

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

**CENTRAL CONTRA COSTA SANITARY
DISTRICT
MARTINEZ, CALIFORNIA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

**Prepared By:
Finance Division**

CENTRAL CONTRA COSTA SANITARY DISTRICT
Annual Comprehensive Financial Report
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ANNUAL COMPREHENSIVE FINANCIAL REPORT INTRODUCTION





CENTRAL SAN

CENTRAL CONTRA COSTA SANITARY DISTRICT

5019 IMHOFF PLACE, MARTINEZ, CA 94553-4392

December 28, 2021

Central Contra Costa Sanitary District Customers and
The Honorable Board of Directors,
Martinez, California:

California Government Code section 26909 requires an audit to be completed and filed with the California State Controller's Office within twelve months after the close of the fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2021 (FY 2020-21).

Management of Central Contra Costa Sanitary District (the District) assumes full responsibility for the completeness and reliability of the information in these financial statements, 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 independent auditors, Maze & Associates, has issued an unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2021. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis report (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

History and Services Provided

The District was established in 1946 under the Sanitary District Act of 1923 and is located approximately 30 miles east of San Francisco. The District builds, operates and maintains the facilities required to collect and clean wastewater for approximately 344,000 residents of Danville, Lafayette, Martinez, Moraga, Orinda, Pleasant Hill, San Ramon, Walnut Creek and some of the unincorporated communities within central Contra Costa County. The District also treats wastewater for approximately 141,000 residents of the Cities of

Concord and Clayton under a 1974 (and as subsequently amended) contract with the City of Concord.

The District is committed to protecting the public health and preserving the environment at responsible rates, through conducting long-range financial planning and managing costs. The District has approximately 1,500 miles of sewer pipeline, ranging in size from 4 inches to 102 inches in diameter, and 19 sewage-pumping stations (three of which are privately owned) in the District's sewage collection system. The District is the sole provider of wastewater service within the District limits (see map of service area). The residential segment makes up the largest segment of the District's customer base representing approximately 81% of the Sewer Service Charge operating revenue. The District's treatment capacity has grown tremendously from a modest 4.5 million gallons per day (mgd) in 1948 to 53.8 mgd currently. Bonds, state grants, federal grants, and pay-as-you-go resources of the District have currently financed capital expenditures and capacity expansions, although in recent years, pay-as-you go resources have been the primary financing mechanism for the District's capital program, although a bond offering in June 2021 will fund capital expenditures for a portion of FY 2020-21 and FY 2021-22 needs.

The District also operates an expanding Recycled Water Program that provides high-quality recycled water for non-drinking purposes such as landscape irrigation at schools, parks, playgrounds, median strips and playing fields, as well as dust control and industrial process uses. Due to strong customer demand the District maintained operation of its residential recycled water fill station, which allows residential customers to obtain a maximum of 300 gallons of recycled water per trip for use in hand watering lawns, landscaping, and gardens. The District also actively pursues new recycled water expansion opportunities to take advantage of the potential water supply that highly-treated wastewater represents, particularly given California's limited water supply. Goals of this program include expanding recycled water availability to District customers, and potentially, putting our valuable recycled water resource to beneficial use by augmenting the region's water supply through a water exchange project currently being evaluated with Contra Costa Water District and Santa Clara Valley Water District. The District continues to actively promote this program with the position that recycling water is good for the environment and provides an economic benefit to the community by ensuring a reliable, drought-proof water supply for local schools, parks, and businesses.

In addition to its responsibility to collect and treat wastewater, the District also undertakes pollution prevention initiatives through the operation and maintenance of a permanent Household Hazardous Waste (HHW) Collection Facility in partnership with Mountain View Sanitary District and other local governments. The HHW Collection Facility is located adjacent to the District's wastewater treatment plant and seeks to keep pollutants out of the sewer system, making this facility a vital part of our overall Pollution Prevention Program. Having completed its 24th year of operation, the HHW Facility served over 36,000 residential and small business customers. On average, over two million pounds of hazardous waste is collected and properly disposed of annually. While volumes temporarily declined in the prior year due to a short-term closure at the onset of the COVID-19 pandemic, HHW collection rebounded in FY 2021 having collected

approximately 2.7 million pounds of waste. In conjunction with its HHW facility, the District's Pharmaceutical Collection Program encourages pollution prevention having collected just over 5,600 pounds of expired or unwanted medications between its thirteen collection sites in calendar year 2021. Although this is a decline from last year's nearly 10,000 pounds of medications collected, the number of non-District collection sites has increased to over 40 sites, which improves access to proper disposal in our service area.

Organization, Accounting and Budgetary Controls

A five-member Board of Directors (the Board) governs the District. Board members each serve a different electoral district and are elected by voters from their electoral district on a non-partisan basis serving four-year staggered terms. The Board appoints the General Manager, who in accordance with policies established by the Board, manages District affairs. The District employed 278 permanent regular full-time employees at year end out of 291 authorized permanent regular full-time positions. These employees are organized into three departments steered by an Executive Governance unit. Department Directors oversee and are responsible for the budgets and expenses of each department and their underlying divisions. The three departments are: Administration, Engineering and Technical Services, and Operations.

As a California municipal utility, the District charges fees to external users for providing sewer collection and treatment services. Accordingly, pursuant to generally accepted accounting principles issued by the Governmental Accounting Standards Board, the District uses full accrual enterprise fund accounting to account for its operations, which is similar, though not identical, to private industry. The District currently has one enterprise fund for financial reporting purposes, which is comprised of the following four internal sub-funds for internal accounting purposes:

- **Running Expense** - accounts for the general operations of the District. Substantially all operating revenues and expenses are accounted for in this fund (also referred to as the Operations & Maintenance or "O&M" Fund).
- **Sewer Construction** - accounts for non-operating revenues that are to be used for acquisition or construction of plant, property, and equipment (also referred to as the Capital Fund).
- **Self-Insurance** - accounts for interest earnings on cash balances in this sub-fund and cash allocations from other funds, as well as costs of insurance premiums and claims not covered by the District's insurance policies.
- **Debt Service** – accounts for activity associated with the payment of the District's long term bonds and loans.

Each year, the Board adopts the following four budgets: Operations and Maintenance, Capital Improvement (i.e. Sewer Construction), Self-Insurance, and Debt-Service. The Board, Finance Committee and management review interim financial reports and operational disbursements monthly. District management is accountable for variances and adhering to overall budget constraints. The Board has delegated various contracting and spending authority to the General Manager, as specified by an adopted Board policy. Additional limited contracting and spending authority is further delegated to certain staff classifications as specified by internal signature limits. The District also has several

documented financial policies (including debt management, investments, fiscal reserves, etc.) that are periodically reviewed and updated to ensure their consistency with best practices as well as changes in laws and regulations.

ASSESSING THE DISTRICT'S ECONOMIC CONDITION

Local Economy and Outlook

According to the State of California's Legislative Analyst's Office's (LAO), despite the ongoing global pandemic and its disparate health and economic impacts on Californians, revenues are growing at historical rates with the state projecting a \$31 billion surplus for allocation in FY 2022-23. Based on this outlook, the LAO examined the state's budget condition through FY 2025-26 and assessed its capacity for new commitments, such as spending increases or tax reductions. The LAO has found that the state budget does in fact have such capacity, finding the operating surpluses range from \$3-\$8 billion over that multiyear period. The LAO's FY 2022-23 fiscal outlook also acknowledges this positive news is tempered by questions of the long-term sustainability of this revenue growth as well as recent reports on inflation. In the months following the close of FY 2020-21, resurgent consumer demand met with continued frictions in production and transport of many goods has led to higher-than-normal growth in the prices of many goods and services. To put this in context, since June 2021, annual price inflation has exceeded 5% compared to an average of 2% over the last decade. While the LAO report recognizes the consensus among economic forecasters is this uptick in inflation will abate by next year, it also acknowledges this forecast comes with *significant uncertainty*, underscored by reports of further acceleration of inflation in October 2021.

According to the California Employment Development Department (EDD), the Contra Costa County workforce decreased by approximately 3.4% from October 2020 to October 2021. During this same timeframe, unemployment in Contra Costa County decreased from 8.4% to 5.3%, remaining slightly below California as a whole, which decreased from 9.0% to 6.1%. This downward trend is positive news, particularly in comparison to the peak of 15.1% reported in Contra Costa County in April 2020 near the onset of the COVID-19 pandemic.

Long-Term Financial Planning

The District has an excellent reputation in providing public service, which includes transparent and accessible governance, financial reporting and management, sewage collection and treatment, training, workforce safety, capital improvements and replacements, innovative use of technology, and customer service. This positive reputation and long-term outlook has served the District well, evidenced by the significant customer support and unanimous Board of Directors approval of a four-year sewer service charge rate increase. Following the public noticing process and a public hearing stipulated by Proposition 218, the sewer service charge rates approved in April 2019 will be effective from July 2019 through June 2023. The four-year sewer service charge rate annual increases range from 5.25% to 4.75%, subject to a Board review for continued necessity prior to the start of each fiscal year. The planned increases are a critical component of implementing the treatment plant and collection system capital

improvement projects specified in the District's 20-year master plan adopted in 2017. Due to the financial hardships brought on by the COVID-19 pandemic and related lock downs in 2020, the Board took action and passed customer relief measures to prevent further burdens on its customers. Specific measures taken included the freezing of rate increases scheduled for FY 2020-21 and refunding schools' sewer service charges to reflect a drop in water consumption while schools implemented remote learning in FY 2019-20, which continued into FY 2020-21.

In conjunction with the approved sewer service charge rates, the District's long-term financial plan initially anticipated two debt issuances totaling \$150-200 million to finance its treatment plant and collection system capital improvement program through the fiscal year ending June 30, 2024. This plan initially involved the District pursuing low interest and federally subsidized State Revolving Fund loan financing up to \$173 million through the California Water Board necessary to finance the rehabilitation, replacement, and upgrading of the solids handling incineration facility. Given the solids handling projects' significant and continued growth in cost estimates, in September 2021 the Board changed course from a continued major investment in incineration, and instead directed staff to develop plans to transition the solids handling process towards digestion, consistent with the District's long-term master plan, but on an accelerated basis. While this alternative approach will still necessitate debt financing, the exact financial impact of this transition to the Capital Improvement Program is still uncertain and currently being assessed by staff, but is expected to cost less than the previous path. Staff anticipates the completion of a revised 10-year Capital Improvement Program incorporating this significant change in time for the upcoming Financial Planning workshop anticipated to occur in March 2022.

District management analyzes and updates a strategic plan every two years, with the seven goals in effect during FY 2020-21 being:

1. **Customer and Community** - Provide exceptional customer service and maintain an excellent reputation,
2. **Environmental Stewardship** - Meet regulatory requirements and promote sustainability,
3. **Fiscal Responsibility** - Manage finances wisely and prudently,
4. **Workforce Development** - Recruit, empower, and engage a highly trained and safe workforce,
5. **Infrastructure Reliability** - Maintain facilities and equipment to be dependable, resilient, and long-lasting,
6. **Innovation and Optimization** - Explore new technologies for continuous improvement, and
7. **Agility and Adaptability** - Preserve business continuity during pandemic events or major natural disasters.

Strategies to achieve each of these seven goals are developed, as well as metrics to evaluate success. Performance on achievement of the goals in the plan is reported quarterly to the Board. The District updates a 10-year financial plan each year prior to the completion, presentation, and adoption of the annual budget. The main economic factors considered in this long-term forecasting exercise are: the impact of state

legislation and mandates, regulatory compliance, GASB reporting requirements, negotiated labor contract terms (including projected changes in retirement and health care costs), energy costs and interpreting the energy market, housing growth, and infrastructure renewal and replacement needs. The unfunded actuarial accrued liabilities (UAAL) for the District's pension and other post-employment benefit (OPEB) plans are also considered in the financial planning process. Pursuant to the most recently issued independent actuarial reports, the District currently has a strong fiduciary net position in both plans of approximately 85.8% for its pension plan as of December 31, 2020 and 99.16% for its OPEB plan as of June 30, 2021. A Section 115 Pension Prefunding Trust also has additional resources available to be used towards pension liabilities. When incorporating these additional restricted trust assets, the pension plan's funded status is elevated to 88.4% as of December 31, 2020. Most significantly, in conjunction with the issuance of \$50.57 million in certificates of participation generating \$58.0 million in proceeds to finance the capital budget, the District allocated additional sewer service charges to the O&M Fund necessary to pay down the full \$70.8 million balance of the pension plan's UAAL effectively fully funding the pension plan as of June 30, 2021. This significant transaction is not reflected in CCCERA's actuarial results as it was effectuated after the report's December 31, 2020 valuation date.

The District anticipates that it will continue to meet its mission and goals, continue to provide excellent customer service at responsible rates to its customers, and meet compliance requirements and other goals as specified in its strategic plan for the foreseeable future.

Relevant Financial Policies

Investment policies for the District's assets, the OPEB Trust, and the Pension Prefunding Trust are reviewed and approved annually by the Board. During FY 2020-21 the District Board directed an additional \$1,250,000 be contributed to the Pension Prefunding Trust as a mechanism to hedge against potential future employer pension contribution rate volatility. As this described previously, the Pension Prefunding Trust was subsequently utilized in June 2021 to pay off the balance of the pension plan's UAAL. Section 53646 of the *California Government Code* governs the District's investment practices, with changes in legislation being considered in the Board's annual review of District investment policies. Additionally, the Board receives quarterly financial statements that include District investment portfolio reports. The OPEB Trust and the Section 115 Pension Prefunding Trusts are governed by separate investment policies. Since 2008, the OPEB Trust funds has been invested with a moderate investment strategy, reflecting the relatively long-term horizon for use of the funds. The Section 115 Pension Prefunding trust funds are invested using a moderately conservative strategy, reflecting the relatively shorter term need for the funds. These two irrevocable trusts are managed by an outside investment advisor subject to investment policies adopted by the Board. The Board Finance Committee reviews the OPEB Trust and Section 115 Pension Trust performance on a quarterly basis.

Major Initiatives

The District's vision statement in effect during FY 2020-21 was *to be an industry-leading organization known for environmental stewardship, innovation, and delivering exceptional*

customer service at responsible rates. The Board and Management strives to achieve this vision through the establishment of a Strategic Plan that establishes seven overarching goals (as outlined previously), each with their own specific underlying strategies, initiatives, and key success measures.

The District has received the Platinum award from the National Association of Clean Water Agencies (NACWA) for 24 straight years in recognition of 100% compliance with our National Pollutant Discharge Elimination System (NPDES) permit. It has also reduced the number of sanitary sewer overflows by more than 85% in the past 18 years by improved sewer cleaning and a robust sewer rehabilitation program.

As described previously, the District reviews and adopts a Strategic Plan every two years. During FY 2021-22, the District Board and Management have been developing the new Strategic Plan for FY 2022-23 and FY 2023-24, which is expected to be completed and adopted in the Spring of 2022, prior to the adoption of the FY 2022-23 budget. The District continues to analyze current and future rates, costs, and cash flows to ensure they remain consistent with the cost of service study initially adopted in FY 2014-15 then subsequently reassessed for viability and re-adopted by the Board in FY 2018-19.

In order to effectively manage assets to meet future state and federal regulatory requirements, the District initiated an Asset Management Program and the preparation of a Comprehensive Wastewater Master Plan to evaluate options for addressing future regulatory requirements. The Master Plan was completed in FY 2016-17 and is intended to be used as a roadmap for capital improvements for the next two decades. Individual projects are proposed in an annual capital improvement budget, and brought to the Board for approval above specified limits. Furthermore, in May 2018, the Board approved the adoption of the Uniform Construction Cost Accounting Act, which provides for a streamlined contracting and approval process for smaller capital projects.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the District for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2020. This was the 21st consecutive year that the District has achieved this prestigious award. In order to receive the award, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

This report could not have been accomplished without the dedication and commitment provided by District staff. We would like to express our appreciation to the following employees who assisted in its preparation:

- The Finance Division who compiled the information contained in this document with a special thanks to: Christopher Thomas, Accounting Supervisor; Olivia Ruiz, Accounting Supervisor; Amal Lyon, Accountant; and Sue Goodrich, Temporary Accountant.
- The Reproduction and Graphics Team who creatively and professionally edited this the ACFR for publication.
- Engineering & Technical Services Department as well as Operations Department staff who provided much of the statistical information included in this document.
- The District's Board of Directors and Management team for their support in preparing this document as well as their day-to-day support in conducting the financial operations of the District in a prudent and responsible manner.

