



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022



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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023  
WITH SUMMARIZED COMPARATIVE INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

**Prepared By:  
Finance Division**

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Annual Comprehensive Financial Report**  
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**For the Year Ended June 30, 2023**

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# INTRODUCTION

ANNUAL COMPREHENSIVE FINANCIAL REPORT



CENTRAL CONTRA COSTA SANITARY DISTRICT

5019 IMHOFF PLACE, MARTINEZ, CA 94553-4392

November 29, 2023

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, 2023 (FY 2022-23).

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, 2023. 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 352,000 residents of Danville, Lafayette, Martinez, Moraga, Orinda, Pleasant Hill, San Ramon, Walnut Creek and some of the unincorporated communities within its District boundaries. The District also treats wastewater for approximately 133,000 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 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 collection and treatment 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 83% of the Sewer Service Charge operating revenue. The District's treatment capacity has grown significantly from a modest 4.5 million gallons per day (mgd) in 1948 to 53.8 mgd currently. Bonds, certificates of participation, state/federal grants, and pay-as-you-go local revenue sources of the District have traditionally financed capital expenditures and capacity expansions. While pay-as-you-go local revenue sources have been the primary financing mechanism for the District's capital program over the past decade, debt financing is expected to gradually increase. This is demonstrated by the issuance of \$50.6 million in certificates of participation in June 2021 and up to \$98.5 million in approved California Water Board State Revolving Fund loan proceeds over the next few years (from an approved loan of \$173 million). In addition to these approved debt issuances, the District's long-range financial plan also anticipates the use of additional debt financing for UV disinfection upgrades, solids handling, and nutrient removal infrastructure needs.

The District also operates a Recycled Water Program, in collaboration with Contra Costa Water District, that provides high-quality recycled water for 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. The District has been collaborating with public water agency partners to jointly invest in a project that will enable the District to comply with future nutrient discharge regulations while producing a new water supply to help ease the region's water shortage. The District recently executed a Memorandum of Understanding with East Bay Municipal Utility District (EBMUD) that will evaluate several potential recycled water projects together, including an option for potable reuse - introducing highly-treated recycled water into EBMUD's drinking water supply. The District continues to actively promote water recycling, given the role this would have in addressing the statewide water shortage and the developing effects of climate change.

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 26th year of operation, the HHW Facility served over 30,000 residential and small business customers. On average, over two million pounds of hazardous waste is collected and properly disposed of annually, collecting over 1.8 million pounds of waste in FY 2022-23. In conjunction with its HHW program, the District's Pharmaceutical Collection Program further encourages pollution prevention having approximately 5,600 pounds of expired or unwanted medications between its seven collection sites in FY 2022-23.

#### Organization, Accounting and Budgetary Controls

A five-member Board of Directors governs the District. The Board sets policies, appoints officers, and hires and oversees the District's General Manager, Secretary of the District, and District Counsel. The Board positions are non-partisan and serve staggered four-year terms. The District began a transition from an "at-large" election system to an area-based "by-division" election system

under the California Voting Rights Act in 2020. Two Board members were elected in November 2022 and were the first to represent their respective division as part of the by-district election system (Divisions 2 and 3). Thereafter, the remaining three Board members shall be elected on a by-division basis in November 2024 (Divisions 1, 4 and 5) completing Central San's transition to a by-district election system. 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 fiscal year-end out of 294 authorized permanent regular full-time positions for that fiscal year. 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.

The District charges fees to external users for providing sewer collection and treatment services, and these fees comprise the primary revenue source. Accordingly, pursuant to generally accepted accounting principles issued by the *Governmental Accounting Standards Board* (GASB), 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 and Finance Committee review interim financial reports on a quarterly basis for fiduciary purposes, with management receiving more detailed monthly budget-to-actual results for budget monitoring purposes. District management is accountable for monitoring 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 (i.e., debt management, investments, fiscal reserves, pension and OPEB funding, 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

The District's service area is in Contra Costa County (County) in the State of California (State). According to the State's Employment Development Department (EDD), the County unemployment rate increased from 3.1% in September 2022 to 4.1% in September 2023. The combination of high interest rates and increasing unemployment could lead to slower than normal economic growth in the local economy. To put the County's unemployment rate into perspective, the County ranks as the 18<sup>th</sup> lowest in unemployment of the State's 58 counties.

The County's annual population declined by 0.36% as of January 1, 2023 per the State's Department of Finance Population Research Unit. As of July 1, 2023, the County had an estimated population of 1,144,040. In twenty years, by July 1, 2023, the County's population is projected to grow to 1,302,043 million people. Regarding per capita income, in 2022 the County was ranked 19<sup>th</sup> among the state's 58 counties with a per capita income of \$95,047 per the U.S. Bureau of Economic Analysis.

### Long-Term Financial Planning

The District strives to maintain an excellent reputation in providing public service, which includes transparent and accessible governance, financial reporting and management, sewage collection and treatment, workforce safety, capital improvements and replacements, innovative use of technology, and customer service. The Board of Directors approved a four-year sewer service charge rate adjustment schedule in April 2019 spanning July 2019 through June 2023. The four-year sewer service charge rate increases ranged from 4.75% to 5.25% annually, 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. In the spring of 2023, two years of rate adjustments were adopted for the upcoming two fiscal years, with overall Sewer Service Charge rates increasing by 1% and 4%, respectively.

As noted previously, in conjunction with the approved sewer service charge rates, the District's latest 10-year financial plan anticipates some use of additional debt financing to address major capital spending projects including upgrades to the UV disinfection system, solids handling, and nutrient removal infrastructure needs. Despite this long-term ramping up in projected capital financing needs, the FY 2023-24 capital budget is decreasing by approximately \$19.8 million (21.7%) from the prior year's adopted budget, largely attributable to project construction delays related to pandemic related global materials supply chains. In total, capital budget carryovers (unused spending authority carried forward to a subsequent year) into FY 2023-24 are approximately \$78.8 million, which Management and the Board are taking into consideration while forecasting sewer service charge revenue needs for FY 2023-24 and beyond.

District management analyzes and updates a strategic plan every two years, with the seven goals in effect during FY 2022-23 being:

1. **Customer and Community** - Provide exceptional customer service,
2. **Environmental Stewardship** - Meet regulatory requirements, promote sustainability, and identify and reduce contributions to climate change and mitigate its impacts,
3. **Workforce Diversity & Development** - Recruit, educate, empower, and retain a workforce from diverse backgrounds,

4. **Governance & Fiscal Responsibility** – Uphold integrity, transparency, and wise financial management in an effective governing model,
5. **Safety & Security** – Provide a safe, secure, and healthful workplace that foresees and addresses threats,
6. **Infrastructure Reliability** – Maintain facilities and equipment to be dependable resilient, and long lasting, and
7. **Innovation & Agility** – Optimize operations for continuous improvement and remain flexible and adaptable.

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, interest rates, 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 had a strong fiduciary net position in both plans of approximately 92.4% for its pension plan as of the December 31, 2022 measurement date and 100.2% for its OPEB plan as of the June 30, 2023 measurement date. Due to continued downturn in the markets since the December 31, 2022 measurement date, the District assumes the funded status of the pension plan is likely to remain below 100% in the next actuarial study, which will also be taken into account when developing future sewer service charge rates and allocations for FY 2024-25 and beyond.

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 at least biennially by the Board. During FY 2022-23 the District Board directed an additional \$1,000,000 be contributed to the OPEB Trust as a mechanism to hedge against potential future employer OPEB contribution rate volatility. The Pension Prefunding Trust was 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 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 its relatively shorter-term needs. 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 2022-23 was *to be an innovative industry leader in environmental stewardship and sustainability, while delivering exceptional 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 25 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 20 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. In FY 2021-22, the District Board and Management developed a new Strategic Plan for FY 2022-23 and FY 2023-24, which was completed and adopted by the Board in the Spring of 2022, immediately 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 consistency with cost of service studies (initially adopted in FY 2014-15 and then updated in FY 2018-19 for the four-year rate plan extending through FY 2022-23).

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 Management Plan to evaluate options for addressing future regulatory requirements. The latest Management Plan was completed in FY 2016-17 and is intended to be used as a roadmap for capital improvements over 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 (UPCCA), 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, 2022. This was the 23<sup>rd</sup> 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. Management is confident the current ACFR continues to meet the program's requirements and intends to submit 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. Management would like to express sincere 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; Diana Diaz, Accounting Supervisor (Provisional) ; Amal Lyon, Accountant; and Tricia Cruz, Accountant.
- The Reproduction and Graphics Team of the Communications & Intergovernmental Affairs Division 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 overseeing the financial operations of the District in a prudent and responsible manner.

Respectfully submitted,

*Philip Leiber*

Philip Leiber, CPA  
Deputy General Manager-Administration

*T. Kevin Mizuno*

T. Kevin Mizuno, CPA  
Finance Manager

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
BOARD OF DIRECTORS  
June 30, 2023**

Barbara D. Hockett.....President  
Mariah N. Lauritzen.....President Pro-Tem  
Michael R. McGill..... Member  
Tad J. Pilecki..... Member  
Florence T. Wedington..... Member

# MISSION, VISION, & VALUES

## OUR MISSION

To protect public health and the environment

## OUR VISION

To be an innovative industry leader in environmental stewardship and sustainability, while delivering exceptional service at responsible rates

## OUR VALUES

Our core values guide our daily decisions and how we fulfill our mission, vision, and goals

### ● CUSTOMER SERVICE

We are responsive to our customers, and we deliver on our commitment to provide safe, reliable, and cost-efficient services.

### ● EMPLOYEES

We empower our employees to do their best work.

### ● INTEGRITY

We hold ourselves accountable to a high standard of honesty, reliability, and transparency.

### ● INNOVATION

We continuously improve and optimize our operations.

