781 in the prior fiscal year to \$753,488 for the fiscal year ending June 30, 2025. This increase was primarily due to higher UVDS franchise fee revenue as well as improved market conditions resulting in higher interest income.

Total expenses increased from \$427,189 in the prior fiscal year to \$666,211 in the current fiscal year. The additional funding from the franchise fee revenues allowed the funding of community grants in the amount of \$199,131 to member jurisdictions to support waste management-related projects. The community grants awarded were as follows:

- \$631 to Up Valley Family Centers of Napa Valley for compost and recycling carts
- \$98,500 to the Town of Yountville for belly bins
- \$100,000 to the City of Calistoga towards a street sweeper.

BUDGETARY HIGHLIGHTS

Total revenues were under final budget by \$156,512 and total expenditures were under budget by \$395,189. Since Agency revenue comes from a 3% fee on UVDS's revenue, the budget is created based on an estimate of UVDS's expected revenue. Although franchise fee revenue exceeded budget, intergovernmental revenues were below budget due to grant timing. Expenditures were less than those approved by the Board, as not as much funding was spent on the expenses associated with an Agency grant program as was budgeted.

Economic Factors and Next Year's Budget

The Agency is committed to maintaining the minimum reserve and controlling discretionary expenditures while providing services that benefit the ratepayers. Despite uncertainty in the overall economy looking forward, the Agency expects our revenue to remain stable, and is in a position to adjust expenses as needed to match any revenue changes. Additionally, the Agency has very significant reserves to weather even a multiyear downturn in the economy.

DEBT ADMINISTRATION

For the fiscal year ended June 30, 2025, the Agency did not have any long-term obligations outstanding.

CAPITAL ASSETS

For the fiscal year ended June 30, 2025, the Agency did not have any capital assets.

CONTACTING THE AGENCY

The financial statements are designed to provide a general overview of the Upper Valley Waste Management Agency finances for all those interested. The County of Napa provides certain management and administrative functions, including all financial management and accounting. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Upper Valley Waste Management Agency, 1195 Third Street, Suite 101, Napa, California 94559.

BASIC FINANCIAL STATEMENTS

**UPPER VALLEY WASTE MANAGEMENT AGENCY
STATEMENT OF NET POSITION
JUNE 30, 2025**

	<u>2025</u>
ASSETS	
Cash and investments in County Treasury	\$ 2,064,695
Accounts receivable	<u>683,207</u>
Total Assets	<u>2,747,902</u>
LIABILITIES	
Accounts payable	9,884
Due to other governments	236,286
Unearned revenue	<u>304,485</u>
Total Liabilities	<u>550,655</u>
NET POSITION	
Unrestricted	<u>2,197,247</u>
Total Net Position	<u><u>\$ 2,197,247</u></u>

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

**UPPER VALLEY WASTE MANAGEMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>2025</u>
EXPENSES	
Administration services	\$ 216,243
Advertising	12,578
Printing and binding	5,427
Communication	753
Accounting and auditing services	6,632
Legal services and notices	24,753
Consulting charges	86,400
Recycling program costs	65,062
Household hazardous waste disposal	49,161
Business travel	38
Community grants	199,131
Rents/leases - equipment	<u>33</u>
Total Expenses	<u>666,211</u>
PROGRAM REVENUES	
Charges for services (franchise/AB 939 fee)	627,100
Intergovernmental	<u>60,278</u>
Total Program Revenues	<u>687,378</u>
Net Program Income	<u>21,167</u>
GENERAL REVENUES	
Interest income	<u>66,110</u>
Total General Revenues	<u>66,110</u>
Change in Net Position	87,277
Net Position - Beginning of Fiscal Year	<u>2,109,970</u>
Net Position - End of Fiscal Year	<u><u>\$ 2,197,247</u></u>

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

**UPPER VALLEY WASTE MANAGEMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2025**

	<u>2025</u>
ASSETS	
Cash and investments	\$ 2,064,695
Accounts receivable	<u>683,207</u>
Total Assets	<u><u>\$ 2,747,902</u></u>
LIABILITIES	
Accounts payable	\$ 9,884
Due to other governments	236,286
Unearned revenue	<u>304,485</u>
Total Liabilities	<u>550,655</u>
FUND BALANCE	
Unassigned	<u>2,197,247</u>
Total Fund Balance	<u>2,197,247</u>
Total Liabilities and Fund Balance	<u><u>\$ 2,747,902</u></u>