Respectfully submitted,



Philip Leiber, CPA
Director of Finance & Administration



T. Kevin Mizuno, CPA
Finance Manager

**CENTRAL CONTRA COSTA SANITARY DISTRICT
BOARD OF DIRECTORS
June 30, 2021**

Tad J. PileckiPresident
David R. Williams.....President Pro-Tem
Barbara D. HockettMember
Mariah N. LauritzenMember
Michael R. McGill.....Member

VISION, MISSION, & VALUES

OUR MISSION

To protect public health and the environment

OUR VISION

To be an industry-leading organization known for environmental stewardship, innovation, and delivering exceptional customer service at responsible rates

OUR VALUES

PEOPLE

- Respect customers and employees
- Work effectively and efficiently as a team
- Celebrate our successes and learn from our challenges

COMMUNITY

- Collaborate with water sector partners
- Foster community relationships
- Be open, transparent, and accessible
- Understand service level expectations

PRINCIPLES

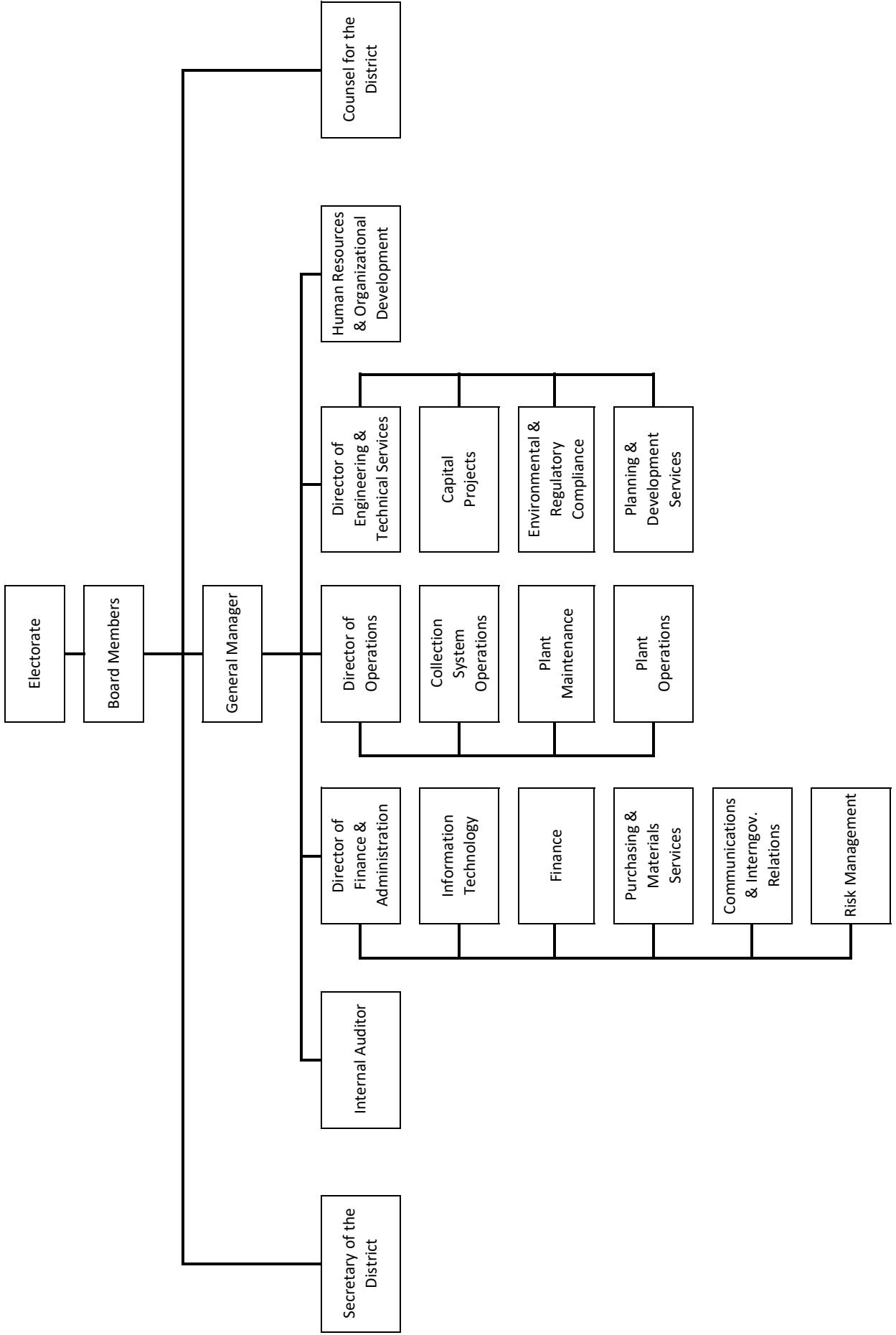
- Be truthful and honest
- Be fair, kind, and friendly
- Take ownership and responsibility

LEADERSHIP AND COMMITMENT

- Promote a passionate and empowered workforce
- Encourage continuous growth and development
- Inspire dedication and top-quality results
- Provide a safe and healthful environment



CENTRAL CONTRA COSTA SANITARY DISTRICT
Organizational Chart - Composite

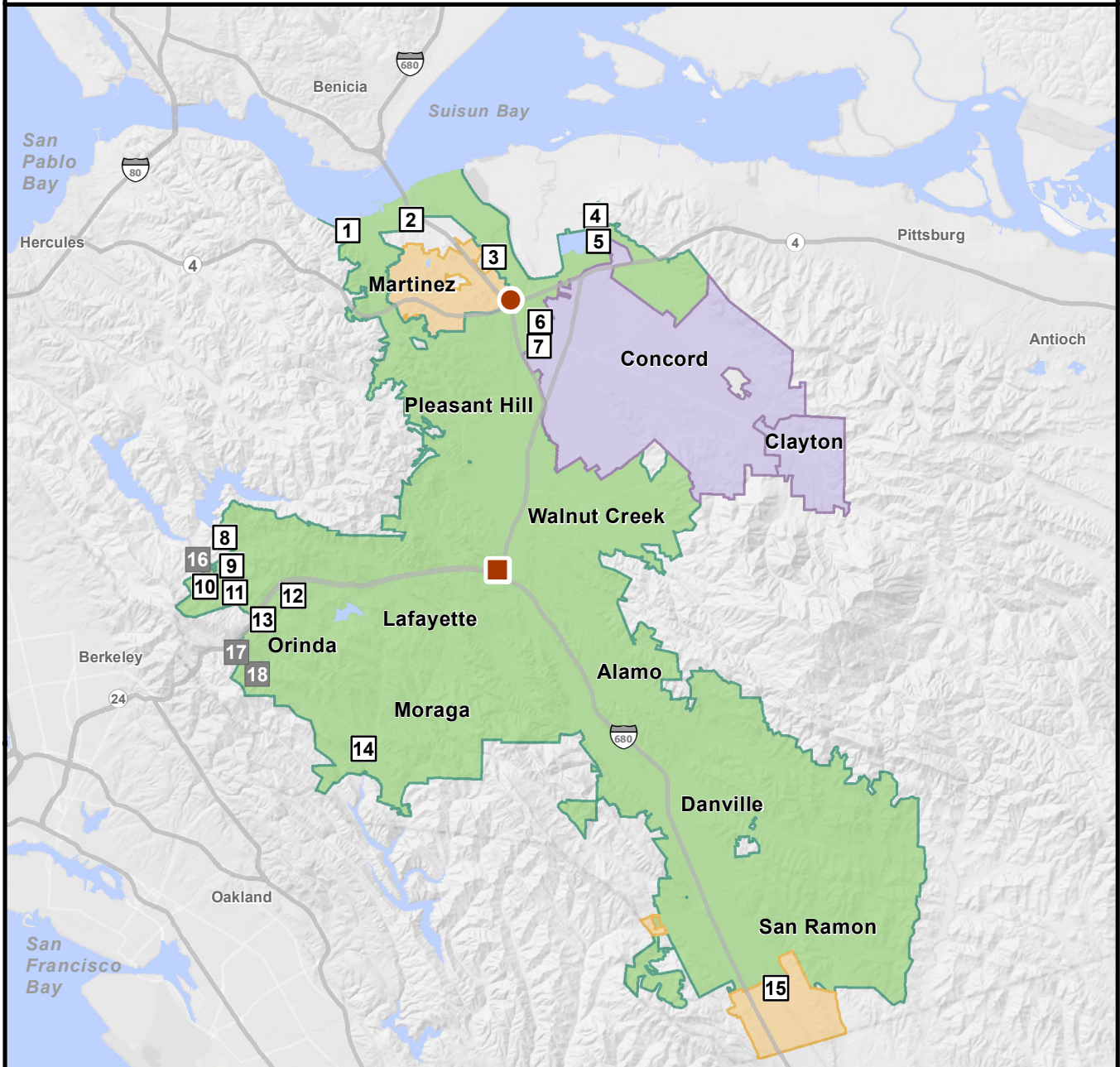




Central Contra Costa Sanitary District Service Area

June 30, 2021

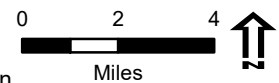
Date: 12/13/2021



Legend

- Central San's Headquarter, Treatment Plant, and HHW Collection Facility
- Central San's Collection System Operations Department (sewer maintenance) Building
- Wastewater collection and treatment and HHW collection for 344,254 people
- Wastewater treatment and HHW collection for 140,541 residents in Concord and Clayton by contract
- HHW disposal services only

- Pump or Lift Station
- Privately Owned Pump Station



Pump and Lift Stations

- | | |
|-------------------------|--------------------------|
| 1. Martinez | 11. Lower Orinda |
| 2. Fairview | 12. Bates Blvd. - Orinda |
| 3. Maltby | 13. Orinda Crossroads |
| 4. Clyde | 14. Moraga |
| 5. Concord Industrial | 15. San Ramon |
| 6. Buchanan Field North | 16. Wagner Ranch |
| 7. Buchanan Field South | 17. Lower Wilder |
| 8. Sleepy Hollow | 18. Upper Wilder |
| 9. Acacia | |
| 10. Flush Kleen | |



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Central Contra Costa Sanitary District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

ANNUAL COMPREHENSIVE FINANCIAL REPORT FINANCIALS





INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Central Contra Costa Sanitary District
Martinez, California

We have audited the accompanying financial statements of the business-type activities of the Central Contra Costa Sanitary District (District) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Central Contra Costa Sanitary District as of June 30, 2021 and 2020, and the respective changes in financial positions and cash flows, where applicable for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 84 – *Fiduciary Activities*, which became effective during the year ended June 30, 2021 and established the new fund type, Custodial Funds, and eliminated the fund type of Agency Funds as discussed in Note 1M to the financial statements.

Management early adopted the provisions of Governmental Accounting Standards Board Statement No. 98 – *The Annual Comprehensive Financial Report* which changes the name of the Comprehensive Annual Financial Report to Annual Comprehensive Financial Report.

Report on Summarized Comparative Information

We have previously audited the District’s June 30, 2020 financial statements, and we expressed an unmodified audit opinions on those audited financial statements in our report dated December 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management’s Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, 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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District’s financial statements as a whole. The Supplementary Information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the financial statements as a whole.

The Introductory 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.



Pleasant Hill, California
December 28, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Central Contra Costa Sanitary District's (District) annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2021 (2020-21). This information is presented in conjunction with the audited financial statements, which follow this report.

FINANCIAL HIGHLIGHTS

The District's 2020-21 financial highlights are listed below. These results are discussed in more detail later in the report.

- The District's total ending net position increased by \$57.7 million or 7.52% in 2020-21. This increase is primarily due to the additional pension-related deferred outflows and negative pension expense adjustment recognized as a result of a \$70.8 contribution made to the Contra Costa County Employee Retirement Association, the District's pension plan administrator. This significant contribution was made in June 2021 to pay off the pension plan's Unfunded Actuarially Accrued Liability (UAAL) in conjunction with the issuance of the 2021 Wastewater Revenue Certificates of Participation (COPs). COPs in the amount of \$58.0 million were issued to finance a portion of the capital improvement budget in the current and following fiscal years, allowing for the redirection sewer service charges from the District's capital budget to its operating and maintenance budget.
- Total revenues in 2020-21 increased by \$5.2 million or 4.64%. Despite the Board's action in May 2020 to freeze the sewer service charge rate increase scheduled for 2020-21 as a customer relief measure in response to customer hardships faced by the pandemic, revenue attributable to sewer service charges and secured property taxes still grew over the prior year due to continued property value growth and development increasing the District's regional customer base. While total annual sewer service charge rate was previously approved to increase by 5.18% (to \$629) for single family homes and 5.30% (to \$569) for multi-family homes, the Board-approved customer relief measure resulted in these increases not being collected in 2020-21. Increased property values in the service area led to an increase in property taxes of \$1.6 million or 8.69%.
- Total 2020-21 expenses increased by \$4.7 million or 4.61%. This increase is largely attributable to budget savings in the prior fiscal year from temporary operational setbacks and disruptions following the shelter-in-place mandates by the State and County in response to the COVID-19 pandemic in the Spring of 2020.
- Capital Contributions decreased in 2020-21 by \$6.4 million or 12.1%. The decrease is mainly due to a decrease in contributions from the City of Concord for its share of treatment plant and other eligible capital project costs as well as a reduced allocation of sewer service charges allocated to finance the capital improvement budget following the issuance of the 2021 Wastewater Certificates of Participation (2021 COPs) in June 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District operates as a utility enterprise and presents its financial statements using the economic resources measurement focus and the full accrual basis of accounting. As an enterprise fund, the District's basic financial statements are comprised of two components: financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

In accordance with the GASB Codification of Governmental Accounting and Financial Reporting Standards, the District's annual financial balances and transactions are summarized and reported in the following financial statements:

- **Statement of Net Position** – reports the District's current financial resources (short-term spendable resources) with capital assets, deferred outflows of resources, long-term obligations, and deferred inflows of resources.
- **Statement of Revenues, Expenses and Changes in Net Position** – reports the District's operating and non-operating revenues by major source along with operating and non-operating expenses and capital contributions.
- **Statement of Cash Flows** – reports the District's cash flows from operating activities, non-capital financing activities, capital and related financing activities, investing activities, and non-cash activities.

STATEMENT OF NET POSITION

The following table shows the condensed statement of net position of the Central Contra Costa Sanitary District for the past three fiscal years:

Table 1 – Condensed Statement of Net Position

	Year Ending June 30			2021 vs. 2020		2021 vs. 2019	
	2021	2020	2019	\$ Increase (Decrease)	% Increase (Decrease)	\$ Increase (Decrease)	% Increase (Decrease)
Assets							
Current assets	\$136,391,239	\$164,102,632	\$138,987,589	\$(27,711,393)	-16.89%	\$ (2,596,350)	-1.87%
Capital assets, net	760,567,573	711,564,564	677,392,935	49,003,009	6.89%	83,174,638	12.28%
Other non-current assets	36,572,236	11,478,481	9,752,616	25,093,755	218.62%	26,819,620	275.00%
Total assets	933,531,048	887,145,677	826,133,140	46,385,371	5.23%	107,397,908	13.00%
Deferred outflows							
Pension related	95,805,386	26,670,166	46,715,613	69,135,220	259.22%	49,089,773	105.08%
OPEB related	4,117,730	2,176,533	2,836,089	1,941,197	89.19%	1,281,641	45.19%
Total deferred outflows	99,923,116	28,846,699	49,551,702	71,076,417	246.39%	50,371,414	101.65%
Liabilities							
Current liabilities	28,102,111	15,854,317	14,404,545	12,247,794	77.25%	13,697,566	95.09%
Long-term liabilities	119,474,622	97,013,922	126,547,399	22,460,700	23.15%	(7,072,777)	-5.59%
Total liabilities	147,576,733	112,868,239	140,951,944	34,708,494	30.75%	6,624,789	4.70%
Deferred inflows							
Pension related	48,100,435	30,761,867	23,736,976	17,338,568	56.36%	24,363,459	102.64%
OPEB related	12,287,769	4,601,542	6,864,360	7,686,227	100.00%	5,423,409	79.01%
Total deferred inflows	60,388,204	35,363,409	30,601,336	25,024,795	70.76%	29,786,868	97.34%
Net position							
Net investment in capital assets	684,834,242	692,117,172	655,586,304	(7,282,930)	-1.05%	29,247,938	4.46%
Restricted	34,929,105	2,639	(271,370)	34,926,466	-1323473.51%	35,200,475	-12971.40%
Unrestricted	105,725,880	75,640,917	48,816,628	30,084,963	39.77%	56,909,252	-116.58%
Total net position	\$825,489,227	\$767,760,728	\$704,131,562	\$ 57,728,499	7.52%	\$121,357,665	17.24%

The total net position of the District increased from \$704.1 million in 2018-19 to \$767.8 million in 2019-20 and increased to \$825.5 million in 2020-21. The District's total assets have increased by \$46.4 million or 5.23% compared to 2019-20, and \$107.4 million or 13.0% compared to 2018-19. Total liabilities increased \$34.7 million or 30.75% compared to 2019-20 and increased \$6.6 million or 4.7% compared to 2018-19. The increase in net position over the three-year period totals \$121.4 million, or 17.24%, resulting largely from the District's transition to CalPERS for healthcare insurance, creating short and long-term savings through more affordable health premiums for active and retired employee participants as well as a significant increase in capital contributions for a largely pay-as-you-go capital program over that three year timeframe.

As a public utility relying heavily on a complex infrastructure network, unsurprisingly by far the largest portion of the District's net position (83.0%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, intangible assets, and sewer line infrastructure), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its ratepayers; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the funds needed to repay this debt must be provided from other sources, since the capital assets themselves cannot generally be used to discharge these liabilities. The balance of \$105.7 million in unrestricted net position increased by \$30.1 million from 2019-20 and increased by \$56.9 million from 2018-19. As noted previously, this increase was primarily a result of the District transitioning to a more economical provider for healthcare insurance, reducing current healthcare premiums for active and retired employee participants as well as resulting in significant reductions to the long-term net OPEB liability.

REVIEW OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The table below shows the condensed statement of revenues, expenses, and changes in net position for the District for the past three fiscal years:

Table 2 – Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Year Ending June 30			2021 vs. 2020		2021 vs. 2019	
	2021	2020	2019	\$ Increase (Decrease)	% Increase (Decrease)	\$ Increase (Decrease)	% Increase (Decrease)
Revenues:							
Operating revenues							
Sewer service charges	\$ 87,327,907	\$ 85,332,494	\$ 83,862,200	\$ 1,995,413	2.34%	\$ 3,465,707	4.13%
Other	1,914,654	1,890,285	1,815,966	24,369	1.29%	98,688	5.43%
Total operating revenue	89,242,561	87,222,779	85,678,166	2,019,782	2.32%	3,564,395	4.16%
Non-operating revenues							
Property taxes	20,516,826	18,876,886	18,251,794	1,639,940	8.69%	2,265,032	12.41%
Permit and inspection fees	2,440,187	2,251,245	2,648,708	188,942	8.39%	(208,521)	-7.87%
Investment earnings	1,678,028	2,310,269	2,573,964	(632,241)	-27.37%	(895,936)	-34.81%
Other	3,193,569	1,219,811	1,424,520	1,973,758	161.81%	1,769,049	124.19%
Total non-operating revenue	27,828,610	24,658,211	24,898,986	3,170,399	12.86%	2,929,624	11.77%
Total revenues	117,071,171	111,880,990	110,577,152	5,190,181	4.64%	6,494,019	5.87%
Expenses							
Operating expense other than depreciation	83,913,477	79,462,379	52,295,571	4,451,098	5.60%	31,617,906	60.46%
Depreciation	21,531,302	21,253,062	20,983,353	278,240	1.31%	547,949	2.61%
Non-operating expenses	542,226	604,851	1,025,006	(62,625)	-10.35%	(482,780)	-47.10%
Total expenses	105,987,005	101,320,292	74,303,930	4,666,713	4.61%	31,683,075	42.64%
Income before capital contributions	11,084,166	10,560,698	36,273,222	523,468	4.96%	(25,189,056)	-69.44%
Capital contributions	46,644,333	53,068,468	46,886,850	(6,424,135)	-12.11%	(242,517)	-0.52%
Increase in net position	57,728,499	63,629,166	83,160,072	(5,900,667)	-9.27%	(25,431,573)	-30.58%
Beginning net position, as restated	767,760,728	704,131,562	620,971,490	63,629,166	9.04%	146,789,238	23.64%
Ending net position	\$825,489,227	\$767,760,728	\$704,131,562	\$ 57,728,499	7.52%	\$121,357,665	17.24%

Revenue

Total operating revenues increased from \$85.7 million in 2018-19 to \$87.2 million in 2019-20 and increased to \$89.2 million in 2020-21. Operating revenues increased by \$2.0 million or 2.32% compared to 2019-20 and increased by \$3.6 million or 4.2% comparing 2020-21 to 2018-19. This modest increase in operating revenues is largely attributable to a slight decrease in the proportion of sewer service charges allocated to the capital improvement program, which is reported as non-operating capital contributions, following the issuance of the 2021 COPs and related payoff of the pension plan UAAL in June 2021 (after the actuarial measurement date).