### ● ENVIRONMENTAL SUSTAINABILITY

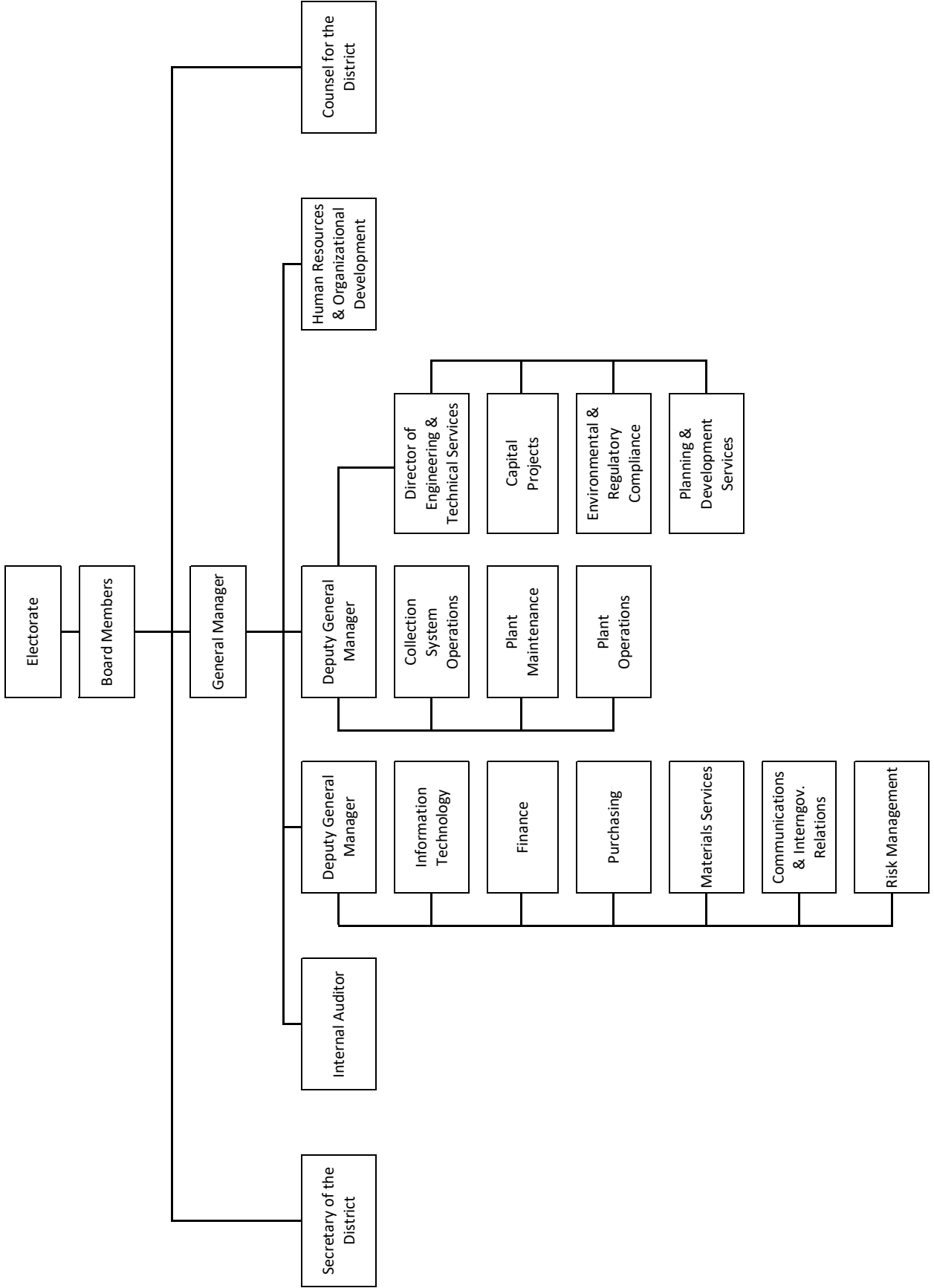
We conduct our business to safeguard and improve our planet.

### ● DIVERSITY, EQUITY, AND INCLUSION

We value people of all backgrounds, cultures, and perspectives, and we are committed to the principles of equity and inclusion.



CENTRAL CONTRA COSTA SANITARY DISTRICT  
**Organizational Chart - Composite**

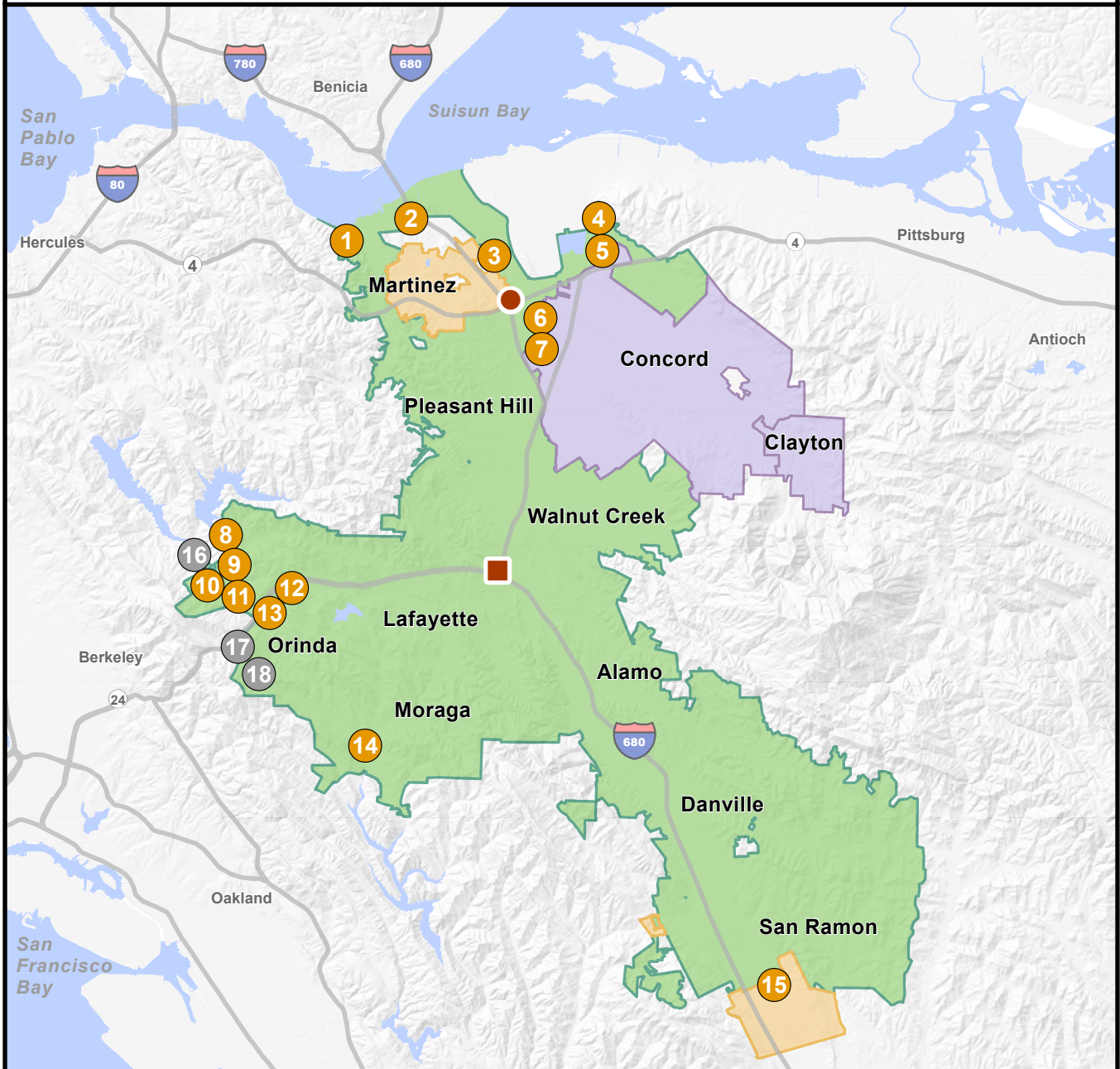




# Central Contra Costa Sanitary District Service Area

## June 30, 2023

Date: 10/25/2023



### 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 352,183 people
- Wastewater treatment and HHW collection for 133,489 residents in Concord and Clayton by contract
- HHW disposal services only

### Pump and Lift Stations

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

- Pump or Lift Station
- Privately Owned Pump Station







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Central Contra Costa Sanitary District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO



# FINANCIALS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

## INDEPENDENT AUDITORS' REPORT

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

### ***Opinions***

We have audited the accompanying financial statements of the business-type activities of the Central Contra Costa Sanitary District (District), California, as of and for the years ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2023, and the change in financial positions and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

#### ***Report on Summarized Comparative Information***

We have previously audited the District's June 30, 2022 financial statements, and we expressed an unmodified audit opinions on those audited financial statements in our report dated December 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### ***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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

A handwritten signature in black ink that reads "Maze + Associates". The signature is written in a cursive, flowing style.

Pleasant Hill, California  
November 29, 2023

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2023 (2022-23). This information is presented in conjunction with the audited financial statements, which follow this report.

### FINANCIAL HIGHLIGHTS

The District's 2022-23 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 \$72.8 million or 8.2% in 2022-23. This increase is primarily due to the deferred inflows related to the pension plan decreasing by \$126.8 million offset by a net pension asset of \$53.5 million in the prior year flipping to a net pension liability of \$37.8 million. Also, the deferred outflows related to the pension and OPEB plans decreased by a combined \$46.9 million from prior year. These large changes in pension and OPEB plan related deferred inflows, outflows, assets, and liabilities are attributable to the District's plans being nearly fully funded, making them susceptible to the investment market volatility experienced over the past year.
- Total operating revenue, decreased by \$48.9 million or 41.2% in 2022-23. This decrease is directly attributable to the portion of sewer service charges revenue allocated to operations decreasing from 66.9% in prior year to 41.1% in 2022-23, a decrease of \$49.0 million. In the prior year, a significant increase to the operational share of the sewer service charge allocation was directed by the Board after 2021 Wastewater Certificates of Participation (2021 COPs) were issued generating \$58.0 million in proceeds to help fund capital projects in lieu of sewer service charges. This decrease is partially offset by a large increase of \$3.4 million in investment earnings when compared to the prior year due to multiple interest rate hikes from the Federal Reserve throughout 2022 and into 2023.
- Total 2022-23 operating expenses other than depreciation increased by \$7.3 million or 9.1%. This increase is largely attributable to an increase in pension-related expenses related to the increase in the net pension liability, described previously.
- Capital Contributions increased in 2022-23 by \$61.7 million or 255.3%. The increase is mainly due to a reduced allocation of sewer service charges allocated to finance capital projects by the Board following the issuance of the 2021 COPs, as noted previously. To a lesser extent, the increase was also caused by an increase in capacity fees and contributions from the City of Concord for its flow-based proportionate share of treatment plant and other eligible capital project costs.