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

**UPPER VALLEY WASTE MANAGEMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>2025</u>
REVENUES	
Charges for services (franchise/AB 939 fee)	\$ 627,100
Interest	66,110
Intergovernmental	<u>60,278</u>
Total Revenues	<u>753,488</u>
EXPENDITURES	
Administration services	216,243
Advertising	12,578
Communication	753
Printing and binding	5,427
Accounting and auditing services	6,632
Legal services and notices	24,753
Consulting charges	86,400
Recycling program costs	65,062
Household hazardous waste disposal	49,161
Business travel	38
Community grants	199,131
Rents/leases - equipment	<u>33</u>
Total Expenditures	<u>666,211</u>
Net Change in Fund Balance	87,277
Fund Balance - Beginning of Fiscal Year	<u>2,109,970</u>
Fund Balance - End of Fiscal Year	<u><u>\$ 2,197,247</u></u>

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

**UPPER VALLEY WASTE MANAGEMENT AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Upper Valley Waste Management Agency (the Agency) was established on September 29, 1992, to provide economical coordination of regional waste management services. The Agency consists of four members: the County of Napa (the County), the Cities of Calistoga and St. Helena, and the Town of Yountville. Each member appoints a representative(s) to the governing board of the Agency. The County appoints two representatives and each city and town appoints one representative.

The Agency includes all activities (operations of its administrative staff and Agency officers) considered to be a part of the Agency. The Agency reviewed the criteria developed by the Governmental Accounting Standards Board (GASB) in its issuance of Statement No. 61, relating to the financial reporting entity to determine whether the Agency is financially accountable for other entities. The Agency has determined that no other outside entity meets the above criteria, and therefore, no other entity has been included as a component unit in the financial statements. In addition, the Agency is not aware of any entity that would be financially accountable for the Agency that would result in the Agency being considered a component unit of that entity.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the primary government, the Agency. These statements include the financial activities of the overall Agency.

The government-wide 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.

When both restricted and unrestricted resources are available, the Agency's policy is to use restricted resources first and then unrestricted resources as they are needed.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This method recognizes revenues in the accounting period in which they become measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues available if they are collected within ninety days of the end of the current fiscal period. Significant revenues that have been treated as "susceptible" to accrual under the modified accrual basis of accounting include taxes, charges, interest, and intergovernmental revenues. Expenses are recognized in the accounting period in which the related fund liability is incurred.

Nonexchange transactions, in which the Agency gives (or receives) value without directly receiving (or giving) value in exchange, include grants, entitlements, and donations. On a modified accrual basis of accounting, revenues from sales taxes are recognized when the underlying transactions take place and have met the availability criteria. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation and Accounting (Continued)

Fund Financial Statements (Continued)

The Agency reports the following major governmental fund:

- The General Fund is the Agency's primary operating fund. It accounts for all financial resources of the general government.

C. Accounts Receivable

The Agency believes its accounts receivable to be fully collectible and, accordingly, no allowance is necessary.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. New Accounting Pronouncements Implemented

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. This statement did not impact the financial statements or disclosures of the Agency as the Agency does not have these types of transactions.

GASB Statement No. 102 – *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement did not impact the financial statements or disclosures of the Agency.

F. Future Accounting Pronouncements

GASB Statement No. 103 – *Financial Reporting Model*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Agency has not fully judged the impact of the implementation of this standard on the financial statements.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The Agency has not fully judged the impact of the implementation of this standard on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

Cash at June 30, 2025, consisted of the following:

Cash and investments in County Treasury	<u>\$ 2,064,695</u>
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NOTE 2 – CASH AND INVESTMENTS (Continued)

The Agency maintains all of its cash and investments with the County Treasurer in an investment pool. On a quarterly basis, the County Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County's financial statements may be obtained by contacting the County Auditor-Controller's Office at 1195 Third Street, Suite B-10, Napa, California 94559. The County Treasury Oversight Committee oversees the Treasurer's investments and policies.

Required disclosures for the Agency's deposit and investment risks at June 30, 2025, were as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Not available

Investments in the County's investment pool are reported at fair value. The Agency's position in the pool is reported at amounts provided by the County Treasurer. The Agency follows the County's deposit and investment policy.