Total non-operating revenue decreased from \$24.9 million in 2018-19 to \$24.7 million in 2019-20 and increased to \$27.8 million in 2020-21. Total non-operating revenues in 2020-21 increased compared to 2019-20 by \$3.2 million or 12.86% and increased by \$2.9 million or 11.77% comparing 2020-21 to 2018-19.

Total revenues increased from \$110.6 million in 2018-19 to \$111.9 million in 2019-20 and increased to \$117.1 million in 2020-21. The change in total revenue represented an increase of \$5.2 million or 4.64% comparing 2020-21 to 2019-20 and an increase of \$6.5 million or 5.87% comparing 2020-21 to 2018-19.

As described previously, despite the Board’s action in May 2020 to freeze the sewer service charge rate increase scheduled for 2020-21 as a customer relief measure in response to customer hardships faced by the pandemic, revenue attributable to sewer service charges and secured property taxes still grew over the prior year due to continued property value growth and development increasing the District’s regional customer base. While total annual sewer service charge rate was previously approved to increase by 5.18% (to \$629) for single family homes and 5.30% (to \$569) for multi-family homes, the Board-approved customer relief measure resulted in these increases not being collected in 2020-21. Property tax revenue increased by \$1.6 million or 8.69% from 2019-20 to 2020-21, and \$2.3 million or 12.4% comparing 2020-21 to 2018-19 due to the continued increase in assessed property values, a healthy real estate market, and development of residential and commercial real estate in the region.

Expenses

Total expenses increased from \$74.3 million in 2018-19 to \$101.3 million in 2019-20 and increased to \$106.0 million in 2020-21. In 2020-21, total expenses increased by \$4.7 million or 4.61% compared to 2019-20. Comparing 2020-21 to 2018-19, total expenses were \$31.7 million or 42.64% higher. As noted previously, this increase is largely attributable to budget savings in the prior fiscal year from temporary operational setbacks and disruptions following the shelter-in-place mandates by the State and County in response to the COVID-19 pandemic in the Spring of 2020. Non-operating expenses are mainly driven by interest expense.

Total income before capital contributions went from \$36.3 million in 2018-19, to \$10.6 million in 2019-20, and increased to \$11.1 million in 2020-21. The significant reduction from 2018-19 to 2019-20 was driven largely by savings attributable to the transition to CalPERS healthcare as noted previously.

Total capital contributions in 2020-21 were \$46.6 million compared to \$53.1 million in 2019-20 and \$46.9 million in 2018-19. This decrease was mainly derived from a decrease in the allocation of sewer service charges to the capital program following the issuance of the 2021 COPs and payoff of the pension UAAL in June 2021 as described previously.

CAPITAL ASSETS

Net capital assets for fiscal years 2020-21, 2019-20 and 2018-19 totaled \$760.6 million, \$711.6 million, and \$677.4 million, respectively. Net capital assets include the District’s entire major infrastructure including wastewater treatment facilities, sewers, land, buildings, pumping stations, vehicles, intangible assets and furniture and equipment exceeding the District’s capitalization policy limit of \$5,000, less depreciation. As of June 30, 2021, the District’s investment in capital assets totaled \$760.6 million, an increase of \$49.0 million or 43.8% over the net capital asset balance of \$711.6 million at June 30, 2020. Net capital assets increased by \$83.1 million or 12.3% comparing 2020-21 to 2018-19. A comparison of the District’s capital assets, net of depreciation, over the past three fiscal years is presented below:

Table 3 – Net Capital Assets

	Year Ending June 30			2021 vs. 2020		2021 vs. 2019	
	2021	2020	2019	\$ Increase (Decrease)	% Increase (Decrease)	\$ Increase (Decrease)	% Increase (Decrease)
Structures, buildings, and equipment	\$ 631,932,004	\$ 613,794,504	\$ 609,205,177	\$18,137,500	3.0%	\$22,726,827	3.7%
Land and rights of way	22,290,077	22,290,077	22,270,077	-	0.0%	20,000	0.1%
Construction in progress	106,345,492	75,479,983	45,917,681	30,865,509	40.9%	60,427,811	131.6%
Total	<u>760,567,573</u>	<u>711,564,564</u>	<u>677,392,935</u>	<u>49,003,009</u>	<u>43.8%</u>	<u>83,174,638</u>	<u>12.3%</u>

The increase in capital assets, net of depreciation, of \$49.0 million from 2019-20 to 2020-21 and \$83.2 million from 2018-19 to 2020-21 is a result of an expanding capital improvement program over these years, where spending has exceeded annual depreciation and recent capital spending being largely financed by pay-as-you-go resources rather than debt. This year's major addition to construction-in-progress includes the following:

<u>Project Description</u>	<u>Capital Outlay</u>
Moraga/Crossroads pump station project (8436)	\$ 14,148,216
Filter Plant & Clearwell Improvements Ph. 1A (7361)	8,068,424
Outfall Improvements Ph. 7 (7353)	5,054,203
WC Sewer Renovations Ph. 14 (8460)	4,155,140
Martinez Sewer Renovation Ph. 6 (8458)	3,665,295
Lafayette Sewer Renovation Ph 14 (8459)	3,362,734
Danville Sewer Renovation Ph 3 (8456)	3,006,827
ERP Replacement (8250)	2,739,651
Solids Handling Facility Improvements (7348)	2,720,704
So. Orinda Sewer Renovation Ph. 8 (8461)	2,372,923
Total	<u>\$ 49,294,117</u>

Refer to Note 5 in the audited financial statements for additional details on the District's capital assets.

DEBT ADMINISTRATION

The total debt obligations, excluding liabilities related to pension, OPEB and compensated absences liabilities, for fiscal years 2020-21, 2019-20 and 2018-19 totaled \$75.7 million, \$19.4 million, and \$21.8 million, respectively. As of June 30, 2021, the District's outstanding debt totaled \$75.7 million, which is an increase of \$56.3 million or 289.4% over the debt balance of \$19.4 million at June 30, 2020. Debt increased by \$53.9 million or 247.3% comparing 2020-21 to 2018-19. The increase in debt obligations is due to the issuance of the 2021 COPs in the amount of \$58.0 million. The primary source of funds pledged to and securing the repayment of debt issuances for the capital improvement program is ad valorem secured property taxes. Refer to Note 6 for additional information on the District's outstanding debt obligations.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET, AND RATES

The District operates as an enterprise fund primarily funded by fees charged to external customers for services. The District charges rates and fees to customers to cover the costs of operation and maintenance of the sewage collection and treatment system as well as costs associated with its capital improvement program. External factors that may affect the District's financial position include, but are not limited to the following:

- Regulatory requirements becoming more stringent, causing the District to spend more on compliance, both for operations and maintenance costs as well as capital improvement and replacement projects.
- The economic cycle, creating volatility with capacity/connection fee revenues as new development projects are highly sensitive to the economic cycle.

- Interest rate and/or investment return, which directly impacts investment earnings, borrowing costs, and which has an adverse relationship to employer pension and OPEB contribution requirements.
- The consumer price index (CPI), which is a measure of inflation. The CPI for the San Francisco-Oakland-Hayward area directly impacts the cost of living adjustments provided in the employee MOUs. Higher than anticipated inflation may also adversely impact spending for contracted services, energy, chemicals, and other materials/supplies necessary for wastewater collection and treatment services.
- Changes in assessed property values, which affect the District's non-operating ad valorem secured property tax revenue. When the housing market grows, overall assessed property values increase, thereby increasing the District's property tax revenues. Conversely, any decline in the housing market will decrease property values and correspondingly decrease ad valorem property tax receipts for the District.

These factors, to the extent known, were considered in preparing the District's budget. In June 2020, the District's Board of Directors adopted an operating and maintenance budget of \$90.7 million and sewer construction capital improvement budget of \$88.0 million for the fiscal year ending June 30, 2021. Following customer outreach, public noticing, and a Public Hearing stipulated by Proposition 218, in April 2019 the District's Board of Directors approved new sewer service charges for the four-year timeframe spanning July 1, 2019 to June 30, 2023 with the condition that each year the District shall re-assess whether the increase is still justified and necessary.

While the Board-approved customer relief measures effectively froze sewer service charge rates in the fiscal year ended June 30, 2021, sewer service charge rates for the fiscal year ending June 30, 2022 return back to the rates previously adopted by the Board in 2019. Accordingly, next fiscal year sewer service charges will include the 5.25% rate increase not collected in 2020-21 as well as the 4.75% rate increase previously approved and scheduled for 2021-22. While forgone for one year due to unprecedented challenges faced during the pandemic, these approved rate increases are critical to meet the needs of an greatly expanded capital improvement program in the next few years. As designed in the District's financial model, steady but controlled sewer service charge rate increases help prevent spikes in revenue needs from customers in future years when annual capital spending is expected to significantly, but temporarily, outpace annual revenues. This pay-as-you-go approach, paired with necessary debt financing, ultimately helps to achieve rate stability. Primary drivers for the expansion of the capital improvement program include the need to enhance and modernize the District's ageing infrastructure to meet new regulatory requirements and ensure the sustainability of its infrastructure as the region's population grows driving an increased demand for service capacity.

FINANCIAL CONTACT

The financial report is designed to provide the District's customers and creditors with a general overview of District finances and to demonstrate the accountability and transparency for the rate and tax payer money it receives. If you have questions about this report or need additional financial information, contact: Kevin Mizuno, Finance Manager, Central Contra Costa Sanitary District, 5019 Imhoff Place, Martinez, CA 94553.

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$49,027,092	\$111,856,324
Short term investments (Note 2)	54,700,000	20,000,000
Accounts receivable, net (Note 3)	27,009,462	27,985,589
Employee computer loans receivable (Note 3)	10,684	12,893
Interest receivable	37,772	256,559
Parts and supplies	3,086,194	2,295,555
Prepaid expenses	<u>2,520,035</u>	<u>1,695,712</u>
Total current assets	<u>136,391,239</u>	<u>164,102,632</u>
NON-CURRENT ASSETS		
Restricted cash and cash equivalents (Notes 1.F. and 2)	35,076,226	10,422,954
Assessment Districts receivable (Note 4)	<u>1,496,010</u>	<u>1,055,527</u>
Capital assets:		
Nondepreciable (Note 5)	128,635,569	97,770,060
Depreciable, net of accumulated depreciation (Note 5)	<u>631,932,004</u>	<u>613,794,504</u>
Total capital assets, net	<u>760,567,573</u>	<u>711,564,564</u>
Total non-current assets	<u>797,139,809</u>	<u>723,043,045</u>
TOTAL ASSETS	<u>933,531,048</u>	<u>887,145,677</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related (Note 9)	95,805,386	26,670,166
OPEB related (Note 10)	<u>4,117,730</u>	<u>2,176,533</u>
Total deferred outflows of resources	<u>99,923,116</u>	<u>28,846,699</u>

(Continued)

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

LIABILITIES	2021	2020
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$15,161,757	\$11,785,558
Interest payable	248,632	269,772
Current portion of long-term obligations (Note 6)	10,450,000	1,740,000
Accrued compensated absences - current portion (Note 1.J.)	509,400	535,200
Provision for uninsured claims (Note 7)	1,455,065	1,221,293
Refundable deposits	277,257	302,494
Total current liabilities	28,102,111	15,854,317
NON-CURRENT LIABILITIES		
Non-current portion of long-term obligations (Note 6)	65,283,331	17,707,392
Accrued compensated absences, noncurrent portion (Note 1.J.)	4,584,692	4,817,572
Net pension liability (Note 9)	48,886,895	64,117,450
Net OPEB liability (Note 10)	719,704	10,371,508
Total non-current liabilities	119,474,622	97,013,922
TOTAL LIABILITIES	147,576,733	112,868,239
DEFERRED INFLOWS OF RESOURCES		
Pension related (Note 9)	48,100,435	30,761,867
OPEB related (Note 10)	12,287,769	4,601,542
Total deferred inflows of resources	60,388,204	35,363,409
NET POSITION (Note 11)		
Net investment in capital assets	684,834,242	692,117,172
Restricted for debt service	34,929,105	2,639
Unrestricted	105,725,880	75,640,917
TOTAL NET POSITION	\$825,489,227	\$767,760,728

See accompanying notes to financial statements

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CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
Sewer service charges (SSC)	\$72,325,340	\$70,408,903
Service charges - City of Concord (Note 8)	15,002,567	14,923,591
Other services charges	1,171,378	1,176,242
Miscellaneous charges	743,276	714,043
Total operating revenues	89,242,561	87,222,779
OPERATING EXPENSES		
Sewage collection and pumping stations	18,183,752	16,671,998
Sewage treatment	24,783,779	26,998,492
Engineering	15,278,784	15,564,466
Recycled water	2,037,788	1,205,526
Administrative and general	94,563,373	21,408,746
Pension expense adjustments	(67,027,225)	757,666
OPEB expense adjustments	(3,906,774)	(3,144,515)
Depreciation (Note 5)	21,531,302	21,253,062
Total operating expenses	105,444,779	100,715,441
OPERATING (LOSSES)	(16,202,218)	(13,492,662)
NONOPERATING REVENUES (EXPENSES)		
Taxes	20,516,826	18,876,886
Permit and inspection fees	2,440,187	2,251,245
Interest earnings	1,678,028	2,310,269
Interest expense	(542,226)	(604,851)
Other income (expense), net	3,193,569	1,219,811
Total nonoperating revenues (expenses), net	27,286,384	24,053,360
INCOME BEFORE CAPITAL CONTRIBUTIONS	11,084,166	10,560,698
CAPITAL CONTRIBUTIONS		
City of Concord contributions to capital costs (Note 8)	10,064,155	11,393,000
Customer contributions to capital cost (SSC)	30,156,394	32,829,958
Contributed sewer lines	923,468	1,761,808
Connection fees	5,500,316	7,083,702
Total capital contributions	46,644,333	53,068,468
CHANGE IN NET POSITION	57,728,499	63,629,166
NET POSITION, BEGINNING OF YEAR	767,760,728	704,131,562
NET POSITION, END OF YEAR	\$825,489,227	\$767,760,728

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$89,780,414	\$84,135,233
Payments to suppliers	(43,269,319)	(43,500,766)
Payments to employees and related benefits	(180,801,046)	(36,604,529)
Net cash provided by operating activities	(134,289,951)	4,029,938
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of taxes	20,516,826	18,876,886
Inspection/permit fees and other non-operating income	5,633,756	3,471,056
Net cash provided by noncapital financing activities	26,150,582	22,347,942
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	40,220,549	44,222,958
Connection fees	5,500,316	7,083,702
Acquisition and construction of capital assets	(69,610,843)	(53,662,883)
Interest paid on long-term debt	(563,366)	(623,584)
Proceeds from issuance of debt	50,570,000	
Bond premium	7,870,179	
Principal payments on long-term debt	(2,154,240)	(2,359,239)
Net cash used for capital and related financing activities	31,832,595	(5,339,046)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of investments	145,000,000	100,000,000
Acquisition of investments	(179,700,000)	(67,000,000)
Interest received	1,896,815	2,053,710
Net cash provided by investing activities	(32,803,185)	35,053,710
NET INCREASE (DECREASE) IN CASH	(109,109,959)	56,092,544
Cash, beginning of year	122,279,278	66,186,734
Cash, end of year	\$13,169,319	\$122,279,278

(Continued)

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating income (losses)	(\$87,136,217)	(\$13,492,662)
Adjustments to reconcile operating losses to cash flows from operating activities:		
Depreciation	21,531,302	21,253,062
Changes in assets and liabilities:		
Receivables, net	537,853	(3,087,546)
Parts and supplies	(790,639)	(109,557)
Prepaid expenses	(824,323)	(294,702)
Accounts payable and accrued expenses	3,376,199	1,828,812
Accrued payroll and related expenses	(258,680)	305,169
Refundable deposits	(25,237)	(49,303)
Claims	233,772	63,496
Net pension liability	(67,027,207)	757,684
Net OPEB liability	(3,906,774)	(3,144,515)
	(\$134,289,951)	\$4,029,938
 SCHEDULE OF NON CASH ACTIVITY		
Change in fair value of investments	\$1,896,815	\$2,053,710
Capital contributions	923,468	1,761,808
	\$2,820,283	\$3,815,518
 CASH AND CASH EQUIVALENTS, AS PRESENTED ON STATEMENT OF NET POSITION:		
Unrestricted cash and cash equivalents	\$49,027,092	\$111,856,324
Restricted cash and cash equivalents	35,076,226	10,422,954
	\$84,103,318	\$122,279,278

See accompanying notes to financial statements

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**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

**NOTE 1 – DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

A. *Reporting Entity*

The Central Contra Costa Sanitary District (District), a special district and a public entity established under the Sanitary District Act of 1923, provides sewer service for the incorporated and unincorporated areas under its jurisdiction. A Board of Directors comprised of five elected members governs the District.

As required by accounting principles generally accepted in the United States of America, these basic financial statements present the financial statements of Central Contra Costa Sanitary District and its component unit. The component unit discussed in the following paragraph is blended in the District's reporting entity because of the significance of its operational and financial relationship with the District.

Blended Component Unit - Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit discussed below is reported in the District's financial statements because of the significance of its relationship with the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the Governing Board of the component unit is the same as of Governing Board of the District and because its purpose is to finance facilities to be used for the direct benefit of the District. The *Central Contra Costa Sanitary District Facilities Financing Authority (Authority)* was organized solely for the purpose of providing financial assistance to the District. The Authority does this by acquiring, constructing, improving and financing various facilities, land and equipment purchases, and by leasing or selling certain facilities, land and equipment for the use, benefit and enjoyment of the public served by the District. The Authority has no employees and the Board of Directors of the Authority consists of the same persons who are serving as the Board of Directors of the District. There are no separate basic financial statements prepared for the Authority.

B. *Basis of Accounting*

The District's financial statements are prepared on the accrual basis of accounting. The District applies all applicable Governmental Accounting Standards Board (GASB) pronouncements for accounting and financial reporting guidance.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

**NOTE 1 – DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

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

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

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

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

Running Expense – Running Expense accounts for the general operations of the District. Substantially all operating revenues and expenses are accounted for in this sub-fund.

Sewer Construction – Sewer Construction accounts for non-operating revenues, which are to be used for acquisition or construction of plant, property and equipment.

Self-Insurance – Self-Insurance accounts for interest earnings on cash balances in this sub-fund and cash allocations from other sub-funds, as well as for costs of insurance premiums and claims not covered by the District's insurance coverage.

Debt Service – Debt Service accounts for activity associated with the payment of the District's long term bonds and loans.