## 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 District for the past three fiscal years:

**Table 1 – Condensed Statement of Net Position**

	Year Ending June 30			2023 vs. 2022		2023 vs. 2021	
	2023	2022	2021	\$ Increase (Decrease)	% Increase (Decrease)	\$ Increase (Decrease)	% Increase (Decrease)
<b>Assets</b>							
Current assets	\$ 219,378,496	\$ 174,679,739	\$ 136,391,239	\$ 44,698,757	25.6%	\$ 82,987,257	60.8%
Capital assets, net	849,413,151	812,744,909	760,567,573	36,668,242	4.5%	88,845,578	11.7%
Other non-current assets	5,412,595	59,093,444	36,572,236	(53,680,849)	-90.8%	(31,159,641)	-85.2%
<b>Total assets</b>	<b>1,074,204,242</b>	<b>1,046,518,092</b>	<b>933,531,048</b>	<b>27,686,150</b>	<b>2.6%</b>	<b>140,673,194</b>	<b>15.1%</b>
<b>Deferred outflows</b>							
Pension related	78,754,514	122,427,550	95,805,386	(43,673,036)	-35.7%	(17,050,872)	-17.8%
OPEB related	5,100,448	8,302,309	4,117,730	(3,201,861)	-38.6%	982,718	23.9%
<b>Total deferred outflows</b>	<b>83,854,962</b>	<b>130,729,859</b>	<b>99,923,116</b>	<b>(46,874,897)</b>	<b>-35.9%</b>	<b>(16,068,154)</b>	<b>-16.1%</b>
<b>Liabilities</b>							
Current liabilities	25,281,001	27,956,046	28,102,111	(2,675,045)	-9.6%	(2,821,110)	-10.0%
Long-term liabilities	104,306,325	72,665,537	119,474,622	31,640,788	43.5%	(15,168,297)	-12.7%
<b>Total liabilities</b>	<b>129,587,326</b>	<b>100,621,583</b>	<b>147,576,733</b>	<b>28,965,743</b>	<b>28.8%</b>	<b>(17,989,407)</b>	<b>-12.2%</b>
<b>Deferred inflows</b>							
Pension related	52,931,043	179,778,943	48,100,435	(126,847,900)	-70.6%	4,830,608	10.0%
OPEB related	8,555,091	2,087,946	12,287,769	6,467,145	309.7%	(3,732,678)	-30.4%
Lease related	3,970,164	4,514,638	-	(544,474)	100.0%	3,970,164	100.0%
<b>Total deferred inflows</b>	<b>65,456,298</b>	<b>186,381,527</b>	<b>60,388,204</b>	<b>(120,925,229)</b>	<b>-64.9%</b>	<b>5,068,094</b>	<b>8.4%</b>
<b>Net position</b>							
Net investment in capital assets	781,637,137	747,646,783	684,834,242	33,990,354	4.5%	96,802,895	14.1%
Restricted	1,527	14	34,929,105	1,513	10807.1%	(34,927,578)	-100.0%
Unrestricted	181,376,916	142,598,044	105,725,880	38,778,872	27.2%	75,651,036	71.6%
<b>Total net position</b>	<b>\$ 963,015,580</b>	<b>\$ 890,244,841</b>	<b>\$ 825,489,227</b>	<b>\$ 72,770,739</b>	<b>8.2%</b>	<b>\$ 137,526,353</b>	<b>16.7%</b>

The total net position of the District increased from \$890.2 million in 2021-22 to \$963.0 million in 2022-23, an increase of 8.2%. This is an increase of \$137.5 million, or 16.7% when compared to 2020-21. Total assets increased \$27.7 million or 2.6% compared to 2021-22 and increased \$140.7 million or 15.1% compared to 2020-21. Total liabilities increased \$29.0 million or 28.8% compared to 2021-22 and decreased \$18.0 million or 12.2% compared to 2020-21. The increase in net position over the three-year period totals \$137.5 million, or 16.7%, resulting mostly from pension-related actuarially determined deferred inflows decreasing from \$179.8 million in 2021-22 to \$52.9 million in 2022-23 and the prior year's net pension asset of \$53.5 million flipping to a net pension liability of \$37.8 million.

As a public utility relying heavily on a complex infrastructure network, the largest portion of the District's net position by far (81.2%) 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 wastewater treatment, collection, and other services to its customers; 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 \$178.5 million in unrestricted net position reflects an increase of \$35.9 million from 2021-22 and increased by \$72.8 million from 2020-21. As noted previously, this increase was primarily a result of a decrease in pension related deferred inflows offset by an increase in the net pension 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			2023 vs. 2022		2023 vs. 2021	
	2023	2022	2021	\$ Increase (Decrease)	% Increase (Decrease)	\$ Increase (Decrease)	% Increase (Decrease)
<b>Revenues</b>							
Operating revenues							
Sewer service charges	\$ 67,758,217	\$ 116,767,447	\$ 87,327,907	\$ (49,009,230)	-42.0%	\$ (19,569,690)	-22.4%
Other	2,233,077	2,164,237	1,914,654	68,840	3.2%	318,423	16.6%
Total operating revenue	69,991,294	118,931,684	89,242,561	(48,940,390)	-41.2%	(19,251,267)	-21.6%
Non-operating revenues							
Property taxes	22,933,224	21,239,420	20,516,826	1,693,804	8.0%	2,416,398	11.8%
Permit and inspection fees	2,042,467	2,308,395	2,440,187	(265,928)	-11.5%	(397,720)	-16.3%
Investment earnings	4,125,473	772,909	1,678,028	3,352,564	433.8%	2,447,445	145.9%
Other	1,203,563	2,053,331	3,193,569	(849,768)	-41.4%	(1,990,006)	-62.3%
Total non-operating revenue	30,304,727	26,374,055	27,828,610	3,930,672	14.9%	2,476,117	8.9%
<b>Total revenues</b>	100,296,021	145,305,739	117,071,171	(45,009,718)	-31.0%	(16,775,150)	-14.3%
<b>Expenses</b>							
Operating expense other than depreciation	87,150,184	79,894,599	83,913,477	7,255,585	9.1%	3,236,707	3.9%
Depreciation	25,003,263	22,853,140	21,531,302	2,150,123	9.4%	3,471,961	16.1%
Non-operating expenses	1,177,471	1,950,841	542,226	(773,370)	-39.6%	635,245	117.2%
<b>Total expenses</b>	113,330,918	104,698,580	105,987,005	8,632,338	8.2%	7,343,913	6.9%
<b>Income before capital contributions</b>	(13,034,897)	40,607,159	11,084,166	(53,642,056)	-132.1%	(24,119,063)	-217.6%
<b>Capital contributions</b>	85,805,636	24,148,455	46,644,333	61,657,181	255.3%	39,161,303	84.0%
<b>Increase in net position</b>	72,770,739	64,755,614	57,728,499	8,015,125	12.4%	15,042,240	26.1%
<b>Beginning net position</b>	890,244,841	825,489,227	767,760,728	64,755,614	7.8%	122,484,113	16.0%
<b>Ending net position</b>	\$ 963,015,580	\$ 890,244,841	\$ 825,489,227	\$ 72,770,739	8.2%	\$ 137,526,353	16.7%

### Revenue

Total operating revenues decreased from \$118.9 million in 2021-22 to \$70.0 million in 2022-23, a decrease of \$48.9 million or 41.2%. This is a decrease of \$19.3 million or 21.6% when compared to 2020-21. This decrease in operating revenues is primarily attributable to a large decrease in the proportion of sewer service charges authorized by the Board to fund operating and maintenance costs, and an offsetting increase in funding for capital improvement projects.

Total non-operating revenue decreased from \$27.8 million in 2020-21 to \$26.4 million in 2021-22 and increased to \$30.3 million in 2022-23. Total non-operating revenues in 2022-23 increased compared to 2021-22 by \$3.9 million or 14.9% and increased by \$2.5 million or 8.9% comparing 2022-23 to 2020-21.

Total revenues increased from \$117.1 million in 2020-21 to \$145.3 million in 2021-22 and decreased to \$100.3 million in 2022-23. The change in total revenue represented a decrease of \$45.0 million or 31.0% comparing 2022-23 to 2021-22 and a decrease of \$16.8 million or 14.3% comparing 2022-23 to 2020-21. Revenue attributable to secured property taxes grew over the prior year due to property value growth attributable to Prop 13 valuation growth, property sales, as well as development within the District. Accordingly, property tax revenue increased by \$1.7 million or 8.0% from 2021-22 to 2022-23, and \$2.4 million or 11.8% comparing 2022-23 to 2020-21. Sewer service charge rate collected in 2022-23 reflects an increase of 4.5% (to \$690) for single family homes and 4.6% (to \$654) for multi-family homes.

Expenses

Total expenses increased from \$104.7 million in 2021-22 to \$113.3 million in 2022-23, an increase of \$8.6 million or 8.2%. This is an increase of \$7.3 million or 6.9% when compared to 2020-21. As noted previously, this increase from prior year is largely attributable to the net pension liability and recognition of a \$15.0 million pension expense adjustment (see Note 9 in the audited financial statements) due to decreased market performance of assets in the pension trust.

Total income before capital contributions went from \$11.1 million in 2020-21, to \$40.6 million in 2021-22, and decreased to -\$13.0 million in 2022-23. The significant decrease from 2021-22 to 2022-23 is attributable to a larger portion of sewer service charges being allocated to operations, as described previously.

Total capital contributions in 2022-23 were \$85.8 million compared to \$24.1 million in 2021-22 and \$46.6 million in 2020-21. As noted previously, this increase was mainly derived from an increase in the allocation of sewer service charges to the capital program.

CAPITAL ASSETS

Net capital assets for fiscal years 2022-23, 2021-22 and 2020-21 totaled \$849.4 million, \$812.7 million, and \$760.6 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, 2023, the District's investment in capital assets totaled \$849.4 million, an increase of \$36.7 million or 4.5% over the net capital asset balance of \$812.7 million at June 30, 2022. Net capital assets increased by \$88.8 million or 11.7% comparing 2022-23 to 2020-21. 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			2023 vs. 2022		2023 vs. 2021	
	2023	2022	2021	\$ Increase (Decrease)	% Increase (Decrease)	\$ Increase (Decrease)	% Increase (Decrease)
Structures, buildings, and equipment	\$ 700,065,619	\$ 694,343,750	\$ 631,932,004	\$ 5,721,869	0.8%	\$ 68,133,615	10.8%
Land and rights of way	22,585,007	22,582,507	22,290,077	2,500	0.0%	294,930	1.3%
Construction in progress	126,762,525	95,818,652	106,345,492	30,943,873	32.3%	20,417,033	19.2%
Total	<u>849,413,151</u>	<u>812,744,909</u>	<u>760,567,573</u>	<u>36,668,242</u>	<u>4.5%</u>	<u>88,845,578</u>	<u>11.7%</u>

The increase in capital assets, net of depreciation, of \$36.7 million from 2021-22 to 2022-23 and \$88.8 million from 2020-21 to 2022-23 is a result of an expanding capital improvement program over these years to address the replacement of aging treatment plant and collection system infrastructure, address regulatory requirements, and improve the sustainability of operations and technology. In this timeframe, spending has exceeded annual depreciation with capital outlays largely financed by pay-as-you-go resources (i.e., new revenue and reserves) rather than debt. This year’s major addition to construction-in-progress includes the following:

<u>Project Number</u>	<u>Project Description</u>	<u>Capital Outlay</u>
7361	Filter Plant & Clearwell Improvements Ph. 1A	\$ 8,289,958
100015	Electric Blower Improvements	5,787,796
7348	Solids Handling Facility Improvements Ph. 1A	5,508,639
8457	Pump Station Upgrades - Ph. 2	4,608,040
100023	Walnut Creek Renovation Ph. 16	4,330,621
8466	Danville Sewer Renovation Ph. 4	3,451,855
8464	Martinez Sewer Renovation Ph. 7	2,573,435
7328	Influent Pump Electrical Improvements	2,315,449
7369	Piping Renovation - Ph. 10	1,697,440
100019	Aeration Basins Diffuser Replacement & Seismic Upgrades	1,570,664
	Total	<u>\$ 40,133,897</u>

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

DEBT ADMINISTRATION

Total long-term debt, excluding liabilities related to pension, OPEB and compensated absences liabilities, for fiscal years 2022-23, 2021-22 and 2020-21 totaled \$67.8 million, \$64.1 million, and \$75.7 million, respectively. As of June 30, 2023, the District’s outstanding debt totaled \$67.8 million, which is an increase of \$3.7 million or 5.7% over the debt balance of \$64.1 million at June 30, 2022. Debt decreased by \$7.9 million or 10.5% comparing 2022-23 to 2020-21. The increase in debt obligations is due to \$15.6 million in proceeds received from the Clean Water State Revolving Fund in the current year to reimburse eligible costs for the Solids Handling Facility Improvements capital project and are to be repaid after completion of the project, offset by the repayment of other outstanding debt. The primary source of funds pledged to and securing the repayment of debt issuances for the capital improvement program is 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 employer pension and OPEB contribution requirements.
- Inflation, as measured using the consumer price index (CPI). 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 could 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 2023, the District's Board of Directors adopted an operating and maintenance budget of \$90.9 million and sewer construction capital improvement budget of \$71.2 million for the fiscal year ending June 30, 2023. Following a cost of service study, customer outreach, public noticing, and a Public Hearing stipulated by Proposition 218, on June 30, 2023 the District's Board of Directors approved new sewer service charges for the two-year timeframe spanning July 1, 2023 to June 30, 2025. The new sewer service charge rates reflect an overall modest rate increase of 1% for the year ending June 30, 2024 and 4% for the year ending June 30, 2025.

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, is designed with the intent of achieving rate stability and avoid volatility, benefiting both the District and its customers. 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

This financial report is designed to provide the District's customers, creditors, and other stakeholders with a general overview of the District's finances and to demonstrate accountability and transparency for user fee and tax payer revenues 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, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note 2)	\$23,058,319	\$19,368,680
Restricted cash and investments (Note 2)	1,527	14
Unrestricted investments (Note 2)	158,640,000	123,540,000
Restricted investments (Note 2)	43,662	41,954
Accounts receivable, net (Note 3)	29,525,698	26,147,698
Current portion of lease receivable (Note 12)	605,747	502,430
Interest receivable	429,894	289,240
Prepaid assets	1,273,175	662,199
Supplies & material inventory	<u>5,800,474</u>	<u>4,127,524</u>
Total current assets	<u>219,378,496</u>	<u>174,679,739</u>
<b>NON-CURRENT ASSETS</b>		
Non-current portion of lease receivable (Note 12)	3,618,647	4,133,358
Assessment Districts receivable (Note 4)	1,642,035	1,416,297
Net pension asset (Note 9)	-	53,543,789
Net OPEB asset (Note 10)	151,913	-
Capital assets:		
Nondepreciable (Note5)	149,347,532	118,401,159
Depreciable, net of accumulated depreciation (Note5)	<u>700,065,619</u>	<u>694,343,750</u>
Total non-current assets	<u>854,825,746</u>	<u>871,838,353</u>
<b>TOTAL ASSETS</b>	<u>1,074,204,242</u>	<u>1,046,518,092</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related (Note 9)	78,754,514	122,427,550
OPEB related (Note 10)	<u>5,100,448</u>	<u>8,302,309</u>
Total deferred outflows of resources	<u>83,854,962</u>	<u>130,729,859</u>

See accompanying notes to financial statements

Central Contra Costa Sanitary District  
Statements of Net Position  
June 30, 2023 and 2022

LIABILITIES	<u>2023</u>	<u>2022</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	11,872,513	10,952,960
Salaries & benefits payable	1,464,669	2,179,677
Interest payable	1,618,035	1,327,197
Provision for uninsured claims (Note 7)	1,719,986	1,504,476
Deposits payable	268,404	434,726
Compensated absences payable, current (Note 6F)	580,239	627,288
Current portion of long-term obligations (Note 6)	7,090,000	10,750,000
Current portion of lease payable (Note 12)	182,246	179,721
Current portion of SBITAs (Note 12)	484,909	-
Total current liabilities	<u>25,281,001</u>	<u>27,956,046</u>
<b>NON-CURRENT LIABILITIES</b>		
Net pension liability (Note 9)	37,772,326	-
Net OPEB liability (Note 10)	-	12,851,545
Non-current portion of long term obligations (Note 6)	60,686,014	53,360,320
Accrued compensated absences - non-current (Note 6F)	5,222,146	5,645,587
Non-current portion of lease payable (Note 12)	625,839	808,085
Total non-current liabilities	<u>104,306,325</u>	<u>72,665,537</u>
<b>TOTAL LIABILITIES</b>	<u>129,587,326</u>	<u>100,621,583</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related (Note 9)	52,931,043	179,778,943
OPEB related (Note 10)	8,555,091	2,087,946
Lease receivable (Note 12)	3,970,164	4,514,638
Total deferred inflows of resources	<u>65,456,298</u>	<u>186,381,527</u>
<b>NET POSITION (NOTE 11)</b>		
Net investment in capital assets	781,637,137	747,646,783
Restricted net position	1,527	14
Unrestricted net position	181,376,916	142,598,044
<b>TOTAL NET POSITION</b>	<u>\$963,015,580</u>	<u>\$890,244,841</u>

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 Fiscal Years Ended June 30, 2023 and 2022

	2023	2022
<b>OPERATING REVENUES</b>		
Sewer service charge (SSC)	\$50,109,215	\$100,680,646
Sewage treatment cost sharing (Note 8)	17,649,002	16,086,801
Miscellaneous service charges	2,233,077	2,164,237
Total operating revenues	69,991,294	118,931,684
<b>OPERATING EXPENSES</b>		
Salaries & benefits	60,809,719	55,911,207
Contracted services	10,585,951	9,623,004
Utilities & fuel	8,174,185	6,524,066
Chemicals	2,175,040	1,820,344
General supplies	2,675,384	2,627,899
Other operating expenses	2,729,905	2,257,107
Depreciation and amortization expense	25,003,263	23,044,770
Total operating expenses	112,153,447	101,808,396
<b>OPERATING INCOME (LOSS)</b>	<b>(42,162,153)</b>	<b>17,123,289</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Taxes	22,933,224	21,239,420
Permit and inspection fees	2,042,467	2,308,395
Grants	-	996,177
Investment income	4,125,473	772,909
Interest expense	(1,177,471)	(1,950,841)
Gain (loss) on sale of asset	129,918	(939,343)
Other non-operating income	1,073,645	1,057,154
Total non-operating revenues (expenses), net	29,127,256	23,483,871
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(13,034,897)</b>	<b>40,607,159</b>
<b>CAPITAL CONTRIBUTIONS</b>		
Other government revenue - Concord	9,956,648	7,799,702
Customer contributions to capital	67,227,158	10,267,767
Non-exchange capital contributions/donations	1,456,478	1,496,013
Capacity fees	7,165,352	4,584,973
Total capital contributions	85,805,636	24,148,455
<b>CHANGE IN NET POSITION</b>	<b>72,770,739</b>	<b>64,755,614</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>890,244,841</b>	<b>825,489,227</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$963,015,580</b>	<b>\$890,244,841</b>

See accompanying notes to financial statements

Central Contra Costa Sanitary District  
Statements of Cash Flows  
For the Fiscal Years Ended June 30, 2023 and 2022

CASH FLOWS FROM OPERATING ACTIVITIES	2023	2022
Receipts from customers	\$66,517,474	\$118,944,502
Payments to suppliers	(27,699,052)	(25,220,586)
Payments to employees and related benefits	(56,257,900)	(53,523,454)
Net cash provided by operating activities	(17,439,478)	40,200,462
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of taxes	22,933,224	21,239,420
Inspection/permit fees and other non-operating income	3,116,112	3,365,549
Net cash provided by noncapital financing activities	26,049,336	24,604,969
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	78,640,284	19,563,482
Capacity fees	7,165,352	4,584,973
Acquisition and construction of capital assets	(61,720,324)	(75,132,106)
Interest paid on long-term debt	(1,132,112)	(864,539)
Proceeds from direct borrowing	15,588,706	
Principal payments on long-term debt	(11,923,012)	(11,623,011)
Net cash used for capital and related financing activities	26,618,894	(63,471,201)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of investments	191,500,000	30,000,000
Acquisition of investments	(227,600,000)	(97,000,000)
Interest received	4,564,109	973,100
Net cash provided by investing activities	(31,535,891)	(66,026,900)
NET INCREASE (DECREASE) IN CASH	3,692,860	(64,692,670)
Cash, beginning of year	19,410,648	84,103,318
Cash, end of year	\$23,103,508	\$19,410,648

See accompanying notes to financial statements

Central Contra Costa Sanitary District  
 Statements of Cash Flows  
 For the Fiscal Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating income (losses)	(\$42,162,153)	\$17,123,289
Adjustments to reconcile operating losses to cash flows from operating activities:		
Depreciation and amortization	25,003,263	23,044,769
Loss on disposal of asset	129,918	(939,343)
Changes in assets and liabilities:		
Receivables, net	(3,603,738)	952,161
Parts and supplies	(1,672,950)	(1,041,330)
Prepaid expenses	(610,976)	1,857,836
Accounts payable and accrued expenses	919,553	(4,208,797)
Accrued payroll and related expenses	(470,490)	1,178,783
Deposits payable	(166,322)	157,469
Provision for uninsured claims	215,510	49,411
Net pension asset/liability	8,141,251	3,412,120
Net OPEB asset/liability	(3,334,452)	(2,252,561)
Lease/SBITA related	172,107	866,656
Net cash provided (used) by operating activities	(\$17,439,478)	\$40,200,462
 SCHEDULE OF NON CASH ACTIVITY		
Change in fair value of investments	\$4,564,109	\$973,100
Capital contributions	85,805,636	24,148,455
Total non cash activity	\$90,369,745	\$25,121,555
 CASH AND CASH EQUIVALENTS, AS PRESENTED ON STATEMENT OF NET POSITION:		
Unrestricted cash and cash equivalents	\$23,058,319	\$19,368,680
Restricted cash and cash equivalents	45,189	41,968
Total cash and cash equivalents at end of year	\$23,103,508	\$19,410,648

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, 2023 and 2022**

**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, 2023 and 2022**

**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.

Rate Stabilization Accounts (RSA) have been established by the Board and consist of book accounting in Running Expense and Sewer Construction Funds. Deposits and withdrawals to/from RSA require Board approval.