NOTE 3 – NET POSITION/FUND BALANCE

Net Position

Net position comprises the various net earnings from operating and nonoperating revenues, expenses, and contributions of capital. Net position is classified in the following three components: net investment in capital assets, restricted, and unrestricted. The Agency has unrestricted funds only. Debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Unrestricted net position consists of all other net position not included in the above categories.

Fund Balance

Governmental funds report fund balance in classifications based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – amounts that are not in spendable form or are required to be maintained intact.
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance* – amounts constrained to specific purposes by the Agency itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Agency takes the same highest level of action to remove or change the constraint.
- *Assigned fund balance* – amounts the Agency intends to use for a specific purpose. Intent can be expressed by the Agency's Board of Directors (Board) or by an official or body to which the Agency's Board delegates the authority.
- *Unassigned fund balance* – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

NOTE 4 – RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 2025, the Agency paid the County, a related party, \$3,332 for accounting and audit services and \$216,243 for administration and Local Enforcement Agency services.

NOTE 5 – RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Insurance to cover risk of loss for the Agency is secured through commercial carriers.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 24, 2025, which is the date the basic financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**UPPER VALLEY WASTE MANAGEMENT AGENCY
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services (franchise/AB 939 fee)	\$ 550,000	\$ 550,000	\$ 627,100	\$ 77,100
Interest	35,000	35,000	66,110	31,110
Intergovernmental	325,000	325,000	60,278	(264,722)
Total Revenues	<u>910,000</u>	<u>910,000</u>	<u>753,488</u>	<u>(156,512)</u>
EXPENDITURES				
Administration services	275,000	275,000	216,243	58,757
Advertising	30,000	30,000	12,578	17,422
Insurance	2,500	2,500	-	2,500
Printing and binding	35,000	35,000	5,427	29,573
Publications and legal notices	2,000	2,000	-	2,000
Communication	700	700	753	(53)
Freight/Postage	50	50	-	50
Accounting and auditing services	20,000	20,000	6,632	13,368
Minor equipment/Small tools	100	100	-	100
Legal services	50,000	50,000	24,753	25,247
Consulting charges	130,000	130,000	86,400	43,600
Recycling program costs	135,000	135,000	65,062	69,938
Household hazardous waste disposal	80,000	80,000	49,161	30,839
Business travel	500	500	38	462
Training and conference expenses	500	500	-	500
Office supplies	50	50	-	50
Rents/leases - equipment	-	-	33	(33)
Community grants	300,000	300,000	199,131	100,869
Total Expenditures	<u>1,061,400</u>	<u>1,061,400</u>	<u>666,211</u>	<u>395,189</u>
Net Change in Fund Balance	<u>\$ (151,400)</u>	<u>\$ (151,400)</u>	<u>87,277</u>	<u>\$ 238,677</u>
Fund Balance - Beginning of Fiscal Year			<u>2,109,970</u>	
Fund Balance - End of Fiscal Year			<u>\$ 2,197,247</u>	

See the accompanying note to the required supplementary information.

**UPPER VALLEY WASTE MANAGEMENT AGENCY
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 – BUDGET AND BUDGETARY ACCOUNTING

The Upper Valley Waste Management Agency (the Agency) operates under the general laws of the State of California and annually adopts a budget to be effective July 1 of the ensuing fiscal year. Formal budgetary integration is employed as a management control device during the year for all governmental fund types. The level of control (level at which expenditures may not exceed budget) is the fund level. Unused appropriations for all of the above annually budgeted funds lapse at the end of the fiscal year.

Budget information is presented for the Agency's only fund. The Agency makes adjustments to its original budget during the year. This enables the effectiveness of the Agency in meeting budget objectives to be evaluated and the adequacy of the budget itself to be judged. The only exceptions to this are the appropriations of unanticipated revenues and the revision of appropriations to reflect major economic up or down turns materially affecting estimated revenues. Expenditures in excess of budgeted amounts are approved individually by the Board of Directors. Annual appropriated budgets are adopted for the Agency. It is this final revised budget that is presented in these financial statements.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.

OTHER REPORT

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

To the Honorable Members
of the Board of Directors
Upper Valley Waste Management Agency
Napa, 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 governmental activities and governmental fund of the Upper Valley Waste Management Agency (the Agency), as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated October 24, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
October 24, 2025