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

**NOTE 1 – DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

C. *Investments*

Investments held at June 30, 2021 and 2020 with original maturities greater than one year, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

D. *Fair Value Measurements*

Fair value is defined as 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 measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

E. *Prepaid Expenses*

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

F. *Bank Escrow Deposit*

An escrow agreement was formed between the District and the National Park Service for the right-of-way through the John Muir National Historic Site, in lieu of issuing a performance bond. The current right-of-way permit is 10 years, but is renewable and must remain in effect so long as there is sewage running through the area; therefore, it is unlikely that the escrow funds will ever be released to the District. These funds are listed as restricted cash in the financial statements.

G. *Parts and Supplies*

Parts and supplies are valued at average cost and are used primarily for internal purposes.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Years Ended June 30, 2021 and 2020**

**NOTE 1 – DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING
 POLICIES (Continued)**

H. Property, Plant, and Equipment

Purchased capital assets are stated at historical cost. Capital assets contributed to the District are reported at acquisition value. The capitalization threshold for capital assets is \$5,000. Expenditures which materially increase the value or life of capital assets are capitalized and depreciated over the remaining useful life of the asset.

Depreciation of exhaustible capital assets has been provided using the straight-line method over the asset’s useful life as follows:

	<u>Years</u>
Sewage Collection Facilities	75
Intangible Assets	75
Sewage Treatment Plant and Pumping Plants	40
Buildings	50
Furniture and Equipment	5 – 15
Motor Vehicles	7 – 15

I. Property Taxes

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

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

Secured property tax bills are mailed once a year, during the month of October on the current secured tax roll, to the owner of the property as of the lien date (January 1). Payments can be made in two installments, and are due on November 1 and February 1. Delinquent accounts are assessed a penalty of 10 percent. Accounts which remain unpaid on June 30 are charged an additional 1½ percent per month. Unsecured property tax is due on July 1 and becomes delinquent on August 31. The penalty percentage rates are the same as secured property tax.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

**NOTE 1 – DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

J. *Compensated Absences*

The liability for vested vacation, compensatory time, and sick pay is recorded as an expense when earned. District employees have a vested interest in 100 percent of accrued vacation time and 85 percent of accrued sick time for employees hired before May 1, 1985 (the last employee hired prior to this date retired during the fiscal year ending June 30, 2021). Employees hired after May 1, 1985 have a vested interest in up to 40 percent of their sick time, based upon length of employment with the District. The time may be applied towards pension service time and/or cashed out upon retirement.

The changes in compensated absences were as follows for fiscal years ended June 30:

	2021	2020
Beginning Balance	\$5,352,772	\$5,047,603
Additions	283,779	755,277
Payments	(542,459)	(450,108)
Ending Balance	\$5,094,092	\$5,352,772
Current Portion	\$509,400	\$535,200

The current portion of the liability to be used within the next year is estimated by management to be approximately 10% of the ending balance.

K. *Statement of Cash Flows*

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

L. *Use of Estimates*

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

**NOTE 1 – DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

M. *New Governmental Accounting Standards Board Statement Pronouncement*

GASB 84 – *Fiduciary Activities* – The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The District implemented the provisions of this Statement during the year ended June 30, 2021. As a result, the District determined that the activities of the Other Post-Employment Benefit Trust Fund should no longer be reported in the Other Post-Employment Benefit Trust Fund, since the District does not have control of the assets of the OPEB Plan as a whole. Therefore, the Other Post-Employment Benefit Trust Fund is no longer reported in the financial statements as of July 1, 2020.

N. *Prior-Period Comparative Statements*

The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District’s financial statements for the year ended June 30, 2020, from which the summarized information was derived.

NOTE 2 – CASH AND INVESTMENTS

A. *Summary of Cash and Investments*

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

	2021	2020
Cash and cash equivalents	\$49,027,092	\$111,856,324
Short term investments	54,700,000	20,000,000
Restricted cash and cash equivalents	35,029,105	100,000
Total District Cash and Investments	138,756,197	131,956,324
Cash and Investments held with Pension Trust	47,121	10,322,954
Total Cash and Investments	\$138,803,318	\$142,279,278

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 2 – CASH AND INVESTMENTS (Continued)

B. Policies and Practices

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

Investments purchases and sales are coordinated by the District’s Treasurer, Contra Costa County, at the request of the District.

C. General Authorizations

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

Authorized Investment Type	California State Limits			District Policy	District Policy
	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer	Maximum Percentage of Portfolio (Per Issuer)	Minimum Credit Quality
U.S. Treasury Obligations	5 years	None	None	100%	N/A
U.S. Government Agency Issues	5 years	None	None	100%	N/A
Money Market Funds	N/A	20%	10%	10%	A
Negotiable Certificates of Deposit	5 years	30%	None	5%	AA
Banker's Acceptances	180	40%	40%	5%	N/A
Commercial Paper (1)	270	25%	10%	10%	A-1
Medium Term Notes	5 years	30%	None	5%	AA
Collateralized Certificates of Deposit (2)	5 years	None	None	20%	Aaa
Supranationals	5 years	30%	5%	5%	AA
County Pooled Investment Funds	N/A	None	None	100%	N/A
Local Agency Investment Fund (LAIF)	N/A	None	\$75 million	100%	N/A
Government Investment Pools (CAMP, CalTrust, etc)	N/A	None	\$75 million	100%	N/A

(1) Prime quality; limited to corporations with assets over \$500,000,000

(2) Prior approval of the Board of Directors must be obtained to acquire maturities beyond one year, excluding Treasury Notes and LAIF.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 2 – CASH AND INVESTMENTS (Continued)

D. Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30:

Investment Type	2021	
	Level 2	Total
Investments Reported at Fair Value:		
U.S. Treasury Obligations	\$25,000,000	\$25,000,000
Total	\$25,000,000	25,000,000
Investments Measured at Amortized Cost:		
Money Market Funds		386,779
External Investment Pool (Exempt):		
California Local Agency Investment Fund		29,700,000
Investments Exempt from Fair Value Hierarchy:		
Restricted Cash		34,642,326
Cash and Investments held with Pension Trust		47,121
Cash in bank and On Hand		49,027,092
Total Cash and Investments		\$138,803,318

U.S. Treasury Obligations totaling \$25 million classified in Level 2 of the fair value hierarchy, is valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 2 – CASH AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30:

	2020	
Investment Type	Level 2	Total
Investments Reported at Fair Value:		
U.S. Federal Agency Securities - FHLB	\$20,000,000	\$20,000,000
Total Investments	\$20,000,000	20,000,000
 Investments Exempt from Fair Value Hierarchy:		
California Local Agency Investment Fund		75,000,000
Total Investments		95,000,000
Cash and Investments held with Pension Trust		10,322,954
Cash in bank		36,956,324
Total Cash and Investments		\$142,279,278

U.S. Federal Agency Securities totaling \$20 million classified in Level 2 of the fair value hierarchy, is valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

E. 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. It is the District's policy to manage exposure to interest rate risk 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 evenly over time as necessary to provide the cash flow and liquidity needed for operations. District policy is that investment maturities may not exceed five years, with the exception of Treasury Notes or Local Agency Investment Fund; however, investments can be held longer with Board approval.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District’s investments by maturity, as of June 30:

Investment Type	2021	
	12 Months or less	Maturity
U.S Treasury Obligations	\$25,000,000	7/15/2021
California Local Agency Investment Fund	29,700,000	
Money Market Funds	386,779	
Total	55,086,779	
Restricted Cash	34,642,326	
Restricted Cash and Investments held with Pension Trust	47,121	
Cash in bank	49,027,092	
Total Cash and Investments	\$138,803,318	

Investment Type	2020	
	12 Months or less	Maturity
U.S Federal Agency Securities - FHLB	\$20,000,000	9/25/2020
California Local Agency Investment Fund	75,000,000	
Total Investments	95,000,000	
Restricted Cash	100,000	
Restricted Cash and Investments held with Pension Trust	10,322,954	
Cash in bank	36,856,324	
Total Cash and Investments	\$142,279,278	

Investment in LAIF – The District is a voluntary participant in LAIF which is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission. The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2021 and 2020, these investments had weighted average maturities of 291 and 191 days, respectively.

Investments in County Treasury – The District is considered to be a voluntary participant in an external investment pool. The fair value of the District’s investment in the pool is reported in the financial statements in cash and cash equivalents at mounts based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 2 – CASH AND INVESTMENTS (Continued)

F. Credit Risk

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 below is the actual rating as of June 30, of each investment type as provided by Moody’s investment rating system, of which a P -1 rating is the top rating for short term investments.

Investment Type	Totals	
	2021	2020
<i>Rated P-1:</i>		
U.S. Treasury Obligations	\$25,000,000	
U.S. Federal Agency Securities		\$20,000,000
Money Market Funds	386,779	
Total Rated Investments	25,386,779	20,000,000
<i>Not rated:</i>		
California Local Agency Investment Fund	29,700,000	75,000,000
Restricted Cash and Cash Equivalents	34,642,326	100,000
Cash and Investments held with Pension Trust	47,121	10,322,954
Cash in Bank	49,027,092	36,856,324
Total Cash and Investments	\$138,803,318	\$142,279,278

G. Concentration of Credit Risk

There are no covered investments that represent in excess of 5% of the District’s total investments as of June 30, 2021.

H. Custodial Credit Risk – Investments

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable for the years ended June 30 are comprised of the following:

	<u>2021</u>	<u>2020</u>
City of Concord (see Note 8)	\$25,112,937	\$26,362,258
Household Hazardous Waste Partners	1,077,027	832,005
All Other	819,498	791,326
Total Accounts Receivable	<u>\$27,009,462</u>	<u>\$27,985,589</u>

Employee Computer Loans Receivable:

The District provides loans to its employees for the purchase of personal computers. These loans are payable through payroll deductions of \$100 until the loan is paid off. The interest rate associated with the loan is based of the most current Local Agency Investment Fund (LAIF) rate. The maximum amount each employee may borrow is \$2,000. The loans receivable balances were as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Employee Computer Loans	\$12,893	\$15,736
Additions	11,123	11,640
Payments	(13,332)	(14,483)
Total Loan Receivable	<u>\$10,684</u>	<u>\$12,893</u>

NOTE 4 – ASSESSMENT DISTRICTS RECEIVABLE

The District established the Contractual Assessment District (CAD) program to help homeowners finance the cost of connecting to the District. The construction costs associated with the project within the program are capitalized and depreciated. Individual homeowners are assessed at an amount equal to their share of the construction costs and connection fee. The assessments, plus interest, are generally payable over 10 years. The CAD receivable balance at June 30, 2021 and 2020 was \$914,700 and \$339,613, respectively.

The District also established the Alhambra Valley Assessment District (AVAD) to provide services to residents in the Alhambra Valley in Martinez. Residents have the choice to pay cash or finance the construction costs and connection fees. The AVAD receivable balance at June 30, 2021 and 2020 was \$581,310 and \$715,914, respectively.

The total receivable balance at June 30, 2021 and 2020 for CAD and AVAD was \$1,496,010 and \$1,055,527, respectively, and is shown as a non-current asset on the Statement of Net Position.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 5 – CAPITAL ASSETS

Property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2021:

	Balance at June 30, 2020	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2021
Capital assets not being depreciated:					
Land	\$17,320,570				\$17,320,570
Easements (intangible)	4,969,507				4,969,507
Construction in Progress	75,479,983	\$69,610,843		(\$38,745,334)	106,345,492
Total nondepreciated assets	97,770,060	69,610,843		(38,745,334)	128,635,569
Capital assets being depreciated:					
Sewage collection system	412,002,475		(\$1,600,000)	5,147,655	415,550,130
Contributed sewer lines	164,093,221	923,468	(92,846)	1,096,657	166,020,500
Outfall sewers	11,371,574				11,371,574
Sewage treatment plant	358,464,912		(1,040,000)	21,912,538	379,337,450
Recycled water infrastructure	20,451,891		(1,000,000)	7,920,957	27,372,848
Pumping stations	57,327,020			202,089	57,529,109
Buildings	44,439,279			299,598	44,738,877
Furniture and equipment	15,276,163			1,068,066	16,344,229
Motor vehicles	8,711,241		(338,233)	1,097,774	9,470,782
Enterprise software	3,365,658				3,365,658
Total depreciated assets	1,095,503,434	923,468	(4,071,079)	38,745,334	1,131,101,157
Less accumulated depreciation:					
Sewage collection system	84,206,907	5,601,580	(1,600,000)		88,208,487
Contributed sewer lines	65,806,229	2,172,218	(92,846)		67,885,601
Outfall sewers	4,071,165	150,553			4,221,718
Sewage treatment plant	243,532,001	7,844,525	(1,040,000)	(3,650,507)	246,686,019
Recycled water infrastructure	10,899,878	727,687	(1,000,000)	3,650,507	14,278,072
Pumping stations	39,171,133	1,862,006			41,033,139
Buildings	16,704,923	1,284,668			17,989,591
Furniture and equipment	11,520,782	996,530			12,517,312
Motor vehicles	5,291,063	554,969	(338,233)		5,507,799
Enterprise software	504,849	336,566			841,415
Total accumulated depreciation	481,708,930	21,531,302	(4,071,079)		499,169,153
Total capital assets being depreciated, net	613,794,504	(20,607,834)		38,745,334	631,932,004
Capital assets, net	\$711,564,564	\$49,003,009			\$760,567,573

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 5 – CAPITAL ASSETS (Continued)

Property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2020:

	Balance at June 30, 2019	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2020
Capital assets not being depreciated:					
Land	\$17,320,570				\$17,320,570
Easements (intangible)	4,949,507			\$20,000	4,969,507
Construction in Progress	45,917,681	\$53,662,883		(24,100,581)	75,479,983
Total nondepreciated assets	68,187,758	53,662,883		(24,080,581)	97,770,060
Capital assets being depreciated:					
Sewage collection system	394,084,852		(\$3,000)	17,920,623	412,002,475
Contributed sewer lines	162,344,781	1,761,808	(35,836)	22,468	164,093,221
Outfall sewers	11,371,574				11,371,574
Sewage treatment plant	354,976,293			3,488,619	358,464,912
Recycled water infrastructure	20,292,366			159,525	20,451,891
Pumping stations	57,327,020				57,327,020
Buildings	44,379,479			59,800	44,439,279
Furniture and equipment	14,579,938		(40,750)	736,975	15,276,163
Motor vehicles	7,490,960		(472,290)	1,692,571	8,711,241
Enterprise software	3,365,658				3,365,658
Total depreciated assets	1,070,212,921	1,761,808	(551,876)	24,080,581	1,095,503,434
Less accumulated depreciation:					
Sewage collection system	78,758,161	5,451,745	(2,999)		84,206,907
Contributed sewer lines	63,652,332	2,189,734	(35,837)		65,806,229
Outfall sewers	3,919,770	151,395			4,071,165
Sewage treatment plant	235,704,155	7,827,846			243,532,001
Recycled water infrastructure	10,355,662	544,216			10,899,878
Pumping stations	37,309,198	1,861,935			39,171,133
Buildings	15,427,731	1,277,192			16,704,923
Furniture and equipment	10,415,521	1,146,011	(40,750)		11,520,782
Motor vehicles	5,296,931	466,422	(472,290)		5,291,063
Enterprise software	168,283	336,566			504,849
Total accumulated depreciation	461,007,744	21,253,062	(551,876)		481,708,930
Total capital assets being depreciated, net	609,205,177	(19,491,254)		24,080,581	613,794,504
Capital assets, net	\$677,392,935	\$34,171,629			\$711,564,564

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 6 – LONG-TERM DEBT

A. Summary of Activity

The changes in the District’s long-term obligations during the year ended June 30, 2021 consisted of the following:

	Original Issue Amount	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Amount due within one year
2018 Series A Wastewater Revenue Refunding Bonds						
1.39-2.34%, due 9/1/2029	\$15,135,000	\$15,135,000		\$1,225,000	\$13,910,000	\$1,270,000
2018 Series B Wastewater Revenue Refunding Bonds						
2.62-3.12%, due 9/1/2023	4,315,000	2,170,000		515,000.00	1,655,000	535,000
2021 Wastewater Revenue Certificates of Participation						
0.05% - 0.62% due 9/1/2028	50,570,000		\$50,570,000		50,570,000	8,645,000
Total long-term debt		<u>17,305,000</u>	<u>50,570,000</u>	<u>1,740,000</u>	<u>66,135,000</u>	<u>10,450,000</u>
Add: Unamortized premium						
Revenue Bonds/Certificates		<u>2,142,392</u>	<u>7,670,179</u>	<u>214,240</u>	<u>9,598,331</u>	
Total Long-Term Debt, net		<u>19,447,392</u>	<u>\$58,240,179</u>	<u>\$1,954,240</u>	<u>75,733,331</u>	<u>\$10,450,000</u>
Less Current Portion		<u>(1,740,000)</u>			<u>(10,450,000)</u>	
Long Term Portion		<u>\$17,707,392</u>			<u>\$65,283,331</u>	

The changes in the District’s long-term obligations during the year ended June 30, 2020 consisted of the following:

	Original Issue Amount	Balance June 30, 2019	Retirements	Balance June 30, 2020	Amount due within one year
2018 Series A Wastewater Revenue Refunding Bonds					
1.39-2.34%, due 9/1/2029	\$15,135,000	\$15,135,000		\$15,135,000	\$1,225,000
2018 Series B Wastewater Revenue Refunding Bonds					
2.62-3.12%, due 9/1/2029	4,315,000	4,315,000	\$2,145,000	2,170,000	515,000
Total long-term debt		<u>19,450,000</u>	<u>2,145,000</u>	<u>17,305,000</u>	<u>1,740,000</u>
Add: Unamortized premium					
Wastewater Revenue Bonds		<u>2,356,631</u>	<u>214,239</u>	<u>2,142,392</u>	
Total Long-Term Debt, net		<u>21,806,631</u>	<u>\$2,359,239</u>	<u>19,447,392</u>	<u>\$1,740,000</u>
Less Current Portion		<u>(2,145,000)</u>		<u>(1,740,000)</u>	
Long Term Portion		<u>\$19,661,631</u>		<u>\$17,707,392</u>	

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 6 – LONG-TERM DEBT (Continued)

B. Debt Service Requirements

The debt service requirements are as follows:

Fiscal Year Ending June 30,	2018 Wastewater Revenue Refunding				2021 Wastewater Revenue Certificates of Participation		Total	
	Series A		Series B		Principal	Interest	Principal	Interest
2022	\$1,270,000	\$663,750	\$535,000	\$42,477	\$8,645,000	\$1,734,832	\$10,450,000	\$2,441,059
2023	1,335,000	598,625	550,000	26,172	8,865,000	1,874,625	10,750,000	2,499,422
2024	1,395,000	530,375	570,000	8,892	5,125,000	1,524,875	7,090,000	2,064,142
2025	1,465,000	458,875			5,630,000	1,256,000	7,095,000	1,714,875
2026	1,535,000	383,875			6,165,000	961,125	7,700,000	1,345,000
2027 - 2031	6,910,000	711,000			16,140,000	998,250	23,050,000	1,709,250
Total	\$13,910,000	\$3,346,500	\$1,655,000	\$77,541	\$50,570,000	\$8,349,707	\$66,135,000	\$11,773,748

C. 2018 Series A and B Wastewater Revenue Refunding Bonds

On September 13, 2018 the District issued two Wastewater Revenue Refunding Bonds (Bonds). The 2018 Wastewater Revenue Refunding Bonds, Series A (tax-exempt) and B (federally taxable) were issued for \$15,135,000 and \$4,315,000, respectively. The Bonds were issued to defease and refund all of the District’s outstanding obligations with respect to the \$19,635,000 original principal amount of 2009 Wastewater Revenue Certificates of Participation, Series A and all of the District’s outstanding obligations with respect to the \$34,490,000 original principal amount of 2009 Wastewater Revenue Certificates of Participation, Series B, and pay costs issuing the Bonds. The refunding resulted in an overall debt service savings of \$7,455,312. The net present value of the debt service savings is called an economic gain and amounted to \$2,603,897.