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

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

**C. *Investments***

Investments held at June 30, 2023 and 2022, 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. *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, 2023 and 2022**

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

**G. *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 calculated 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

**H. *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.

Property tax revenue recognized is 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, 2023 and 2022**

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

***I. 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.

***J. 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.

***K. Lease***

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction.

***L. Prior Year Summarized Comparative Information***

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, 2022, from which the summarized information was derived.

***M. New Governmental Accounting Standards Board (GASB) Statement Pronouncement***

**GASB Statement No. 96** – In May 2020, GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) was issued. GASB Statement No. 96 (GASB 96) establishes uniform accounting and financial reporting requirements for SBITAs; improves the comparability of government's financial statements; and enhances the understandability, reliability, relevance, and consistency of information about SBITAs. GASB 96 applies to government agencies who are currently using information technology (IT) software such as Office 365, Adobe, Zoom, and others as specified in their contracts. GASB 96 applies to all contracts meeting the definition of a SBITA, unless specifically excluded. As defined in GASB Statement No. 96, paragraph 6, a SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (with underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Years Ended June 30, 2023 and 2022**

**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:

	2023	2022
Cash and cash equivalents	\$23,058,319	\$19,368,680
Unrestricted investments, current	158,640,000	123,540,000
Restricted cash and investments	1,527	14
Total District Cash and Investments	181,699,846	142,908,694
Restricted prefunding pension trust assets	43,662	41,954
Total Cash and Investments	\$181,743,508	\$142,950,648

**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.

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**C. General Authorizations**

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

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

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**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	2023	
	Level 2	Total
<b>Investments Reported at Fair Value:</b>		
U.S. Treasury Obligations	\$107,000,000	\$107,000,000
U.S. Federal Agency Securities - FHLB	13,500,000	13,500,000
Total	\$120,500,000	120,500,000
 <b>External Investment Pool (Exempt):</b>		
California Local Agency Investment Fund		45,600,000
 <b>Investments Exempt from Fair Value Hierarchy:</b>		
Restricted Cash and Investments		1,527
Cash and Investments held with Pension Trust		43,662
Cash in bank and On Hand		15,598,319
<b>Total Cash and Investments</b>		<b>\$181,743,508</b>

U.S. Treasury Obligations totaling \$107.0 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.

U.S. Federal Agency Securities totaling \$13.5 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, 2023 and 2022**

**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:

Investment Type	2022	
	Level 2	Total
<b>Investments Reported at Fair Value:</b>		
U.S. Treasury Obligations	\$48,500,000	\$48,500,000
U.S. Federal Agency Securities - FHLB	18,500,000	18,500,000
Total	<u>\$67,000,000</u>	<u>67,000,000</u>
<b>External Investment Pool (Exempt):</b>		
California Local Agency Investment Fund		64,000,000
<b>Investments Exempt from Fair Value Hierarchy:</b>		
Restricted Cash and Investments		14
Cash and Investments held with Pension Trust		41,954
Cash in bank and On Hand		11,908,680
<b>Total Cash and Investments</b>		<u>\$142,950,648</u>

U.S. Treasury Obligations totaling \$48.5 million as well as U.S. Federal Agency Securities totaling \$18.5 million are 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.

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:

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Investment Type	2023			Total
	12 Months or Less	13 to 24 Months		
U.S. Treasury Obligations	\$104,500,000	\$2,500,000		\$107,000,000
U.S. Federal Agency Securities - FHLB	13,500,000			13,500,000
California Local Agency Investment Fund	45,600,000			45,600,000
<b>Total</b>	<b>163,600,000</b>	<b>2,500,000</b>		<b>166,100,000</b>
Restricted Cash and Investments				1,527
Restricted Cash and Investments held with Pension Trust				43,662
Cash in bank				15,598,319
<b>Total Cash and Investments</b>				<b>\$181,743,508</b>

Investment Type	2022			Total
	12 Months or Less	13 to 24 Months	25 to 36 Months	
U.S. Treasury Obligations	\$42,000,000	\$4,000,000	\$2,500,000	\$48,500,000
U.S. Federal Agency Securities - FHLB	18,500,000			18,500,000
California Local Agency Investment Fund	64,000,000			64,000,000
<b>Total</b>	<b>124,500,000</b>	<b>4,000,000</b>	<b>2,500,000</b>	<b>131,000,000</b>
Restricted Cash and Investments				14
Restricted Cash and Investments held with Pension Trust				41,954
Cash in bank				11,908,680
<b>Total Cash and Investments</b>				<b>\$142,950,648</b>

*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, 2023 and 2022, these investments had weighted average maturities of 260 and 311 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 amounts 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, 2023 and 2022**

**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	
	2023	2022
<i>Rated P-1:</i>		
U.S. Federal Agency Securities - FHLB	\$13,500,000	\$18,500,000
<i>AAA Rated:</i>		
U.S. Treasury Obligations	107,000,000	48,500,000
Total Rated Investments	120,500,000	67,000,000
<i>Not Rated:</i>		
California Local Agency Investment Fund	45,600,000	64,000,000
Restricted Cash and Investments	1,527	14
Cash and Investments held with Pension Trust	43,662	41,954
Cash in Bank	15,598,319	11,908,680
Total Cash and Investments	\$181,743,508	\$142,950,648

**G. Concentration of Credit Risk**

The investment policies of the District contain no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5 percent or more of total investments are as follows:

Investment Type	Reported Amount	Percentage of Holdings
U.S. Federal Agency Securities - FHLB	\$13,500,000	8.1%

**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, 2023 and 2022**

**NOTE 3 – ACCOUNTS RECEIVABLE**

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

	<u>2023</u>	<u>2022</u>
City of Concord (see Note 8)	\$27,657,109	\$23,934,463
Household Hazardous Waste Partners	948,222	877,608
All Other	<u>920,367</u>	<u>1,335,627</u>
Total Accounts Receivable	<u>\$29,525,698</u>	<u>\$26,147,698</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 per month until the loan is paid off. The interest rate associated with the loan is based on the most current Local Agency Investment Fund (LAIF) rate in effect at the time of loan execution. The maximum amount each employee may borrow is \$2,000. The loans receivable balance are as follows as of June 30:

	<u>2023</u>	<u>2022</u>
Employee Computer Loans	\$10,212	\$10,684
Additions	9,901	12,990
Payments	<u>(12,389)</u>	<u>(13,462)</u>
Total Loan Receivable	<u>\$7,724</u>	<u>\$10,212</u>

**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 accounts receivable in the financial statements.



**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**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, 2023 and 2022 were \$720,859 and \$738,052, 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, 2023 and 2022 were \$265,204 and \$429,201, respectively.

The District also established Septic to Sewer Financing (S2S) to provide low-cost financing to help homeowners connect to the public sewer system and properly abandon their septic tank. The program is open to residential property owners with private septic systems located near existing sewer mains within Central San’s service area. The S2S receivable balance at June 30, 2023 and 2022, were \$655,972 and \$249,044, respectively.

The total receivable balance at June 30, 2023 and 2022, for CAD, AVAD and S2S were \$1,642,035 and \$1,416,297, respectively and are 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, 2023 and 2022**

**NOTE 5 – CAPITAL ASSETS**

Property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2023:

	Balance at July 1, 2022	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2023
Capital assets not being depreciated:					
Land	\$17,320,570	-	-	-	\$17,320,570
Easements (intangible)	5,261,937	-	-	\$2,500	5,264,437
Construction in Progress	95,818,652	\$59,097,479	-	(28,153,606)	126,762,525
Total nondepreciated assets	<u>118,401,159</u>	<u>59,097,479</u>	<u>-</u>	<u>(28,151,106)</u>	<u>149,347,532</u>
Capital assets being depreciated					
Sewage collection system	443,262,940	-	(\$26,000)	14,491,074	457,728,014
Contributed sewer lines	167,746,429	1,311,857	(89,683)	-	168,968,603
Outfall sewers	16,872,714	-	-	1,136,534	18,009,248
Sewage treatment plant	392,167,194	-	-	9,190,613	401,357,807
Recycled water infrastructure	29,183,873	-	-	205,360	29,389,233
Pumping station	87,809,502	-	-	1,477,462	89,286,964
Buildings	44,819,817	-	-	7,694	44,827,511
Furniture and equipment	16,604,181	-	(5,105)	1,490,816	18,089,892
Motor vehicles	9,536,945	-	-	150,450	9,687,395
Enterprise software	3,682,802	-	-	1,103	3,683,905
Intangible right-to-use lease asset	1,165,199	1,310,988	-	-	2,476,187
Total depreciated assets	<u>1,212,851,596</u>	<u>2,622,845</u>	<u>(120,788)</u>	<u>28,151,106</u>	<u>1,243,504,759</u>
Less accumulated depreciation:					
Sewage collection system	94,898,440	6,079,504	(5,898)	-	100,972,046
Contributed sewer lines	70,113,115	2,215,679	(60,966)	-	72,267,828
Outfall sewers	4,408,945	231,478	-	-	4,640,423
Sewage treatment plant	254,124,018	8,795,392	-	-	262,919,410
Recycled water infrastructure	15,065,826	830,161	-	-	15,895,987
Pumping station	40,404,352	3,003,150	-	-	43,407,502
Buildings	19,282,241	1,294,559	-	-	20,576,800
Furniture and equipment	13,294,323	821,336	(5,105)	-	14,110,554
Motor vehicles	5,531,119	525,621	-	-	6,056,740
Enterprise software	1,193,838	368,336	-	-	1,562,174
Intangible right-to-use lease asset	191,629	838,047	-	-	1,029,676
Total accumulated depreciation	<u>518,507,846</u>	<u>25,003,263</u>	<u>(71,969)</u>	<u>-</u>	<u>543,439,140</u>
Total capital assets being depreciated, net	<u>694,343,750</u>	<u>(22,380,418)</u>	<u>(48,819)</u>	<u>28,151,106</u>	<u>700,065,619</u>
Capital assets, net	<u>\$812,744,909</u>	<u>\$36,717,061</u>	<u>(\$48,819)</u>	<u>-</u>	<u>\$849,413,151</u>

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**NOTE 5 – CAPITAL ASSETS (Continued)**

Property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2022:

	Balance at July 1, 2021 (restated)	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2022
Capital assets not being depreciated:					
Land	\$17,320,570	-	-	-	\$17,320,570
Easements (intangible)	4,969,507	-	-	\$292,430	5,261,937
Construction in Progress	106,345,492	\$73,636,093	-	(84,162,933)	95,818,652
Total nondepreciated assets	<u>128,635,569</u>	<u>73,636,093</u>	<u>-</u>	<u>(83,870,503)</u>	<u>118,401,159</u>
Capital assets being depreciated					
Sewage collection system	415,550,130	-	(\$151,800)	27,864,610	443,262,940
Contributed sewer lines	166,020,500	1,496,013	-	229,916	167,746,429
Outfall sewers	11,371,574	-	-	5,501,140	16,872,714
Sewage treatment plant	379,337,450	-	(930,600)	13,760,344	392,167,194
Recycled water infrastructure	27,372,848	-	-	1,811,025	29,183,873
Pumping station	57,529,109	-	(3,050,000)	33,330,393	87,809,502
Buildings	44,738,877	-	-	80,940	44,819,817
Furniture and equipment	16,344,229	-	(95,662)	355,614	16,604,181
Motor vehicles	9,470,782	-	(553,214)	619,377	9,536,945
Enterprise software	3,365,658	-	-	317,144	3,682,802
Intangible right-to-use lease asset	1,165,199	-	-	-	1,165,199
Total depreciated assets	<u>1,132,266,356</u>	<u>1,496,013</u>	<u>(4,781,276)</u>	<u>83,870,503</u>	<u>1,212,851,596</u>
Less accumulated depreciation:					
Sewage collection system	88,208,487	5,809,516	880,437	-	94,898,440
Contributed sewer lines	67,885,601	2,196,000	31,514	-	70,113,115
Outfall sewers	4,221,718	187,227	-	-	4,408,945
Sewage treatment plant	246,686,019	8,369,194	(931,195)	-	254,124,018
Recycled water infrastructure	14,278,072	787,754	-	-	15,065,826
Pumping station	41,033,139	2,421,213	(3,050,000)	-	40,404,352
Buildings	17,989,591	1,292,650	-	-	19,282,241
Furniture and equipment	12,517,312	872,673	(95,662)	-	13,294,323
Motor vehicles	5,507,799	564,490	(541,170)	-	5,531,119
Enterprise software	841,415	352,423	-	-	1,193,838
Intangible right-to-use lease asset	-	191,629	-	-	191,629
Total accumulated depreciation	<u>499,169,153</u>	<u>23,044,769</u>	<u>(3,706,076)</u>	<u>-</u>	<u>518,507,846</u>
Total capital assets being depreciated, net	<u>633,097,203</u>	<u>(21,548,756)</u>	<u>(1,075,200)</u>	<u>83,870,503</u>	<u>694,343,750</u>
Capital assets, net	<u>\$761,732,772</u>	<u>\$52,087,337</u>	<u>(\$1,075,200)</u>	<u>-</u>	<u>\$812,744,909</u>

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**NOTE 6 - LONG-TERM DEBT**

**A. Summary of Activity**

The changes in the District's long-term obligations during the year ended June 30, 2023 consisted of the following:

	Original Issue Amount	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Amount due within one year
<b>Bonds</b>						
2018 Series A Wastewater Revenue Refunding Bonds 1.39%-2.34% due 9/1/2029	\$151,350,000	\$12,640,000	-	\$1,335,000	\$11,305,000	\$1,395,000
2018 Series B Wastewater Revenue Refunding Bonds 2.36%-3.12% due 9/1/2023	4,315,000	1,120,000	-	550,000	570,000	570,000
Certificates of Participation 0.05%-0.62% due 9/1/2028	50,570,000	41,925,000	-	8,865,000	33,060,000	5,125,000
<b>Direct Borrowing</b>						
Loan						
Loan	173,105,000	-	\$15,588,706	-	15,588,706	-
<b>Total long-term debt</b>		<u>55,685,000</u>	<u>15,588,706</u>	<u>10,750,000</u>	<u>60,523,706</u>	<u>7,090,000</u>
<b>Add: Unamortized Premium</b>						
Revenue Bonds/Certificates		8,425,320	-	1,173,012	7,252,308	-
<b>Total long-term debt</b>		64,110,320	<u>\$15,588,706</u>	<u>\$11,923,012</u>	67,776,014	<u>\$7,090,000</u>
Less Current Portion		<u>(10,750,000)</u>			<u>(7,090,000)</u>	
Long Term Portion		<u>\$53,360,320</u>			<u>\$60,686,014</u>	

The changes in the District's long-term obligations during the year ended June 30, 2022 consisted of the following:

	Original Issue Amount	Balance July 1, 2021	Retirements	Balance June 30, 2022	Amount due within one year
2018 Series A Wastewater Revenue Refunding Bonds 1.39%-2.34% due 9/1/2029	\$151,350,000	\$13,910,000	\$1,270,000	\$12,640,000	\$1,335,000
2018 Series B Wastewater Revenue Refunding Bonds 2.36%-3.12% due 9/1/2023	4,315,000	1,655,000	535,000	1,120,000	550,000
Certificates of Participation 0.05%-0.62% due 9/1/2028	50,570,000	50,570,000	8,645,000	41,925,000	8,865,000
<b>Total long-term debt</b>		<u>66,135,000</u>	<u>10,450,000</u>	<u>55,685,000</u>	<u>10,750,000</u>
<b>Add: Unamortized Premium</b>					
Revenue Bonds/Certificates		9,598,331	1,173,011	8,425,320	-
<b>Total long-term debt</b>		75,733,331	<u>\$11,623,011</u>	64,110,320	<u>\$10,750,000</u>
Less Current Portion		<u>(10,450,000)</u>		<u>(10,750,000)</u>	
Long Term Portion		<u>\$65,283,331</u>		<u>\$53,360,320</u>	

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**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 Bonds Series A & B		2021 Wastewater Revenue Certificates of Participation		Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
	2024	\$1,965,000	\$539,267	\$5,125,000	\$1,524,875	-
2025	1,465,000	458,875	5,630,000	1,256,000	-	-
2026	1,535,000	383,875	6,165,000	961,125	-	-
2027	1,610,000	305,250	6,740,000	638,500	\$5,059,980	\$1,512,405
2028	1,685,000	222,875	6,905,000	297,375	5,097,201	1,549,626
2029-2033	3,615,000	182,875	2,495,000	62,375	5,431,525	1,417,647
Total	<u>\$11,875,000</u>	<u>\$2,093,017</u>	<u>\$33,060,000</u>	<u>\$4,740,250</u>	<u>\$15,588,706</u>	<u>\$4,479,678</u>

**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, 2023 amounted to \$11,875,000.

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**NOTE 6 – LONG-TERM DEBT (Continued)**

***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 was 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, 2023 amounted to \$33,060,000.

***E. Clean Water State Revolving Fund Loan***

The District entered into a contract in December 2021 to borrow funds from the State Water Resources Control Board. The funds are being used for the Solids Handling Improvement Project to rehabilitate and replace the sludge dewatering centrifuges, cake pumps, and furnace air pollution control equipment. The maximum loan amount is \$173,105,000, of which the District has drawn \$15,588,706. The loan bears interest at 0.9 percent per year for a term of 30 years. Repayments are schedule to commence in July 2027 following the completion of the project. As of June 30, 2023, the District owed \$15,588,706 on the loan.

***F. Compensated Absences***

The liability for vested vacation, compensatory time, and sick pay is recorded as an expense when earned. 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:

	<u>2023</u>	<u>2022</u>
Beginning Balance	\$6,272,875	\$5,094,092
Adjustments	(184,948)	1,364,591
Payments	<u>(285,542)</u>	<u>(185,808)</u>
Ending Balance	<u>\$5,802,385</u>	<u>\$6,272,875</u>
Current Portion	<u>\$580,239</u>	<u>\$627,288</u>

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.

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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.

**A. Insurance Coverage**

The District’s insurance coverage is as follows:

Type of Coverage	Insurer	Limits	Self Insured Deductible Per Occurrence
<b>All-Risk Property:</b>			
Special Form Property	Alliant Property Insurance Program	\$659,500,809	\$250,000
Crime	National Union Fire Ins. Company	1,000,000	2,500
<b>Liability:</b>			
Fiduciary Liability Insurance	Hudson Insurance Company	1,000,000	25,000
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
Excess Liability	Safety National Casualty Company	2,000,000	500,000
Excess Liability	Safety National Casualty Company	3,000,000	-
Excess Following Form Liability Policy	Hallmark	5,000,000	-
Excess Following Form Liability Policy	Evanston Insurance Company	5,000,000	-
Employment Practice Liability	Indian Harbor	500,000	35,000
<b>Worker's Compensation:</b>			
Excess Workers' Compensation	CSRMA/Safety National Casualty Company	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 independent actuary has calculated its potential liability as of June 30, 2023 to be \$1,719,986.

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, 2022. 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, 2023 and 2022**

**NOTE 7 – RISK MANAGEMENT (Continued)**

For fiscal years ended June 30, 2023, 2022, and 2021, settlements have not exceeded insurance coverage. Changes in the District’s estimated liability for retained losses are summarized as follows as of June 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning Balance	\$1,504,476	\$1,455,065	\$1,221,293
Provisions for claims incurred in the current and changes in the liability for retained-losses incurred in prior years	516,226	202,162	596,645
Claims paid and/or adjustments	<u>(300,716)</u>	<u>(152,751)</u>	<u>(362,873)</u>
Ending Balance	<u>\$1,719,986</u>	<u>\$1,504,476</u>	<u>\$1,455,065</u>

The District’s Self Insurance program also maintains a reserve of \$7.5 million for catastrophic losses.

**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 \$17,700,461 and \$9,956,648 respectively, for the year ended June 30, 2023, for a total of \$27,657,109. Service charges and contributions to capital costs from the City totaled \$16,086,801 and \$7,799,702 respectively, for the year ended June 30, 2022, for a total of \$23,934,463.



**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**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, 2022 providing the plan funded status as of that date and contribution rates for the fiscal year ended June 30, 2023. 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](http://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.

The Plans’ provisions and benefits in effect at June 30, 2023, 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 - \$330,000	\$175,250
Minimum retirement age (with benefit reductions)	50	52
Normal retirement age (unreduced benefits)	55	62
Required employee contribution rates	8.47%-15.98%	11.52%
Required employer contribution rates	17.04%	11.46%

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 – PENSION PLANS (Continued)**

**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, 2023, the District’s contributions to the Plan were \$6,812,146.

**Net Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions** - The District reported net pension liability for its proportionate share of the net liability of the Plan in the amount of \$37,772,326 for the year ended June 30, 2023. The District reported net pension asset for its proportionate share of the net pension asset of the Plan in the amount of \$53,543,789 for the year ended June 30, 2022.

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, 2022, 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, 2021 rolled forward to December 31, 2022 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.