The two bonds total \$19,450,000 and are secured by a pledge of tax and net revenues of the wastewater system. The outstanding bonds from direct borrowings related to business-type activities of \$19,450,000 contain a provision that in an event of default, the U.S. Bank National Association (Trustee) has the right to accelerate the total unpaid principal amounts of the bonds. The official statement contains an event of default clause that changes the timing of the repayments of outstanding amounts to become immediately due if the District is unable to make payment. Principal payments begin annually on September 1, 2020 and 2021 for the Series B and A Bonds, respectively, with semi-annual interest payments due on September 1 and March 1 of each year. Yields range from 1.39% to 2.34% and 2.62% to 3.12% for the Series A and Series B Bonds, respectively. The outstanding balance at June 30, 2021 amounted to \$15,565,000.

D. 2021 Wastewater Revenue Certificates of Participation

On June 1, 2021, the District issued new Wastewater Revenue Certificates of Participation. The 2021 Wastewater Revenue Certificates of Participation was issued for \$50,570,000. The Certificates were issued to finance certain improvements to the Wastewater System which is owned and operated by the District. The repayment of the Certificates will come from the revenues derived from operation of the Wastewater System, tax revenues, consisting of the ad valorem property taxes received by the District. The first principal payment is due on March 1, 2022 and then September 1 of each year thereafter. Yield ranges from 0.05% to 0.62% for the Certificates. The outstanding balance at June 30, 2021 amounted to \$50,570,000.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss including torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. To manage these risks, the District joined with other entities to form the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool currently operating as a common risk management and insurance program for the member entities. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost. Through CSRMA, the District purchases property insurance and workers' compensation insurance. The District also commenced an Enterprise Risk Management program during the fiscal year ended June 30, 2020, where the primary risks facing the agency are identified, monitored and reported on to the Board.

A. Insurance Coverage

The District's insurance coverage is as follows:

Type of Coverage	Insurer	Limits	Self Insured Deductible Per Occurrence
All-Risk Property:			
Special Form Property	Alliant Property Insurance Program	\$602,045,193	\$250,000
Crime	National Union Fire Ins. Company	1,000,000	2,500
Liability:			
Fiduciary Liability Insurance	Hudson Insurance Company	1,000,000	-
Pollution- General Liability	Aspen Specialty Ins. Company	1,000,000	5,000 - 50,000
Commercial Environment Excess	Aspen Specialty Ins. Company	1,000,000	5,000 - 50,000
Special Excess Liability Coverage-ANML	Various	15,000,000	500,000
Excess Following Form Liability Policy	Allied World Assurance Company (U.S.), Inc.	10,000,000	10,000,000
Employment Practice Liability	Indian Harbor Insurance Company	500,000	30,000
Workers' Compensation:			
Excess Workers' Compensation	Safety National Casualty Corporation	Statutory	-

B. Provision for Uninsured Claims

The Governmental Accounting Standard Board (GASB) requires state and local governments to record their liability for uninsured claims in their financial statements. The District's policy is to maintain a reserve for claims of \$1,500,000 which is equivalent to three claims at \$500,000 per occurrence. The District's actuary has calculated its potential liability as of June 30, 2021 to be \$1,455,065.

The District's uninsured claims activity and exposure relates primarily to its general and automobile liability program. The District records its estimated liability for uninsured claims in this area based on the results of periodic actuarial evaluations. The actuarial evaluations are typically performed every two years latest report was dated December 23, 2020. For intervening years, the liability for uninsured claims is reviewed for adequacy based on claims activity during the intervening period.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 7 – RISK MANAGEMENT (Continued)

For fiscal years ended June 30, 2021, 2020, and 2019, settlements have not exceeded insurance coverage. Changes in the District’s estimated liability for retained losses are summarized as follows as of June 30:

	2021	2020	2019
Beginning balance	\$1,221,293	\$1,157,797	\$882,230
Provisions for claims incurred in the current year and changes in the liability for retained-losses incurred in prior years	596,645	257,075	275,567
Claims paid and/or adjustments	(362,873)	(193,579)	
Ending balance	<u>\$1,455,065</u>	<u>\$1,221,293</u>	<u>\$1,157,797</u>

NOTE 8 – AGREEMENT WITH THE CITY OF CONCORD

In 1974, the District and the City of Concord (the City) entered into a cost-sharing agreement under which the District became responsible for providing sewage treatment facilities and services to the City. Under this agreement, the City pays a service charge for its share of operating, maintenance and administrative costs and makes a contribution for its share of facilities capital costs expended. Service charges and contributions to capital costs from the City totaled \$15,002,567 and \$10,064,155 respectively, for the year ended June 30, 2021, for a total of \$25,066,772. Service charges and contributions to capital costs from the City totaled \$14,923,591 and \$11,393,000 respectively, for the year ended June 30, 2020, for a total of \$26,316,591.

NOTE 9 – PENSION PLANS

A. *Contra Costa County Employees’ Retirement Association Pension Plan*

Plan Descriptions – Substantially all District permanent employees are required to participate in the Contra Costa County Employees’ Retirement Association (CCCERA), a cost-sharing multiple employer public defined benefit retirement plan (Plan), governed by the County Employee’s Retirement Law of 1937, as amended, and the California Public Employees’ Pension Reform Act of 2013 (PEPRA). The latest available actuarial and financial information for the Plan is for the year ended December 31, 2020. CCCERA issues a publicly available financial report that includes financial statements and supplemental information of the Plan. That report is available by writing to Contra Costa County Employees’ Retirement Association, 1200 Concord Ave., Suite 300, Concord, CA 94523 or on their website at www.cccera.org.

Benefits Provided – The Plan provides for retirement, disability, and death and survivor benefits. Annual cost of living (COL) adjustments to retirement allowances can be granted by the Retirement Board as provided by State statutes. Retirement benefits are based on age, length of service, date of membership and final average salary.

Subject to vested status, employees can withdraw contributions plus interests credited, or leave them as a deferred retirement when they terminate, or transfer to a reciprocal retirement system.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 9 – PENSION PLANS (Continued)

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Membership date		
Benefit vesting schedule	10 years service	5 years service
Benefit payments	monthly for life	monthly for life
Leave cash out pensionable?	Yes	No
Benefit % per year of service	2%	2%
Final pensionable salary formula	Highest 12 consecutive months	Annual average of highest 36 consecutive months
Annual benefit cap	Hired before 1/1/1996 - None Hired 1/1/1996 - 12/31/2012 - \$290,000	\$153,671
Minimum Retirement age (with benefit reductions)	50	52
Required employee contribution rates	8.12%-15.42%	11.06%
Required employer contribution rates	50.84%	45.87%

Contributions – The Plan requires employees to pay a portion of the basic retirement benefit and a portion of future COL costs. For the year ended June 30, 2021, the District's contributions to the Plan were \$17,968,524.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - The District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows as of June 30:

	Proportionate Share of Net Pension Liability	
	2021	2020
Miscellaneous	\$48,886,895	\$64,117,450
Total Net Pension Liability	\$48,886,895	\$64,117,450

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 9 – PENSION PLANS (Continued)

The District's proportionate share of the net pension liability for the Plan as of December 31, 2019, 2020, and 2021 were as follows:

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered Payroll	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan Fiduciary Net Pension as a percentage of the Total Pension Liability
2019	6.332%	\$90,430,104	\$33,793,159	267.60%	77.86%
2020	7.420%	64,117,450	36,087,017	177.67%	85.05%
2021	10.594%	48,886,895	37,131,965	131.66%	89.10%

For the year ended June 30, 2021, the District recognized pension expense of \$13,284,517. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$70,944,418	
Differences between expected and actual experience	9,049,592	(\$1,240,201)
Changes of assumptions or other inputs		(4,869,641)
Change in proportion and differences between employer contributions and proportionate share of contributions	15,811,376	(6,746,064)
Net difference between projected and actual earnings on pension plan investments		(35,244,529)
Total	\$95,805,386	(\$48,100,435)

The \$9,152,719 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 ended June 30, 2022.

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

Year Ended June 30	Annual Amortization
2022	(\$8,617,706)
2023	2,397,163
2024	(13,194,117)
2025	(3,824,807)
Total	(\$23,239,467)

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 9 – PENSION PLANS (Continued)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$8,971,970	
Differences between expected and actual experience	9,160,932	(\$956,369)
Changes of assumptions or other inputs		(3,889,681)
Change in proportion and differences between employer contributions and proportionate share of contributions	8,537,264	(11,042,919)
Net difference between projected and actual earnings on pension plan investments		(14,872,898)
Total	<u>\$26,670,166</u>	<u>(\$30,761,867)</u>

Actuarial Assumptions – The total pension liabilities in the December 31, 2020 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	December 31, 2018
Measurement Date	December 31, 2020
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation Rate	2.75%
Payroll Growth	2.75% (1)
Projected Salary Increase	3.75% - 15.25%
Cost of Living Adjustments	2.75%
Investment Rate of Return	7.00%
Mortality	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table

(1) Plus "across the board" real salary increases of 0.5% per year

Discount Rate – The discount rate used to measure the Total Pension Liability (TPL) was 7.00% as of December 31, 2020 and December 31, 2019. The projection of cash flows used to determine the discount rate assumed employer and employee contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer and employee contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2020 and December 31, 2019.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 9 – PENSION PLANS (Continued)

The long-term expected rate of return on pension plan investments was determined in 2021 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	5%	5.44%
Developed International Equity	13%	6.54%
Emerging Markets Equity	11%	8.73%
Short-Term Govt/Credit	23%	0.84%
U.S. Treasury	3%	1.05%
Private Equity	8%	9.27%
Risk Diversifying	7%	3.53%
Global Infrastructure	3%	7.90%
Private Credit	12%	5.80%
REIT	1%	6.80%
Value Add Real Estate	5%	8.80%
Opportunistic Real Estate	4%	12.00%
Risk Parity	5%	5.80%
Total	<u>100%</u>	

A change in the discount rate would affect the measurement of the Total Pension Liability (TPL). A lower discount rate results in a higher TPL and higher discount rates results in a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the Net Pension Liability (NPL) can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the NPL to a one percent decrease and a one percent increase in the discount rate at June 30, 2021:

	<u>Miscellaneous</u>
1% Decrease	6.00%
Net Pension Liability	\$108,606,076
Current Discount Rate	7.00%
Net Pension Liability	\$48,886,895
1% Increase	8.00%
Net Pension Liability	(\$34,625)

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 9 – PENSION PLANS (Continued)

B. 457 (b) Deferred Compensation Plan

District employees may defer a portion of their compensation under a District sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457 (b). The plan was established by the District's Board of Directors and any amendments to the plan must be authorized by the Board of Directors. Under this plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them; distributions may be made only at termination, retirement, death, or in an emergency as defined by the plan. The District does not make contributions to the plan.

The plan's 457 (b) assets are held in trust with Mission Square Retirement (formerly ICMA-RC) for the exclusive benefit of the participants and are not included in the District's financial statements.

C. 401 (a) Defined Contribution Plan

The District also contributes to a money purchase plan created in accordance with Internal Revenue Code section 401(a). The plan was established by the District's Board of Directors and any amendments to the plan must be authorized by the Board. Contributions to the plan are made in accordance with a memorandum of understanding stating that in lieu of making payments to Social Security, the District contributes to the 401(a) Plan an amount equal to that which would have been contributed to Social Security on behalf of its employees as long as the District is not required to participate in Social Security. The District contributed \$2,795,431 and \$2,222,449 to the Plan during the years ended June 30, 2021 and 2020, respectively.

The 401(a) money purchase plan assets are held in trust with Mission Square Retirement (formerly ICMA-RC) for the exclusive benefit of the participants and are not included in the District's financial statements.

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS

A. General Information about the District's Other Post Employment Benefit (OPEB) Plan

Plan Description – The District's defined benefit post employment healthcare plan (DPHP) provides medical benefits to eligible retired District employees and beneficiaries. DPHP is part of the Public Agency portion of the Public Agency Retirement System (PARS), an agent multiple-employer plan through PARS, which acts as a common investment agent for participating public employees within the State of California. The District is the plan administrator. A menu of benefit provisions as well as other requirements is established by the State statute with the Public Employees' Retirement Law. DPHP selects optional benefit provisions from the benefit menu by contract with PARS and adopts those benefits through District resolution. PARS issues a separate Comprehensive Annual Financial Report. Copies of the PARS annual financial report may be obtained from PARS, 4350 Von Karman Ave., Suite 100, Newport Beach, CA 92660, by calling 1(800) 540-6369, or by emailing info@pars.org.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Benefit Terms – Post-employment healthcare and similar benefit allowances are provided to eligible employees who retire from the District or to their surviving spouses.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2021:

Active employees	272
Inactive employees or beneficiaries currently receiving benefit payments	261
Inactive employees entitled to but not yet receiving benefit payments	
Total	533

B. Net OPEB Liability

Actuarial Methods and Assumptions – The District’s net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2020 that was rolled forward using standard update procedures to determine the \$85,326,987 total OPEB liability as of June 30, 2021, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	July 1, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Contribution and Funding Policy	District contributes full ADC less benefit payments to PARS trust Benefits payments paid outside the trust PARS portfolio: Moderate
Long-Term Expected Rate of Return on Investments	5.75% at June 30, 2020
Discount Rate	5.50% at June 30, 2021
General Inflation	2.75% Annually
Mortality, Disability, Termination, Retirement	CCCERA 2015-17 Experience Study
Mortality Improvement	Mortality improvement projected generationally with Scale MP-2018
Medical Trend	Non-Medicare - 7% for 2022, decreasing to an ultimate rate of 4% in 2076 Medicare (Non-Kaiser) - 6.1% for 2022, decreasing to an ultimate rate of 4% in 2076 Medicare (Kaiser) - 5% for 2022, decreasing to an ultimate rate of 4% in 2076
Dental Trend	3.75% annually
Healthcare Participation for future Retirees	Currently Covered: 100% Currently Waived Coverage: 95% Self-Pay Board Members: 50%
Changes of assumptions	Discount rate was updated based on recent capital market assumptions Medical trend rate was decreased for Kaiser Senior Advantage plans Mortality, retirement, disability, and termination rates updated based on new experience study Mortality improvement scale was updated to Scale MP-2018

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

The underlying mortality assumptions were based on the mortality improvement projected generationally with Scale MP-15 and all other actuarial assumptions used in the July 1, 2020 valuation were based on the results of a July 1, 2020 actuarial experience study for the period of July 1, 2020 to June 30, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which 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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class Component	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	50.0%	4.56%
Fixed Income	45.0%	0.78%
Cash	5.0%	-0.50%
Total	100.0%	

Discount Rate – The discount rate used to measure the total OPEB liability was 5.50%. The projection of cash flows used to determine the discount rate assumed that District 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.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2020	\$80,359,688	\$69,988,180	\$10,371,508
Changes Recognized for the Measurement Period:			
Adjustment to beginning balance*		(138,800)	138,800
Service Cost	2,249,861		2,249,861
Interest on the total OPEB liability	4,616,239		4,616,239
Changes in benefit terms			
Differences between expected and actual experier	3,219,980		3,219,980
Changes of assumptions	(464,535)		(464,535)
Contributions from the employer		4,654,246	(4,654,246)
Contributions from the employee			
Net investment income		14,958,207	(14,958,207)
Benefit payments	(4,654,246)	(4,654,246)	
Administrative expenses		(200,304)	200,304
Net changes	4,967,299	14,619,103	(9,651,804)
Balance at June 30, 2021	\$85,326,987	\$84,607,283	\$719,704

*Adjustment to reconcile prior year Fiduciary Net Position and PARS audited asset statements

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District at June 30, 2021, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.50%) or 1-percentage-point higher (6.50%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1% (4.50 %)	Discount Rate (5.50%)	Discount Rate +1% (6.50%)
\$12,453,533	\$719,704	(\$8,837,363)

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Net OPEB Liability/(Asset)		
Current Healthcare Cost Trend Rates		
1% Decrease	1% Increase	
(\$9,880,589)	\$13,887,732	\$719,704

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

For the year ended June 30, 2021, the District recognized negative OPEB expense of \$747,472. At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$2,600,753	(\$3,188,293)
Changes of assumptions	1,516,977	(375,201)
Net differences between projected and actual earnings on plan investments		(8,724,275)
Total	<u>\$4,117,730</u>	<u>(\$12,287,769)</u>

Amounts reported as deferred outflows and (inflows) of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2022	(\$2,447,152)
2023	(2,454,751)
2024	(1,714,482)
2025	(1,659,634)
2026	105,980
Total	<u>(\$8,170,039)</u>

OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to 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 OPEB Plan and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the District’s defined benefit post employment healthcare plan (DPHP). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Years Ended June 30, 2021 and 2020**

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

G. Disclosure of the Other Post-Employment Benefit Plan Trust Fiduciary Fund

The District implemented the provisions of Governmental Accounting Standards Board Statement No. 84 – *Fiduciary Activities* during the year ended June 30, 2021. As a result, the District determined that the Other Post-Employment Benefits Trust Fund fiduciary activities should no longer be reported as a Fiduciary Fund, since the District does not have control of the assets of the Public Agencies Post-Retirement Healthcare Plan as a whole. Therefore the Other Post-Employment Benefits Trust Fund is no longer reported in the financial statements as a fiduciary fund as of July 1, 2020.

NOTE 11 – NET POSITION

Net Position

Net Position is the excess of all the District’s assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net Position is divided into three captions:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the District’s capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter.

Unrestricted describes the portion of Net Position which is not restricted as to use.

NOTE 12 – LEASE COMMITMENTS

The District leases various facilities and equipment under operating leases. Following is a summary of operating lease commitments as of June 30:

Fiscal Year Ending June 30,	Facilities	Total
2021	\$332,642	\$332,642
Total	\$332,642	\$332,642

Total rental expense for both the fiscal years ended June 30, 2021 and 2020 was \$332,642 and \$320,342, respectively.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse effect on the financial position of the District.

Claims and losses are recorded when they are reasonably probable of being incurred and the amount is estimable. Insurance proceeds and settlements are recorded when received.

The District has a number of purchase commitments for ongoing operating and capital projects that involve multi-year contracts. Purchase commitments related to these multi-year contracts are approximately \$59,973,759 and \$49,817,490 as of June 30, 2021 and 2020, respectively.

NOTE 14 – SUBSEQUENT EVENTS

Increase to Self Insurance Reserve

On December 2, 2021 the District's Board approved revisions to its Fiscal Reserves Policy (BP 017), increasing the Catastrophic Loss Emergency Reserve of the Self Insurance Fund from \$5.0 million to 7.5 million. The intent of this increase is to capture projected increases in future losses driven by inflation since the reserve was last increased in 2015. The funding source for this increase is available reserves in the District's Rate Stabilization Fund Reserve Account.

Approval of State Revolving Loan

On December 9, 2021, the District's application for a state revolving fund loan in the amount of \$173.1 million was authorized by the California State Water Resources Control Board. The loan is a critical financing element in the District's long-term Capital Improvement Budget, specifically for the large "Solids Handling Facilities Improvement Project". The December 2021 approved loan will finance the reimbursement of approximately \$15.0 million in planning and design costs of this project. The loan has a 30 year term, maturing on July 31, 2055, with a fixed interest rate of 0.85%. Debt service payments are set to commence one-year following the completion of construction, anticipated in the fiscal year ending June 30, 2025.

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REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL CONTRA COSTA SANITARY DISTRICT
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2021
PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Fiscal Years¹

Measurement date	December 31,						
	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	10.59%	7.42%	6.33%	7.86%	6.27%	6.09%	7.49%
Proportionate share of the net pension liability	\$48,886,895	\$64,117,450	\$90,430,104	\$63,806,000	\$87,847,116	\$91,746,888	\$89,535,510
Covered Payroll ²	\$37,131,965	\$36,087,019	\$33,793,159	\$33,306,738	\$31,584,169	\$29,061,743	\$29,647,993
Proportionate share of the net pension liability as a percentage of covered payroll	131.66%	177.67%	267.60%	191.57%	278.14%	315.70%	302.00%
Fiduciary net position as a percentage of the total pension liability	89.10%	85.05%	77.86%	83.58%	76.44%	74.14%	73.86%

¹ The fiscal year ending June 30, 2015 was the first year of implementation.

² Covered payroll represents compensation earnable and pensionable compensation for the measurement period ended December 31st. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2021
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 70,944,418	\$ 18,046,778	\$ 17,520,615	\$ 17,880,152	\$ 18,043,391	\$ 22,752,611	\$ 24,451,234
Contributions in relation to the actuarially determined contributions	70,944,418	18,046,778	17,520,615	17,880,152	18,043,391	22,752,611	24,451,234
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered payroll	\$ 41,625,151	\$ 40,356,579	\$ 38,479,260	\$ 36,638,935	\$ 35,178,106	\$ 32,675,243	\$ 30,093,339
Contributions as a percentage of covered-employee payroll	170.44%	44.72%	45.53%	48.80%	51.29%	69.63%	81.25%

Notes to Schedule

Measurement Date: 12/31/2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	5 years **
Asset valuation method	5-year semi-annually
Inflation	2.75%
Salary increases	3.75% - 15.25%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Retirement age	50 years Classic, 52 years PEPR
Mortality	RP-2014 Healthy Annuitant Mortality Table with setbacks and forwards

* Fiscal year 2015 was the 1st year of implementation.

** Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 4 years remaining as of December 31, 2018 and 5 years remaining as of December 31, 2017. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation. Effective December 31, 2013, any changes in UAAL due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 10-year fixed period effective with that valuation.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
POST-RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**

Single Employer
Last 10 fiscal years*

Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability					
Service Cost	\$2,249,861	\$2,184,331	\$2,447,310	\$2,370,276	\$2,295,667
Interest	4,616,239	4,482,146	6,596,612	6,396,063	6,203,230
Changes in benefit terms			(27,603,524)		
Differences between expected and actual experience	3,219,980		(7,346,935)		
Changes of assumptions	(464,535)		3,495,645		
Benefit payments	(4,654,246)	(4,145,654)	(5,697,440)	(5,571,750)	(5,404,627)
Net change in total OPEB liability	<u>4,967,299</u>	<u>2,520,823</u>	<u>(28,108,332)</u>	<u>3,194,589</u>	<u>3,094,270</u>
Total OPEB liability - beginning	<u>80,359,688</u>	<u>77,838,865</u>	<u>105,947,197</u>	<u>102,752,608</u>	<u>99,658,338</u>
Total OPEB liability - ending (a)	<u>\$85,326,987</u>	<u>\$80,359,688</u>	<u>\$77,838,865</u>	<u>\$105,947,197</u>	<u>\$102,752,608</u>
Plan fiduciary net position					
Contributions - employer	\$4,654,246	\$5,395,654	\$7,280,240	\$9,649,750	\$10,433,327
Contributions - employee					
Adjustment to Beginning Balance	(138,800)				
Net investment income	14,958,207	2,994,909	4,920,923	3,354,822	4,735,576
Administrative expense	(200,304)	(182,833)	(174,362)	(164,446)	(5,404,627)
Benefit payments	(4,654,246)	(4,145,654)	(5,697,440)	(5,571,750)	(139,063)
Net change in plan fiduciary net position	<u>14,619,103</u>	<u>4,062,076</u>	<u>6,329,361</u>	<u>7,268,376</u>	<u>9,625,213</u>
Plan fiduciary net position - beginning	<u>69,988,180</u>	<u>65,926,104</u>	<u>59,596,743</u>	<u>52,328,367</u>	<u>42,703,154</u>
Plan fiduciary net position - ending (b)	<u>\$84,607,283</u>	<u>\$69,988,180</u>	<u>\$65,926,104</u>	<u>\$59,596,743</u>	<u>\$52,328,367</u>
Net OPEB liability - ending (a)-(b)	<u>\$719,704</u>	<u>\$10,371,508</u>	<u>\$11,912,761</u>	<u>\$46,350,454</u>	<u>\$50,424,241</u>
Plan fiduciary net position as a percentage of the total OPEB liability	99.16%	87.09%	84.70%	56.25%	50.93%
Covered payroll	<u>\$41,625,151</u>	<u>\$40,356,579</u>	<u>\$38,479,260</u>	<u>\$36,638,935</u>	<u>\$35,178,106</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>1.73%</u>	<u>25.70%</u>	<u>30.96%</u>	<u>126.51%</u>	<u>143.34%</u>

Notes to schedule:

* Fiscal year 2017 was the first year of implementation.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
POST-RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN
SCHEDULE OF CONTRIBUTIONS**

Single Employer
Last 10 fiscal years*

Fiscal Year Ended June 30,	2021	2020	2019	2018	2017
Actuarially determined contribution	\$3,917,000	\$3,906,000	\$7,524,000	\$7,866,000	\$7,866,000
Contributions in relation to the actuarially determined contribution	4,654,246	5,395,654	7,280,240	10,433,327	10,433,327
Contribution deficiency (excess)	(\$737,246)	(\$1,489,654)	\$243,760	(\$2,567,327)	(\$2,567,327)
Covered payroll	\$41,625,151	\$40,356,579	\$38,479,260	\$36,638,935	\$35,178,106
Contributions as a percentage of covered payroll	11.18%	13.37%	18.92%	28.48%	29.66%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Valuation Date	July 1, 2020
Actuarial Cost Method:	Entry Age Normal, Level Percent of Pay
Amortization Method:	Level dollar
Asset Valuation Method:	Investment gains and losses spread over 5-year rolling period
Actuarial Assumptions:	
Discount Rate	5.50% at June 30, 2021
General Inflation	2.75% Annually
Medical Trend	Non-Medicare - 7% for 2022, decreasing to an ultimate rate of 4% in 2076 Medicare (Non-Kaiser) - 6.1% for 2022, decreasing to an ultimate rate of 4% in 2076 Medicare (Kaiser) - 5% for 2022, decreasing to an ultimate rate of 4% in 2076
Dental Trend	3.75% annually
Mortality Rate	CCCERA 2012-2014 Experience Study
Mortality Improvement	Mortality improvement projected generationally with Scale MP-2018

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SUPPLEMENTARY INFORMATION

CENTRAL CONTRA COSTA SANITARY DISTRICT
 COMBINING SCHEDULE OF NET POSITION
 ENTERPRISE SUB-FUNDS
 JUNE 30, 2021

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$18,371,736	\$30,283,225	\$372,131			\$49,027,092
Short term investments	21,100,000	26,000,000	7,600,000			54,700,000
Accounts receivable	16,880,754	10,128,708				27,009,462
Employee computer loans receivable	10,684					10,684
Interest receivable	14,994	16,283	6,495			37,772
Due from other funds	5,906	35,008,465				35,014,371
Parts and supplies	3,086,194					3,086,194
Prepaid expenses	2,520,035					2,520,035
Total current assets	61,990,303	101,436,681	7,978,626			171,405,610
NON-CURRENT ASSETS:						
Restricted cash and equivalents	147,121			\$34,929,105		35,076,226
Assessment Districts receivable		1,496,010				1,496,010
CAPITAL ASSETS						
Nondepreciable	128,635,569					128,635,569
Depreciable, net of accumulated depreciation	631,932,004					631,932,004
Total capital assets, net	760,567,573					760,567,573
Total non-current assets	760,714,694	1,496,010		34,929,105		797,139,809
TOTAL ASSETS	822,704,997	102,932,691	7,978,626	34,929,105		968,545,419
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	95,805,386					95,805,386
OPEB related	4,117,730					4,117,730
Total deferred outflows	99,923,116					99,923,116
LIABILITIES						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	5,351,973	9,739,076	70,708			15,161,757
Interest payable				248,632		248,632
Current portion of long-term obligations				10,450,000		10,450,000
Accrued compensated absences - current portion	509,400					509,400
Liability for uninsured claims			1,455,065			1,455,065
Refundable deposits	180,342	96,915				277,257
Due to other funds	35,008,465	5,906				35,014,371
Total current liabilities	41,050,180	9,841,897	1,525,773	10,698,632		63,116,482
NON-CURRENT LIABILITIES:						
Non-current portion of long-term obligations				65,283,331		65,283,331
Accrued compensated absences, noncurrent portion	4,584,692					4,584,692
Net pension liability	48,886,895					48,886,895
Net OPEB liability	719,704					719,704
Total noncurrent liabilities	54,191,291			65,283,331		119,474,622
TOTAL LIABILITIES	95,241,471	9,841,897	1,525,773	75,981,963		182,591,104
DEFERRED INFLOWS OF RESOURCES						
Pension related	48,100,435					48,100,435
OPEB related	12,287,769					12,287,769
Total deferred inflows	60,388,204					60,388,204
NET POSITION						
Net investment in capital assets	760,567,573			(75,733,331)		684,834,242
Restricted for debt service				34,929,105		34,929,105
Unrestricted	6,430,865	93,090,794	6,452,853	(248,632)		105,725,880
TOTAL NET POSITION	\$766,998,438	\$93,090,794	\$6,452,853	(\$41,052,858)		\$825,489,227

CENTRAL CONTRA COSTA SANITARY DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 ENTERPRISE SUB-FUNDS
 FOR THE YEAR ENDING JUNE 30, 2021

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
OPERATING REVENUES						
Sewer service charges (SSC)	\$72,325,340					\$72,325,340
Service charges - City of Concord	15,002,567					15,002,567
Other services charges	1,171,378					1,171,378
Miscellaneous charges	743,276					743,276
Total operating revenues	89,242,561					89,242,561
OPERATING EXPENSES						
Sewage collection and pumping stations	18,183,752					18,183,752
Sewage treatment	24,783,779					24,783,779
Engineering	15,278,784					15,278,784
Recycled water	2,037,788					2,037,788
Administrative and general	93,755,104				\$808,269	94,563,373
Pension expense	(67,027,225)					(67,027,225)
OPEB expense	(3,906,774)					(3,906,774)
Depreciation	21,531,302					21,531,302
Total operating expenses	104,636,510				808,269	105,444,779
OPERATING INCOME (LOSS)	(15,393,949)				(808,269)	(16,202,218)
NONOPERATING REVENUES (EXPENSES)						
Taxes		\$18,005,615		\$2,511,211		20,516,826
Permit and inspection fees	2,176,156	264,031				2,440,187
Interest earnings	1,379,985	245,046	\$41,803	11,194		1,678,028
Interest expense				(542,226)		(542,226)
Other income (expense), net	3,403,933	29,815	(808,269)	(240,179)	808,269	3,193,569
Total nonoperating revenues	6,960,074	18,544,507	(766,466)	1,740,000	808,269	27,286,384
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(8,433,875)	18,544,507	(766,466)	1,740,000		11,084,166
CAPITAL CONTRIBUTIONS AND TRANSFERS						
City of Concord contributions to capital costs		10,064,155				10,064,155
Customer contributions to capital cost (SSC)		30,156,394				30,156,394
Contributed sewer lines	923,468					923,468
Capital contributions - connection fees		5,500,316				5,500,316
Transfers In (Out)	69,239,283	(46,906,369)	745,419	(23,078,333)		
Total capital contributions and transfers	70,162,751	(1,185,504)	745,419	(23,078,333)		46,644,333
CHANGE IN NET POSITION	61,728,876	17,359,003	(21,047)	(21,338,333)		57,728,499
NET POSITION, BEGINNING OF YEAR	705,269,562	75,731,791	6,473,900	(19,714,525)		767,760,728
NET POSITION, END OF YEAR	\$766,998,438	\$93,090,794	\$6,452,853	(\$41,052,858)		\$825,489,227