The District’s proportionate share of the net pension liability for the Plan as of December 31, 2021, 2022 and 2023 were as follows:

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability (Asset)	Proportionate Share of Net Pension Liability (Asset)	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
2021	10.594%	\$48,886,895	\$37,131,965	131.66%	89.10%
2022	22.039%	(53,543,789)	37,667,972	-142.15%	111.27%
2023	2.224%	37,772,326	40,424,238	93.44%	92.35%

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**NOTE 9 – PENSION PLANS (Continued)**

For the year ended June 30, 2023, the District recognized a pension expense of \$14,964,370. At June 30, 2023, 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	\$2,902,793	-
Differences between expected and actual experience	2,127,183	(\$73,988)
Changes of assumptions or other inputs	2,764,855	(129,972)
Change in proportion and differences between employer contributions and proportionate share of contributions	48,567,158	(52,727,083)
Net difference between projected and actual earnings on pension plan investments	22,392,525	-
Total	\$78,754,514	(\$52,931,043)

The \$2,902,793 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, 2024.

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
2024	\$10,036,279
2025	10,164,138
2026	96,505
2027	2,623,756
Total	\$22,920,678

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**NOTE 9 – PENSION PLANS (Continued)**

**Actuarial Assumptions** – The total pension liability in the December 31, 2022 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	December 31, 2022
Measurement Date	December 31, 2022
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation Rate	2.50%
Payroll Growth	2.50% (1)
Projected Salary Increase	3.50%-14.00%
Cost of Living Adjustments	2.75%
Investment Rate of Return	6.75%
Mortality	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021

(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 6.75% as of December 31, 2022 and December 31, 2021. 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 December 31, 2022 and December 31, 2021.

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**NOTE 9 – PENSION PLANS (Continued)**

The long-term expected rate of return on pension plan investments was determined in 2023 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. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. 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 Arithmetic Real Rate of Return
Large Cap U.S. Equity	10%	5.40%
Small Cap U.S. Equity	3%	6.17%
Developed International Equi	10%	6.13%
Emerging Markets Equity	9%	8.17%
Core Fixed	4%	0.39%
Short-Term Credit	14%	-0.14%
Cash and Equivalents	3%	-0.73%
Private Equity	15%	10.83%
Private Credit	13%	5.93%
Infrastructure	3%	6.30%
Value Add Real Estate	5%	7.20%
Opportunistic Real Estate	5%	8.50%
Risk Parity	3%	3.80%
Hedge Funds	3%	2.40%
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, 2023:

	Miscellaneous
1% Decrease	5.75%
Net Pension Liability (Asset)	\$103,941,595
Current Discount Rate	6.75%
Net Pension Liability (Asset)	\$37,772,326
1% Increase	7.75%
Net Pension Liability (Asset)	(\$16,442,222)

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**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) Money Purchase 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 \$2,776,729 and \$2,675,230 to the Plan during the years ended June 30, 2023 and 2022, respectively. In addition to contributions made by the District as described previously, commencing this fiscal year, unrepresented employees elected to make mandatory irrevocable contributions to the plan.

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 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN**

**A. General Information about the District's 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 Annual Comprehensive 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](mailto:info@pars.org).

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN  
(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, 2023:

Active employees	273
Inactive employees or beneficiaries currently receiving benefit payments	275
Inactive employees entitled to but not yet receiving benefit payments	-
Total	548

**B. Net OPEB Liability**

**Actuarial Methods and Assumptions** – The District’s net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2022 that was rolled forward using standard update procedures to determine the \$81,190,218 total OPEB liability as of June 30, 2023, based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	July 1, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Contribution and Funding Policy	District contributes full ADC
Discount Rate and Long-Term	5.25% at June 30, 2023
Expected Rate of Return on Assets	5.50% at June 30, 2022
General Inflation	2.50% Annually
Mortality, Disability, Termination, Retirement	CCCERA 2018-20 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Medical Trend	Non-Medicare - 8.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 7.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 6.25% for 2024, decreasing to an ultimate rate of 3.45% in 2076
Dental and Vision Trend	3.50% annually
Healthcare Participation for Future Retirees	Currently Covered: 100% Currently Waived Coverage: 95% Self-Pay Board Members: 50%
Changes of assumptions	General inflation changed to 2.50% Discount rate was updated based on more recent capital market assumptions and new inflation CCCERA demographic assumptions were updated based on a new experience study Healthcare trend rates were updated Medicare eligible implied subsidy assumptions were updated Mortality improvement scale was updated to Scale MP-2021

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN  
(Continued)**

The underlying mortality assumptions were based on the mortality improvement projected generationally with Scale MP-21 and all other actuarial assumptions used in the July 1, 2022 valuation were based on the results of a July 1, 2022 actuarial experience study for the period of July 1, 2022 to June 30, 2023.

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:

<u>Asset Class Component</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Global Equity	50.0%	4.56%
Fixed Income	45.0%	0.78%
Cash	5.0%	-0.50%
Total	<u>100%</u>	
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return, Rounded		5.25%

**Discount Rate** – The discount rate used to measure the total OPEB liability was 5.25%. 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, 2023 and 2022**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN  
(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 July 1, 2022	\$87,991,154	\$75,139,609	\$12,851,545
Changes Recognized for the Measurement Period:			
Service Cost	2,215,263	-	2,215,263
Interest on the total OPEB liability	4,849,272	-	4,849,272
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(5,519,185)	-	(5,519,185)
Changes of assumptions	(4,270,646)	-	(4,270,646)
Contributions from the employer	-	4,862,308	(4,862,308)
Contributions from the employee	-	-	-
Net investment income	-	5,632,562	(5,632,562)
Benefit payments	(4,075,640)	(4,075,640)	-
Administrative expenses	-	(216,708)	216,708
Net Changes	(6,800,936)	6,202,522	(13,003,458)
Balance at June 30, 2023	\$81,190,218	\$81,342,131	(\$151,913)

**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, 2023, 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 (4.25%) or 1-percentage-point higher (6.25%) than the current discount rate:

Net OPEB Liability (Asset)		
Discount Rate -1% (4.25%)	Discount Rate (5.25%)	Discount Rate +1% (6.25%)
\$9,930,924	(\$151,913)	(\$8,517,509)

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		
1% Decrease	Trend Rates	1% Increase
(\$8,445,000)	(\$151,913)	\$11,298,025

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN  
(Continued)**

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

For the year ended June 30, 2023, the District recognized an OPEB expense of \$1,527,856. At June 30, 2023, 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 expected and actual experience	\$1,362,299	(\$4,893,694)
Changes of assumptions	197,865	(3,661,397)
Net difference between projected and actual earnings	3,540,284	-
Total	\$5,100,448	(\$8,555,091)

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
2024	(\$876,495)
2025	(821,647)
2026	943,965
2027	(2,146,325)
2028	(554,141)
Total	(\$3,454,643)

***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, 2023 and 2022**

**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 – LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS**

**A. *Lease Receivable***

The District has entered into 10 multi-year leases agreements as the lessor for various parcels of land. The terms of these leases are between one and ten years and the District will receive monthly payments from each lessee. The District recognized \$704,615 in lease revenue and \$234,534 in interest revenue during the current fiscal year related to these leases. As of June 30, 2023 and 2022, the District receivable for lease payments were \$4,224,394 and \$4,635,788, respectively. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023 and 2022, the balance of the deferred inflow of resources were \$3,970,164 and \$4,514,638, respectively.

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
<u>Leases Receivable</u>				
Land	\$4,635,788	-	\$411,394	\$4,224,394
Less current portion	<u>(411,394)</u>			<u>(605,747)</u>
Non-current portion	<u>\$4,224,394</u>			<u>\$3,618,647</u>

	Balance July 1, 2021 (as restated)	Additions	Retirements	Balance June 30, 2022
<u>Leases Receivable</u>				
Land	\$5,092,905	-	\$457,117	\$4,635,788
Less current portion	<u>(457,117)</u>			<u>(502,430)</u>
Non-current portion	<u>\$4,635,788</u>			<u>\$4,133,358</u>

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**NOTE 12 - LEASES (Continued)**

**B. Lease Payable**

A summary of lease transactions for the fiscal years ended June 30, 2023 and 2022, are as follows:

<u>Leases Payable</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>
Land	\$762,557	-	\$66,909	\$695,648
Equipment	225,249	-	112,812	112,437
Total	<u>\$987,806</u>	<u>-</u>	<u>\$179,721</u>	<u>\$808,085</u>
Less current portion	<u>(179,721)</u>			<u>(182,246)</u>
Non-current portion	<u>\$808,085</u>			<u>\$625,839</u>

<u>Leases Payable</u>	<u>Balance July 1, 2021 (as restated)</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2022</u>
Land	\$827,341	-	\$64,784	\$762,557
Equipment	337,858	-	112,609	225,249
Total	<u>\$1,165,199</u>	<u>-</u>	<u>\$177,393</u>	<u>\$987,806</u>
Less current portion	<u>(177,393)</u>			<u>(179,721)</u>
Non-current portion	<u>\$987,806</u>			<u>\$808,085</u>

The District has entered into three multi-year lease agreements as lessee for the use of land and office equipment. As of June 30, 2023 and 2022, the value of the lease liability were \$808,085 and \$987,806, respectively. The District is required to make monthly principal and interest payments of \$15,524. The leases have a weighted average interest rate of 0.83%. The value of the right-to-use asset as of the end of the current fiscal year was \$1,165,199 and had accumulated amortization of \$383,257.

The future principal and interest lease payments as of June 30, 2023, were as follows:

<u>For the Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$182,246	\$6,719	\$188,965
2025	72,805	5,869	78,674
2026	75,900	5,134	81,034
2027	79,097	4,368	83,465
2028	82,399	3,570	85,969
2029-2032	<u>315,638</u>	<u>5,724</u>	<u>321,362</u>
	<u>\$808,085</u>	<u>\$31,384</u>	<u>\$839,469</u>

**CENTRAL CONTRA COSTA SANITARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

**NOTE 12 – LEASES (Continued)**

**C. Subscription-Based Information Technology Arrangements (SBITAs)**

A summary of SBITA transactions for the fiscal year ended June 30, 2023, are as follows:

SBITA Payable	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Subscriptions	-	\$1,310,988	\$826,079	\$484,909

The District has entered into four multi-year SBITAs for the use of information technology software. An initial lease liability was recorded in the amount of \$1,310,988 during the current fiscal year. As of June 30, 2023 the value of the SBITA current liability was \$484,909. The value of the right-to-use asset as of the end of the current fiscal year was \$1,310,988 and had accumulated amortization of \$646,419.