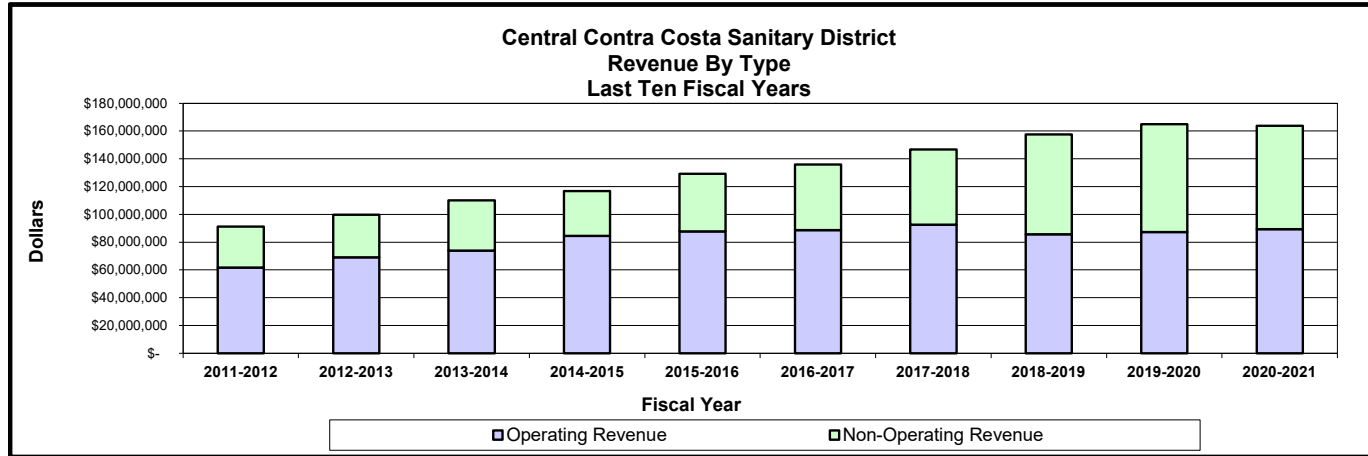
ANNUAL COMPREHENSIVE FINANCIAL REPORT STATISTICS



**Central Contra Costa Sanitary District
Changes in Net Position and Statement of Net Position
Last Ten Fiscal Years**

Changes in Net Position	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Operating Revenues:										
Sewer Service Charges (SSC)	\$49,123,848	\$56,770,984	\$60,796,421	\$70,023,512	\$72,233,903	\$73,138,235	\$75,824,221	\$68,656,908	\$70,408,903	\$72,325,340
City of Concord	10,647,389	10,483,421	11,625,864	12,892,945	13,913,960	13,851,253	14,973,623	15,205,292	14,923,591	15,002,567
Other Service Charges	915,485	1,076,401	1,035,134	1,006,197	963,014	1,029,500	1,078,594	1,126,239	1,176,242	1,171,378
Miscellaneous Charges	929,917	751,880	544,589	593,780	623,659	606,453	619,997	689,727	714,043	743,276
Total Operating Revenue	61,616,639	69,082,686	74,002,008	84,516,434	87,734,536	88,625,441	92,496,435	85,678,166	87,222,779	89,242,561
Operating Expenses:										
Salaries & Benefits	45,562,430	49,811,218	58,954,452	66,104,630	63,988,158	62,342,392	68,862,484	65,071,382	62,672,096	134,187,829
Chemicals, Utilities & Supplies	8,121,809	7,401,103	8,063,309	7,466,490	7,304,619	8,115,004	7,477,602	8,093,144	8,088,750	8,738,404
Professional & Outside Services	4,099,876	2,836,638	3,995,860	3,322,881	4,196,302	3,891,224	2,988,280	3,276,763	2,684,034	4,160,807
Hauling, Disposal, Repairs & Maintenance	4,077,741	4,239,421	4,041,355	4,758,260	5,780,533	5,662,086	5,461,011	5,755,590	5,435,406	5,751,355
Self-Insurance (net of transfers)	(65,688)	159,961	214,290	496,381	72,486	(300,108)	(332,483)	1,039,444	1,110,798	550,000
Pension/PEB Expense	-	-	-	(3,012,757)	(9,778,389)	(4,080,558)	1,104,358	(33,307,168)	(2,386,849)	(70,933,999)
Depreciation	21,190,059	21,596,266	21,892,545	22,740,942	22,885,030	22,892,153	21,561,704	20,983,353	21,253,062	21,531,302
All Other	2,489,019	2,693,135	2,346,583	2,473,963	3,343,778	2,942,592	2,558,122	2,366,416	1,858,144	1,459,081
Total Operating Expenses	85,475,246	88,737,742	99,508,394	104,350,790	97,792,517	101,464,785	109,681,078	73,278,924	100,715,441	105,444,779
Operating Loss	(23,858,607)	(19,655,056)	(25,506,386)	(19,834,356)	(10,057,981)	(12,839,344)	(17,184,643)	12,399,242	(13,492,662)	(16,202,218)
Non-Operating Revenues (Expenses):										
Property Taxes	12,047,169	13,010,477	13,093,841	14,083,331	14,835,167	16,318,874	17,650,741	18,251,794	18,876,886	20,516,826
Connection & Other Fees	903,810	1,169,809	1,575,251	1,843,942	2,546,723	2,600,888	2,592,137	2,648,708	2,251,245	2,440,187
Interest Income	294,938	405,474	359,288	318,475	562,308	761,838	1,223,349	2,573,964	2,310,269	1,678,028
Interest Expense	(1,919,375)	(1,802,084)	(1,996,689)	(1,523,127)	(1,427,641)	(1,313,398)	(1,230,680)	(1,025,006)	(604,851)	(542,226)
All Other *	931,660	951,100	932,464	1,828,530	1,195,095	966,244	1,075,838	1,424,520	1,219,811	3,193,569
Total Non-Operating	12,258,202	13,734,776	13,964,155	16,551,151	17,711,652	19,334,446	21,311,385	23,873,980	24,053,360	27,286,384
Income Before Contributions and Transfers	(11,600,405)	(5,920,280)	(11,542,231)	(3,283,205)	7,653,671	6,495,102	4,126,742	36,273,222	10,560,698	11,084,166
Customer Contributions*	8,888,663	8,001,147	10,486,067	6,769,623	11,991,752	16,628,105	20,425,514	36,562,141	44,222,958	40,220,549
Contributed Sewer Lines	792,011	939,628	1,462,316	794,218	1,774,168	2,899,042	2,003,614	2,179,641	1,761,808	923,468
Capital Contributions - Connection Fees	5,724,833	6,091,529	8,224,517	6,673,298	8,543,758	7,044,340	9,331,420	8,145,068	7,083,702	5,500,316
CHANGE IN NET POSITION	3,805,102	9,112,024	8,630,669	10,953,934	29,963,349	33,066,589	35,887,290	83,160,072	63,629,166	57,728,499
Total Net Position - Beginning	622,797,871	626,602,973	635,714,997	644,345,666	563,607,078	593,570,427	626,637,016	620,971,490	704,131,562	767,760,728
Prior Period Adjustment - GASB 68 and 71	-	-	-	(91,692,522)	-	-	-	-	-	-
Prior Period Adjustment - GASB 75	-	-	-	-	-	-	(41,552,816)	-	-	-
Total Net Position - Ending	\$626,602,973	\$635,714,997	\$644,345,666	\$563,607,078	\$593,570,427	\$626,637,016	\$620,971,490	\$704,131,562	\$767,760,728	\$825,489,227
Statement of Net Position	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Net Investment in Capital Assets	\$549,462,506	\$559,523,642	\$568,006,023	\$573,175,094	\$581,844,903	\$600,770,254	\$623,307,342	\$655,586,304	\$692,117,172	\$684,834,242
Restricted	4,663,601	4,730,837	4,809,248	4,288,008	4,363,251	4,449,437	4,421,504	(271,370)	2,639	34,929,105
Unrestricted	72,476,866	71,460,518	71,530,395	(13,856,024)	7,362,273	21,417,325	(6,757,356)	48,816,628	75,640,917	105,725,880
Total Net Position	\$626,602,973	\$635,714,997	\$644,345,666	\$563,607,078	\$593,570,427	\$626,637,016	\$620,971,490	\$704,131,562	\$767,760,728	\$825,489,227

Source: Central Contra Costa Sanitary District Audited Financial Statements



Operating Revenue

Fiscal Year	Sewer Service Charges*	City of Concord	Other Service Charges	Miscellaneous Charges	Total Operating
2011-2012	\$49,123,848	\$10,647,389	\$915,485	\$929,917	\$61,616,639
2012-2013	56,770,984	10,483,421	1,076,401	751,880	69,082,686
2013-2014	60,796,421	11,625,864	1,035,134	544,589	74,002,008
2014-2015	70,023,512	12,892,945	1,006,197	593,780	84,516,434
2015-2016	72,233,903	13,913,960	963,014	623,659	87,734,536
2016-2017	73,138,235	13,851,253	1,029,500	606,453	88,625,441
2017-2018	75,824,221	14,973,623	1,078,594	619,997	92,496,435
2018-2019	68,656,908	15,205,292	1,126,239	689,727	85,678,166
2019-2020	70,408,903	14,923,591	1,176,242	714,043	87,222,779
2020-2021	72,325,340	15,002,567	1,171,378	743,276	89,242,561

Non-Operating Revenue

Fiscal Year	Property Taxes	Customer Contributions *1	Connections & Other Fees *2	Interest	All Other	Total Non-Operating & Contributions
2011-2012	\$12,047,169	\$9,680,674	\$6,628,643	\$294,938	\$931,660	\$29,583,084
2012-2013	13,010,477	8,940,775	7,261,338	405,474	951,100	30,569,164
2013-2014	13,093,841	11,948,383	9,799,768	359,288	932,464	36,133,744
2014-2015	14,083,331	7,563,841	8,517,240	318,475	1,828,530	32,311,417
2015-2016	14,835,167	13,765,920	11,090,481	562,308	1,195,095	41,448,971
2016-2017	16,318,874	19,527,147	9,645,228	761,838	966,244	47,219,331
2017-2018	17,650,741	22,429,128	11,923,557	1,223,349	1,075,838	54,302,613
2018-2019	18,251,794	38,741,782	10,793,776	2,573,964	1,424,520	71,785,836
2019-2020	18,876,886	45,984,766	9,334,947	2,310,269	1,219,811	77,726,679
2020-2021	20,516,826	41,144,017	7,940,503	1,678,028	3,193,569	74,472,943

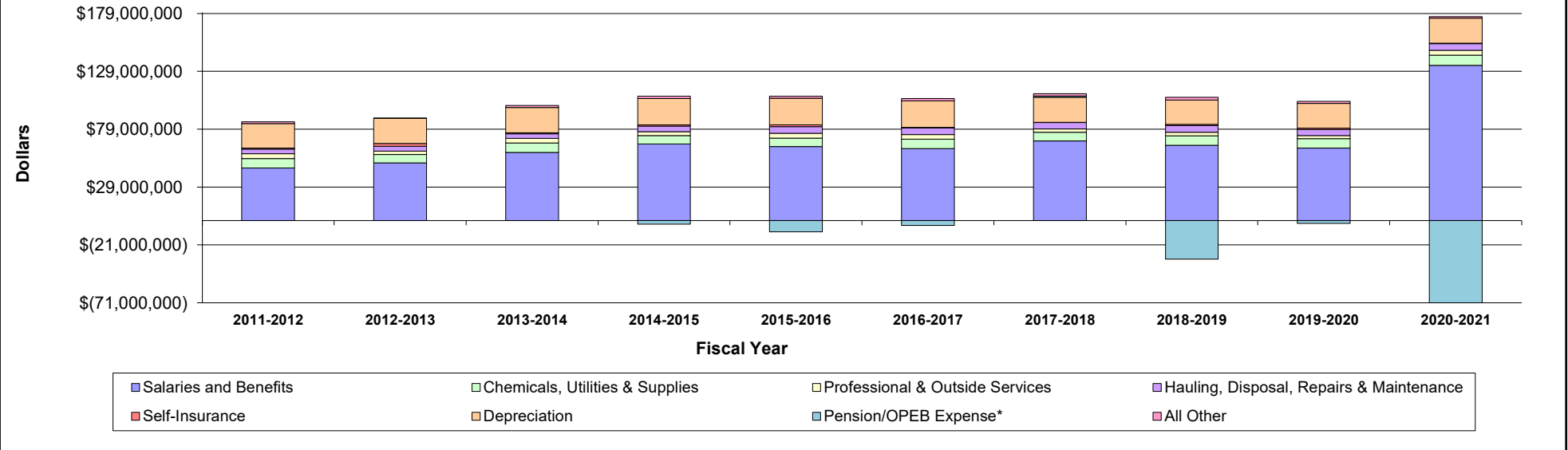
* Sewer Service Charge (SSC) represents the Running Expense Fund portion of SSC County collections along with District direct billings and counter collections.

*1 Customer Contributions include the portion of SSC that is allocated to Sewer Construction Fund, City of Concord reimbursement of capital costs, and developer contributed sewer lines beginning in 2000-2001, due to changes in GASB 33 reporting requirements.

*2 Includes connection fees, non-operating permit, inspection, and other fees.

Source: Central Contra Costa Sanitary District Audited Financial Statements

**Central Contra Costa Sanitary District
Operating Expenses by Type
Last Ten Fiscal Years**



OPERATING EXPENSES

Fiscal Year	Salaries and Benefits	Chemicals, Utilities & Supplies	Professional & Outside Services	Hauling, Disposal, Repairs & Maintenance	Self-Insurance	Depreciation	Pension/OPEB Expense*	All Other	Total Operating Expenses	Non-Operating Expenses
2011-2012	45,562,430	8,121,809	4,099,876	4,077,741	810,849	21,190,059	-	1,612,482	85,475,246	1,919,375
2012-2013	49,811,218	7,401,103	2,836,638	4,239,421	2,380,466	21,596,266	-	472,630	88,737,742	1,802,084
2013-2014	58,954,453	8,063,310	3,995,861	4,041,356	858,738	21,892,545	-	1,702,131	99,508,394	1,996,689
2014-2015	66,104,630	7,466,490	3,322,881	4,758,260	1,146,381	22,740,942	(\$3,012,757)	1,823,963	104,350,790	1,523,127
2015-2016	63,988,158	7,304,619	4,196,302	5,780,533	1,572,486	22,885,030	(9,778,389)	1,843,778	97,792,517	1,427,641
2016-2017	62,342,392	8,115,004	3,891,224	5,662,086	619,892	22,892,153	(4,080,558)	2,022,592	101,464,785	1,313,398
2017-2018	68,862,484	7,477,602	2,988,280	5,461,011	252,517	21,561,704	1,104,358	1,973,122	109,681,078	1,230,680
2018-2019	65,071,382	8,093,144	3,276,763	5,755,590	1,039,444	20,983,353	(33,307,168)	2,366,416	73,278,924	1,025,006
2019-2020	62,672,096	8,088,750	2,684,034	5,435,406	1,110,798	21,253,062	(2,386,849)	1,858,144	100,715,441	604,851
2020-2021	134,187,829	8,738,404	4,160,807	5,751,355	550,000	21,531,302	(70,933,999)	1,459,081	105,444,779	542,226

Informational - not graphed

Source: Central Contra Costa Sanitary District Audited Financial Statements

*Reflects pension/OPEB adjustment at year-end to comply with the provisions of GASB Statements No. 68 and 75. Budgeted pension/OPEB employer contributions made during the year are reported under "Salaries and Benefits".

**Central Contra Costa Sanitary District
Major Revenue Base and Rates
Historical and Current Fees
Last Ten Fiscal Years**

Fiscal Year	Single Family Annual Sewer Service Charge (SSC) *1			Facility Capacity Fee *2
	Operations	Capital	Total	
2011-2012	\$302	\$39	\$341	\$5,465
2012-2013	344	27	371	5,797
2013-2014	365	40	405	5,930
2014-2015	416	23	439	5,995
2015-2016	422	49	471	6,005
2016-2017	432	71	503	5,948
2017-2018	447	83	530	6,300
2018-2019	400	167	567	6,700
2019-2020	408	190	598	6,589
2020-2021	\$277	\$352	\$629	\$6,803

Fiscal Year	Multi-Family Annual Sewer Service Charge (SSC) *1			Pump Zone Fee *3
	Operations	Capital	Total	
2011-2012	\$302	\$39	\$341	\$1,606
2012-2013	344	27	371	1,625
2013-2014	365	40	405	1,587
2014-2015	416	23	439	1,585
2015-2016	415	48	463	1,650
2016-2017	418	69	487	1,608
2017-2018	432	81	513	1,639
2018-2019	388	161	549	1,636
2019-2020	386	180	566	1,586
2020-2021	\$262	\$334	\$596	\$1,585

*1 All residential accounts paid a flat annual sewer service charge shown above per household through 2014-2015. In 2015-2016, as a result of a cost of service study, the District changed to a two tier single family and multi family rate structure. The charge for commercial users consists of an annual rate based on a measured volume of water usage per 100 cubic feet (HCF).

*2 New users who are connected to the Wastewater System are charged Capital Improvement Fees called Facility Capacity Fees. Fee is per connection.

*3 New customers in areas where wastewater pumping stations are needed to reach the District's gravity fed sewers are charged a Pump Zone Fee. Fee is per connection.

Source: Central Contra Costa Sanitary District Environmental Services Division

**Central Contra Costa Sanitary District
Assessed and Estimated Actual Valuation of Taxable Property
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2011-2012	\$67,486,938,247	\$1,591,574,852	\$69,078,513,099	-0.7%
2012-2013	67,538,246,870	1,604,518,295	69,142,765,165	0.1%
2013-2014	74,400,356,922	1,742,364,655	76,142,721,577	10.1%
2014-2015	80,431,132,956	1,739,342,301	82,170,475,257	7.9%
2015-2016	86,701,930,276	1,645,712,628	88,347,642,904	7.5%
2016-2017	92,006,863,080	1,704,263,642	93,711,126,722	6.1%
2017-2018	97,298,029,346	1,722,229,970	99,020,259,316	5.7%
2018-2019	102,984,718,407	1,801,374,862	104,786,093,269	5.8%
2019-2020	108,704,671,836	1,863,018,759	110,567,690,595	5.5%
2020-2021	110,795,231,142	1,848,644,910	112,643,876,052	1.9%

**Property Tax and Sewer Service Charge Fees Levied and Collected
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Property Tax* Levied & Collected</u>	<u>Collection Percentage</u>	<u>% Change</u>	<u>Sewer Service Charges* Levied & Collected</u>	<u>Collection Percentage</u>	<u>% Change</u>
2011-2012	\$12,032,525	100%	-1.1%	\$54,586,208	100%	8.7%
2012-2013	13,185,988 **	100%	9.6%	60,068,807	100%	10.0%
2013-2014	13,108,176	100%	-0.6%	66,604,323	100%	10.9%
2014-2015	14,195,300	100%	8.3%	72,622,738	100%	9.0%
2015-2016	15,323,818	100%	7.9%	78,930,977	100%	8.7%
2016-2017	16,428,089	100%	7.2%	83,601,971	100%	5.9%
2017-2018	17,300,475	100%	5.3%	87,944,554	100%	5.2%
2018-2019	18,352,620	100%	6.1%	95,298,869	100%	8.4%
2019-2020	19,348,103	100%	5.4%	100,863,356	100%	5.8%
2020-2021	20,233,423	100%	4.6%	100,603,114	100%	-0.3%

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

** Includes repayment of Prop 1A loan in June, 2013. The repayment amount includes \$985,916 of principal and \$65,545 of interest for a total of \$1,051,461.

**Central Contra Costa Sanitary District
Sewer Service Charge
Ten Largest Customers
Last Ten Fiscal Years**

Customer	2011-2012			2012-2013			2013-2014			2014-2015			2015-2016		
	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue
City of Concord 1.	\$10,647,389	1	17.28%	\$10,483,421	1	15.18%	\$11,625,864	1	15.71%	\$12,892,945	1	15.25%	\$13,913,960	1	15.86%
First Walnut Creek Mutual	323,950	2	0.53%	352,450	2	0.51%	361,260	4	0.49%	417,050	3	0.49%	439,850	3	0.50%
Park Regency Apartments	304,172	3	0.49%	330,932	3	0.48%	303,750	5	0.41%	391,588	4	0.46%	412,996	4	0.47%
Contra Costa County General Services 2.	292,384	4	0.47%	321,803	4	0.47%	384,750	3	0.52%	451,567	2	0.53%	638,608	2	0.73%
Second Walnut Creek Mutual Apts	255,750	5	0.42%	278,250	5	0.40%	211,866	6	0.29%	329,250	5	0.39%	347,250	5	0.40%
Sun Valley Mall	203,037	6	0.33%	174,038	7	0.25%	148,374	8	0.20%	299,697	6	0.35%	283,613	6	0.32%
Chevron Offices & Office Park	-	-	-	-	-	-	419,590	2	0.57%	-	-	-	-	-	-
Kaiser Foundation Hospital 2.	-	-	-	-	-	-	-	-	-	158,848	8	0.19%	186,232	10	0.21%
Branch Creek Vista Apartments	136,400	7	0.22%	148,400	9	0.21%	162,000	7	0.22%	175,600	7	0.21%	-	-	-
Bay Landing Apartments	122,760	8	0.20%	133,560	10	0.19%	145,800	9	0.20%	158,040	9	0.19%	-	-	-
St. Mary's College Contract	119,407	9	0.19%	158,480	8	0.23%	-	-	-	-	-	-	-	-	-
John Muir Health 2.	-	-	-	176,381	6	0.26%	145,091	10	0.20%	-	-	-	206,210	9	0.24%
Archstone Apartments	119,350	10	0.19%	-	-	-	-	-	-	153,650	10	0.18%	-	-	-
Muirland @ Windemere Apartments	119,350	10	0.19%	-	-	-	-	-	-	153,650	10	0.18%	-	-	-
John Muir Health 2.	-	-	-	-	-	-	-	-	-	-	-	-	218,919	7	0.25%
San Ramon Unified School District	-	-	-	-	-	-	-	-	-	-	-	-	215,044	8	0.25%
Total	\$12,643,949		20.52%	\$12,557,715		18.18%	\$13,908,345		18.79%	\$15,581,885		18.44%	\$16,862,681		18.73%

Customer	2016-2017			2017-2018			2018-2019			2019-2020			2020-2021		
	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue
City of Concord 1.	\$13,851,253	1	15.63%	\$14,973,623	1	16.19%	\$15,205,292	1	16.44%	\$14,923,591	1	16.13%	\$15,048,782	1	16.27%
Contra Costa County General Services 2.	547,943	2	0.62%	556,782	2	0.60%	-	-	-	733,416	2	0.79%	740,223	2	0.80%
First Walnut Creek Mutual	462,650	3	0.52%	487,350	3	0.53%	521,550	2	0.56%	537,700	3	0.58%	537,700	3	0.58%
Park Regency Apartments	434,404	4	0.49%	457,596	4	0.49%	489,708	3	0.53%	504,872	4	0.55%	504,872	4	0.55%
Second Walnut Creek Mutual Apts	365,250	5	0.41%	387,750	5	0.42%	411,750	6	0.45%	424,500	5	0.46%	424,500	5	0.46%
John Muir Health 2.	322,601	6	0.36%	278,589	7	0.30%	413,900	5	0.45%	391,245	6	0.42%	362,718	6	0.39%
Sun Valley Mall	298,005	7	0.34%	354,208	6	0.38%	453,512	4	0.49%	373,171	7	0.40%	339,061	7	0.37%
St. Mary's College Contract	-	-	-	-	-	-	-	-	-	-	-	-	242,777	8	0.26%
Branch Creek Vista Apartments	194,800	9	0.22%	205,200	9	0.22%	219,600	10	0.24%	226,400	10	0.24%	226,400	9	0.24%
San Ramon Unified School District	225,339	8	0.25%	247,766	8	0.27%	266,550	8	0.29%	283,631	9	0.31%	215,229	10	0.23%
Bishop Ranch City Center	-	-	-	-	-	-	315,106	7	0.34%	335,017	8	0.36%	-	-	-
Kaiser Foundation Hospital 2.	186,281	10	0.21%	-	-	-	244,180	9	0.26%	-	-	-	-	-	-
Willows Shopping Center 2.	-	-	-	188,828	10	0.20%	-	-	-	-	-	-	-	-	-
Total	\$16,888,526		19.06%	\$18,137,692		19.61%	\$18,541,148		20.05%	\$18,733,543		20.25%	\$18,642,262		20.15%

1. Contract with the City of Concord to treat and dispose of wastewater for the cities of Concord and Clayton. The City of Clayton contracts with the City of Concord for the maintenance, operation, and capital replacement/improvement of its sewage collection system, which runs through the City of Concord.

2. Kaiser, John Muir Health, Willows Shopping Center, and County hospital are permitted industries.
Source: Central Contra Costa Sanitary District Environmental Services Division

**Central Contra Costa Sanitary District
Payments Under the Concord Agreement
Last 10 Fiscal Years**

<u>Fiscal Year</u>	<u>Discharge Volume (mg)</u>	<u>Service Charges</u>	<u>Capital Contributions</u>	<u>Total</u>
2011-12	4,279	\$10,647,389	\$2,541,688	\$13,189,077
2012-13	4,213	10,483,421	3,616,771	14,100,192
2013-14	3,914	11,625,864	3,820,858	15,446,722
2014-15	3,826	12,892,945	2,897,491	15,790,436
2015-16	3,878	13,913,960	3,671,892	17,585,852
2016-17	4,800	13,851,253	4,476,961	18,328,214
2017-18	4,265	14,973,623	6,364,725	21,338,348
2018-19	4,512	15,205,292	7,973,516	23,178,808
2019-20	4,383	14,923,591	11,393,000	26,316,591
2020-21	3,922	15,048,782	10,064,155	25,112,937

**Central Contra Costa Sanitary District
Active Service Accounts and Fiscal Year Billings
Sewer Service Charges
Fiscal Year 2020-2021**

<u>User Group</u>	<u>No. of Parcels</u>	<u>2020-2021 Sewer Service Charge Billings</u>	<u>Residential Unit Equivalents</u>	<u>Percentage of Total</u>
Residential	113,527	\$81,485,212	136,263	80%
Mixed Use	2,102	7,744,489	12,951	8%
Office	1,033	2,602,370	4,352	3%
Hotel/Motel	182	1,502,705	2,513	1%
Food Service	23	1,313,211	2,196	1%
Government	203	857,044	1,433	1%
Schools	13	798,641	1,336	1%
Recreation/Entertainment	384	767,428	1,283	1%
Businesses	42	759,758	1,270	1%
Automotive/Car Wash	246	714,510	1,195	1%
Market/Supermarket	147	668,595	1,118	1%
Industrial Permitted	40	582,635	974	1%
All Other User Groups	492	2,461,480	4,800	2%
Subtotal	118,434	\$102,258,079	171,684	100%
Partial Year Charges (Counter)		\$296,337		
Prior Year Adjustments		(72,682)		
Total FY 2020-2021 Sewer Service Charge Revenue		\$102,481,734		

Summary Of Debt Service Last Ten Fiscal Years



Fiscal Year	Summary By Type Of Debt											
	Revenue Bonds (2018 & 2009)			Water Reclamation Loan			Total Debt Service Annual Expense			TOTAL DEBT SERVICE OUTSTANDING		
	Principal	Interest & Amortization	Total Debt Service	Principal	Interest & Amortization	Total Debt Service	Principal	Interest & Amortization	Total Debt Service	Rev. Bonds & COP's	Water Rec. Loan	Total Debt Outstanding
2011-2012	\$3,465,000	\$1,888,601	\$5,353,601	\$156,346	\$30,773	\$187,119	\$3,621,346	\$1,919,375	\$5,540,721	\$47,200,000	\$1,027,237	\$48,227,237
2012-2013	3,605,000	1,775,376	5,380,376	160,411	26,708	187,119	3,765,411	1,802,084	5,567,495	43,595,000	866,826	44,461,826
2013-2014	3,720,000	1,974,151	5,694,151	164,581	22,537	187,118	3,884,581	1,996,688	5,881,269	39,875,000	702,245	40,577,245
2014-2015	3,865,000	1,504,939	5,369,939	168,860	18,258	187,118	4,033,860	1,523,197	5,557,057	36,010,000	533,385	36,543,385
2015-2016	2,210,000	1,413,772	3,623,772	173,251	13,868	187,119	2,383,251	1,427,640	3,810,891	33,800,000	360,134	34,160,134
2016-2017	2,300,000	1,304,036	3,604,036	177,757	9,362	187,119	2,477,757	1,313,398	3,791,155	31,500,000	182,377	31,682,377
2017-2018	2,405,000	1,225,938	3,630,938	182,377	4,742	187,119	2,587,377	1,230,680	3,818,057	29,095,000	-	29,095,000
2018-2019	-	1,025,006	1,025,006	-	-	-	-	1,025,006	1,025,006	21,806,631	-	21,806,631
2019-2020	2,145,000	604,851	2,749,851	-	-	-	2,145,000	604,851	2,749,851	19,447,392	-	19,447,392
2020-2021	1,740,000	542,226	2,282,226	-	-	-	1,740,000	542,226	2,282,226	75,733,331	-	75,733,331

Fiscal Year	Debt Service Coverage Summary							Debt Ratios				
	Total Debt Service	Operating Revenue	Total Operating Expenses less Depreciation *1	Non-Operating Revenue & Contributions	Net Revenue *2	Debt Service Coverage (Net Revenue) *3	Capital Improvement Fees/Concord	Adjusted Net Revenue *4	Debt Service Coverage (Adj. Net Revenue) *5	Annual Debt Service to Operating Exp.	Annual Debt Service per Customer	Total Debt Outstanding Per Customer
2011-2012	\$5,540,721	\$61,616,639	\$64,285,187	\$29,583,084	\$26,914,536	4.86	\$8,266,521	\$18,648,015	3.37	8.62%	\$34.06	\$296.47
2012-2013	5,567,495	69,082,686	67,141,476	30,569,164	32,510,374	5.84	9,708,300	22,802,074	4.10	8.29%	33.78	269.73
2013-2014	5,881,269	74,002,008	77,615,849	36,133,744	32,519,903	5.53	12,045,375	20,474,528	3.48	7.58%	35.31	243.60
2014-2015	5,557,057	84,516,434	81,609,848	32,311,417	35,218,003	6.34	9,570,789	25,647,214	4.62	6.81%	33.01	217.10
2015-2016	3,810,891	87,734,536	74,907,487	41,448,971	54,276,020	14.24	12,215,650	42,060,370	11.04	5.09%	22.28	199.74
2016-2017	3,791,155	88,625,441	78,572,632	47,219,331	57,272,140	15.11	11,521,301	45,750,839	12.07	4.83%	22.36	186.85
2017-2018	3,818,057	92,496,435	88,119,374	51,841,253	56,218,314	14.72	15,696,145	40,522,169	10.61	4.33%	22.51	171.56
2018-2019	1,025,006	85,678,166	52,295,571	70,760,830	104,143,425	101.60	16,118,584	88,024,841	85.88	1.96%	5.98	127.15
2019-2020	2,749,851	87,222,779	79,462,379	77,121,828	84,882,228	30.87	18,476,702	63,795,526	23.20	3.46%	15.93	112.65
2020-2021	2,282,226	89,242,561	83,913,477	73,930,717	79,259,801	34.73	15,564,471	63,695,330	27.91	2.72%	13.32	441.92

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

<a> GASB Statement No. 65 required that bond issuance costs of \$315,287, previously being amortized annually, be expensed in FY 2013-2014.

*1 2014-2015 includes implementation of pension expense reporting changes for GASB 68 & 71.

*2 Net Revenue = Operating Revenue, less Total Operating Expenses less Depreciation, plus Non-Operating Revenue & Contributions.

*3 This ratio must be above 1.00 to meet the Debt Rate Covenant (Net Revenue/Total Debt Service).

*4 Adjusted Net Revenue = Net Revenue less Capital Improvement Fees (Connection Fees) and City of Concord Capital Charges. In FY 2019-20 the Board, by Resolution, adopted rate stabilization fund reserve accounts for the O&M and Sewer Construction funds, contributing initial seed monies of \$2.61 million.

*5 This ratio must be above 1.25 to meet the Debt Rate Covenant (Adjusted Net Revenue/Total Debt Service).

Debt Restrictions:

Revenue Pledge & Covenant: The District pledges Property Tax Revenue along with its ability to raise Sewer Service Charge (SSC) rates. Debt Coverage requirements are discussed in the footnotes to the left.

**Central Contra Costa Sanitary District
Demographic and Economic Data
Population Served
Last Ten Calendar Years**

<u>As Of January 1</u>	<u>Inside District Boundaries</u>	<u>Concord/ Clayton</u>	<u>Total Served</u>	<u>% Change</u>
2011	321,800	133,600	455,400	-1.4%
2012	326,900	134,200	461,100	1.3%
2013	332,600	134,900	467,500	1.4%
2014	335,009	135,856	470,865	0.7%
2015	339,029	137,357	476,386	1.2%
2016	340,667	140,916	481,583	1.1%
2017	344,591	139,654	484,245	0.6%
2018	348,333	140,590	488,923	1.0%
2019	352,733	141,542	494,275	1.1%
2020	342,149	141,480	483,629	-2.2%

Source: Central Contra Costa Sanitary District Environmental Services Division

**List of Ten Largest Employers in Contra Costa County
Last Year and Eight Years Ago***

<u>Employers</u>	<u>2020*</u>			<u>2012*</u>		
	<u>Estimated Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>	<u>Estimated Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>
Chevron Corporation	10,000+	1	2.11%	1,329	3	0.28%
St. Mary's College	1,000-4,999	T-2	0.63%			
Bio-Rad Laboratories	1,000-4,999	T-2	0.63%	900	9	0.19%
Job Connections	1,000-4,999	T-2	0.63%			
John Muir Medical Center	1,000-4,999	T-2	0.63%	2,200	1	0.46%
Kaiser Permanente	1,000-4,999	T-2	0.63%	2,000	2	0.42%
La Raza Market	1,000-4,999	T-2	0.64%			
Martinez Medical Offices	1,000-4,999	T-2	0.64%			
USS-POSCO Industries	1,000-4,999	T-2	0.64%			
Target Corporation	-		-	1,262	4	0.26%
Walmart Stores, Inc.	-		-	1,150	5	0.24%
Doctors Medical Center	-		-	937	7	0.19%
Contra Costa Newspaper, Inc.	-		-	1,140	6	0.24%
Shell/Martinez Refinery	-		-	900	8	0.19%
Texaco Inc.	-		-	800	10	0.17%
All Others	439,500		92.82%	465,281		97.36%
Total	473,500		100.0%	477,899		100.0%

Source: * County of Contra Costa, California, Comprehensive Annual Financial Report for June 30, 2020, Statistical Section, principal employers excludes government employers.

**Central Contra Costa Sanitary District
Demographic and Economic Statistics
Contra Costa County
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Population*	Personal Income*	Per Capita Personal Income*	Average Annual Unemployment Rate**
2011	1,066,182	\$61,498,902,000	\$57,681	10.4%
2012	1,079,093	66,772,041,000	61,878	9.0%
2013	1,095,310	67,290,115,000	61,435	7.4%
2014	1,110,971	71,164,468,000	64,056	6.2%
2015	1,126,027	77,914,957,000	69,195	5.0%
2016	1,138,645	82,204,425,000	72,195	4.4%
2017	1,147,439	87,810,279,000	76,527	3.8%
2018	1,150,215	94,900,003,000	82,506	2.7%
2019	1,153,526	98,423,318,000	85,324	7.9%
2020	1,152,333	106,318,748,000	92,264	5.3%

* U.S. Department of Commerce, Bureau of Economic Analysis. Estimates for 2020-2021 reflect county population estimates available as of October 2021.

** State of California, Employment Development Department (EDD), annual calendar figure.

**Central Contra Costa Sanitary District
Full-time Equivalent Positions Filled by Department
Last Ten Fiscal Years**

Full-time Equivalent Positions Filled as of June 30

<u>Department</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Administration	39	39	44	46	49	43	43	41	44	51
Engineering	71	75	73	72	88	88	89	90	89	90
Operations										
Collection Systems	47	56	55	56	55	55	54	54	53	55
Plant	71	76	81	88	79	83	81	77	81	75
Pumping Station	7	8	8	8	7	7	7	12	7	7
Operations Total	<u>125</u>	<u>140</u>	<u>144</u>	<u>152</u>	<u>141</u>	<u>145</u>	<u>142</u>	<u>143</u>	<u>141</u>	<u>137</u>
District Total	<u><u>235</u></u>	<u><u>254</u></u>	<u><u>261</u></u>	<u><u>270</u></u>	<u><u>278</u></u>	<u><u>276</u></u>	<u><u>274</u></u>	<u><u>274</u></u>	<u><u>274</u></u>	<u><u>278</u></u>

**Number of Retirees and Surviving Spouses as of June 30
Last Ten Fiscal Years**

District Total	<u><u>237</u></u>	<u><u>244</u></u>	<u><u>243</u></u>	<u><u>244</u></u>	<u><u>249</u></u>	<u><u>259</u></u>	<u><u>278</u></u>	<u><u>268</u></u>	<u><u>269</u></u>	<u><u>261</u></u>
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Source: Central Contra Costa Sanitary District Finance and Human Resources Divisions

**Central Contra Costa Sanitary District
Capital Asset and Operating Statistics
Last Ten Calendar or Fiscal Years**

Treatment Plant	Year	Millions of Gallons per Day (mgd)									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Treatment Plant Permitted Capacity	Calendar	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8
Average Dry Weather Flow (ADWF)	Calendar	37.2	33.2	33.8	30.4	29.1	30.8	33.3	31.8	34.1	29.5
Wastewater Treated per day	Calendar	41.9	39.8	36.8	35.6	31.8	35.4	43.2	36.0	41.2	35.3
		Tons per Year									
Sludge to Furnace (Dry)*1	Fiscal	15,790	15,097	14,590	16,789	16,623	17,031	16,279	16,498	16,056	16,029
Ash to Reuse Site (Wet)*2	Fiscal	3,850	3,667	3,618	3,811	3,651	4,230	3,475	3,577	3,450	3,410

*1 In the multi-hearth furnace, the wet sludge is converted to dry ash. Water is added to the dry ash as it is loaded into trucks (ratio of 60 percent ash to 40 percent water) to prevent the ash from blowing out of the truck during transport.

*2 Wet sludge, which at 19 to 27 percent solids, is pumped to the multiple-hearth furnace for incineration. The table above shows the dry tons per year of sludge to the furnace, excluding the 73 to 81 percent water in the wet sludge.

Collection Systems/Pumping Stations/Outfall Sewers

	Other Data										
Pipeline Miles	Calendar	1,500	1,526	1,526	1,519	1,519	1,519	1,535	1,535	1,535	1,535
Number of pumping stations (owned)	Calendar	16	16	16	16	16	16	15	15	15	15

Recycled Water

Recycled Water Distribution Pipeline (miles)	Calendar	11.7	11.7	14.3	14.3	14.6	14.6	14.6	14.6	14.6	14.6
Average Recycled Water Produced (million gallons per day)	Calendar	1.8	1.7	1.7	1.6	1.7	1.5	1.6	1.6	1.6	1.4
Number of Recycled Water Customers Sites	Calendar	29	29	29	29	43	47	47	49	50	58
Commercial Truck Fill Use (million gallons per year)	Calendar	<0.1	<0.1	<0.1	0.3	4.4	0.4	0.6	0.6	4.6	4.8
Commercial Truck Fill Customers	Calendar	3	2	1	11	37	26	14	13	12	6
Estimated Residential Fill Station Use (million gallons per year)	Calendar	N/A	N/A	N/A	N/A	11.8	6.5	2.5	2.3	1.3	1.0
Residential Fill Station Customer Visits	Calendar	N/A	N/A	N/A	N/A	55,552	28,598	11,633	9,780	5,671	4,635

Household Hazardous Waste (HHW) - Inception 1997/1998

Program Participation (Number of cars)	Fiscal	29,112	29,119	30,379	31,779	33,468	33,037	35,640	36,108	27,818	35,634
Percentage of Households in Service Area	Fiscal	15.4%	15.4%	15.9%	16.6%	16.8%	16.7%	18.1%	18.4%	14.0%	17.9%
Operating Cost per Car	Fiscal	\$87	\$93	\$83	\$78	\$72	\$80	\$77	\$78	\$100	\$95
Pounds of HHW per Car	Fiscal	67	68	66	63	64	65	64	61	61	76

Pharmaceutical Collection Program - Inception 2009

Number of Collection Sites	Calendar	10	10	12	13	13	13	13	13	12	12
Pounds of Expired or Unwanted medications Collected	Calendar	9,434	12,240	12,428	14,041	15,366	16,485	17,337	17,178	9,918	5,645

Miscellaneous Statistics

Governing Body:	5-Member Board of Directors elected at large
Governmental Structure:	Established in 1946 under the Sanitary District Act of 1923
Staff:	278 full-time equivalent employees (292 budgeted/authorized)
Authority:	California Health and Safety Code Section 4700 et. Seq.
Services:	Wastewater collection, treatment, and disposal Household Hazardous Waste (HHW) Facility Recycled Water Residential and Truck Recycled Water Fill Station Pharmaceutical Collection Program (12-Collection Sites) Retail HHW Collection Program
Type Of Treatment:	Discharge - Secondary; Reclamation - Tertiary
Service Area:	146 square miles
Total Population Served:	484,795 (HHW service area 518,900)
Sewer Service Charge:	\$567 for single family homes and \$549 for multi-family homes.