**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 capital projects that involve multi-year contracts. Purchase commitments related to these multi-year contracts are approximately \$73,906,397 and \$42,848,558 as of June 30, 2023 and 2022, respectively.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Cost-Sharing Multiple Employer Defined Benefit Retirement Plan**  
**As of Fiscal Year Ending June 30, 2023**  
**PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**Last 10 Fiscal Years <sup>1</sup>**

Measurement date	December 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	2.22%	22.04%	10.59%	7.42%	6.33%	7.86%	6.27%	6.09%	7.49%
Proportionate share of the net pension liability (asset)	\$37,772,326	(\$53,543,789)	\$48,886,895	\$64,117,450	\$90,430,104	\$63,806,000	\$87,847,116	\$91,746,888	\$89,535,510
Covered payroll <sup>2</sup>	\$40,424,238	\$37,667,972	\$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	93.44%	-142.15%	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	92.35%	111.27%	89.10%	85.05%	77.86%	83.58%	76.44%	74.14%	73.86%

<sup>1</sup> The fiscal year ending June 30, 2015 was the first year of implementation

<sup>2</sup> 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, 2023**  
**SCHEDULE OF CONTRIBUTIONS**  
**Last 10 Years\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribuion	\$6,812,146	\$7,001,200	\$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	<u>6,812,146</u>	<u>7,001,200</u>	<u>70,944,418</u>	<u>18,046,778</u>	<u>17,520,615</u>	<u>17,880,152</u>	<u>18,043,391</u>	<u>22,752,611</u>	<u>24,451,234</u>
Contributions deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$44,642,742	\$40,916,867	\$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	15.26%	17.11%	170.44%***	44.72%	45.53%	48.80%	51.29%	69.63%	81.25%

Notes to Schedule  
Measurement Date:

12/31/22

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	3 years **
Asset valuation method	5-year semi-annually
Inflation	2.50%
Salary increases	3.50% - 14.00%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Retirement age	50 years Classic, 52 years PEPRA
Mortality	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table

\* Fiscal year 2015 was the first year of implementation

\*\* Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 2 years remaining as of December 31, 2020 and 3 years remaining as of December 31, 2019. 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. The entire increase in UAAL resulting from a temporary retirement incentive will be funded in full upon adoption of the incentive.

\*\*\*Includes one-time payment of \$70.8 million to CCCERA to pay down the pension UAAL.



**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	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Total OPEB Liability</b>							
Service Cost	\$2,215,263	\$2,150,741	\$2,249,861	\$2,184,331	\$2,447,310	\$2,370,276	\$2,295,667
Interest	4,849,272	4,696,247	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	(5,519,185)		3,219,980		(7,346,935)		
Changes of assumptions	(4,270,646)		(464,535)		3,495,645		
Benefit payments	<u>(4,075,640)</u>	<u>(4,182,821)</u>	<u>(4,654,246)</u>	<u>(4,145,654)</u>	<u>(5,697,440)</u>	<u>(5,571,750)</u>	<u>(5,404,627)</u>
<b>Net change in total OPEB liability</b>	<u>(6,800,936)</u>	<u>2,664,167</u>	<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>
<b>Total OPEB liability - beginning</b>	<u>87,991,154</u>	<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>	<u>99,658,338</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$81,190,218</u>	<u>\$87,991,154</u>	<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>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$4,862,308	\$5,168,000	\$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	5,632,562	(10,230,951)	14,958,207	2,994,909	4,920,923	3,354,822	4,735,576
Administrative expense	(216,708)	(221,902)	(200,304)	(182,833)	(174,362)	(164,446)	(5,404,627)
Benefit payments	<u>(4,075,640)</u>	<u>(4,182,821)</u>	<u>(4,654,246)</u>	<u>(4,145,654)</u>	<u>(5,697,440)</u>	<u>(5,571,750)</u>	<u>(139,063)</u>
<b>Net change in plan fiduciary net position</b>	<u>6,202,522</u>	<u>(9,467,674)</u>	<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>
<b>Plan fiduciary net position - beginning</b>	<u>75,139,609</u>	<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>	<u>42,703,154</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$81,342,131</u>	<u>\$75,139,609</u>	<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>(\$151,913)</u>	 <u>\$12,851,545</u>	 <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	 100.19%	 85.39%	 99.16%	 87.09%	 84.70%	 56.25%	 50.93%
 Covered-employee payroll	 <u>44,642,742</u>	 <u>40,961,867</u>	 <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>-0.34%</u>	 <u>31.37%</u>	 <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,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$3,331,000	\$3,324,000	\$3,917,000	\$3,906,000	\$7,524,000	\$7,866,000	\$7,866,000
Contributions in relation to the actuarially determined contribution	<u>4,862,308</u>	<u>5,168,000</u>	<u>4,654,246</u>	<u>5,395,654</u>	<u>7,280,240</u>	<u>10,433,327</u>	<u>10,433,327</u>
Contribution deficiency (excess)	<u>(\$1,531,308)</u>	<u>(\$1,844,000)</u>	<u>(\$737,246)</u>	<u>(\$1,489,654)</u>	<u>\$243,760</u>	<u>(\$2,567,327)</u>	<u>(\$2,567,327)</u>
Covered-employee payroll	<u>\$44,642,742</u>	<u>\$40,961,867</u>	<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>
Contributions as a percentage of covered payroll	10.89%	12.62%	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, 2022
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	5.25% at June 30, 2023
General Inflation	2.50% annually
Medical Trend	Non-Medicare - 8.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 7.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 6.25% for 2024, decreasing to an ultimate rate of 3.45% in 2076
Dental Trend	3.50% annually
Mortality Rate	CCCERA 2018-2020 Experience Study
Mortality Improvement	Mortality projected fully generationally with Scale MP-2021

\* Fiscal year 2017 was the first year of implementation

**SUPPLEMENTARY INFORMATION**

Central Contra Costa Sanitary District  
Combining Schedule of Net Position  
Enterprise Sub-Funds  
June 30, 2023

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Totals
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$14,779,964	\$7,544,294	\$734,061	-	\$23,058,319
Restricted cash and investments	-	-	-	\$1,527	1,527
Unrestricted investments	18,040,000	130,500,000	10,100,000	-	158,640,000
Restricted investments	43,662	-	-	-	43,662
Accounts receivable	19,500,717	10,024,981	-	-	29,525,698
Current portion of lease receivable	605,747	-	-	-	605,747
Interest receivable	180,671	173,520	75,703	-	429,894
Prepaid assets	1,253,175	20,000	-	-	1,273,175
Supplies & material inventory	5,800,474	-	-	-	5,800,474
<b>Total current assets</b>	<b>60,204,410</b>	<b>148,262,795</b>	<b>10,909,764</b>	<b>1,527</b>	<b>219,378,496</b>
<b>NON-CURRENT ASSETS</b>					
Non-current portion of lease receivable	3,618,647	-	-	-	3,618,647
Assessment Districts receivable	-	1,642,035	-	-	1,642,035
Net OPEB asset	151,913	-	-	-	151,913
<b>CAPITAL ASSETS</b>					
Nondepreciable	149,347,532	-	-	-	149,347,532
Depreciable, net of accumulated depreciation	700,065,619	-	-	-	700,065,619
<b>Total non-current assets</b>	<b>853,183,711</b>	<b>1,642,035</b>	<b>-</b>	<b>-</b>	<b>854,825,746</b>
<b>TOTAL ASSETS</b>	<b>913,388,121</b>	<b>149,904,830</b>	<b>10,909,764</b>	<b>1,527</b>	<b>1,074,204,242</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related	78,754,514	-	-	-	78,754,514
OPEB related	5,100,448	-	-	-	5,100,448
<b>Total deferred outflows of resources</b>	<b>83,854,962</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,854,962</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	3,224,945	8,552,585	94,983	-	11,872,513
Salaries & benefits payable	1,404,696	59,973	-	-	1,464,669
Interest payable	39,552	833,138	-	745,345	1,618,035
Provision for uninsured claims	-	-	1,719,986	-	1,719,986
Deposits payable	268,404	-	-	-	268,404
Compensated absences payable, current	580,239	-	-	-	580,239
Current portion of long-term obligations	-	-	-	7,090,000	7,090,000
Current portion of lease payable	182,246	-	-	-	182,246
Current portion of SBITAs	484,909	-	-	-	484,909
<b>Total current liabilities</b>	<b>6,184,991</b>	<b>9,445,696</b>	<b>1,814,969</b>	<b>7,835,345</b>	<b>25,281,001</b>
<b>NON-CURRENT LIABILITIES</b>					
Net pension liability	37,772,326	-	-	-	37,772,326
Non-current portion of long term obligations	-	-	-	60,686,014	60,686,014
Accrued compensated absences - non-current	5,222,146	-	-	-	5,222,146
Non-current portion of lease payable	625,839	-	-	-	625,839
<b>Total non-current liabilities</b>	<b>43,620,311</b>	<b>-</b>	<b>-</b>	<b>60,686,014</b>	<b>104,306,325</b>
<b>TOTAL LIABILITIES</b>	<b>49,805,302</b>	<b>9,445,696</b>	<b>1,814,969</b>	<b>68,521,359</b>	<b>129,587,326</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related	52,931,043	-	-	-	52,931,043
OPEB related	8,555,091	-	-	-	8,555,091
Lease related	3,970,164	-	-	-	3,970,164
<b>Total deferred inflows of resources</b>	<b>65,456,298</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,456,298</b>
<b>NET POSITION</b>					
Net investment in capital assets	849,413,151	-	-	(67,776,014)	781,637,137
Restricted net position	-	-	-	1,527	1,527
Unrestricted net position	32,568,332	140,459,134	9,094,795	(745,345)	181,376,916
<b>TOTAL NET POSITION</b>	<b>\$881,981,483</b>	<b>\$140,459,134</b>	<b>\$9,094,795</b>	<b>(\$68,519,832)</b>	<b>\$963,015,580</b>

Central Contra Costa Sanitary District  
Combining Schedule of Revenues, Expenses and Changes in Net Position  
Enterprise Sub-Funds  
For the Fiscal Year Ended June 30, 2023

	<u>Running Expense</u>	<u>Sewer Construction</u>	<u>Self Insurance</u>	<u>Debt Service</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>					
Sewer service charge (SSC)	\$48,447,114	-	\$1,662,101	-	\$50,109,215
Sewage treatment cost sharing	17,649,002	-	-	-	17,649,002
Miscellaneous service charges	2,233,077	-	-	-	2,233,077
<b>Total operating revenues</b>	<b>68,329,193</b>	<b>-</b>	<b>1,662,101</b>	<b>-</b>	<b>69,991,294</b>
<b>OPERATING EXPENSES</b>					
Salaries & benefits	60,809,719	-	-	-	60,809,719
Contracted services	10,127,978	-	452,173	\$5,800	10,585,951
Utilities & fuel	8,174,185	-	-	-	8,174,185
Chemicals	2,175,040	-	-	-	2,175,040
General supplies	2,675,384	-	-	-	2,675,384
Other operating expenses	1,220,704	-	1,509,201	-	2,729,905
Asset purchases	-	-	-	-	-
Gain (loss) on sale of asset	-	-	-	-	-
Depreciation and amortization expense	25,003,263	-	-	-	25,003,263
Contra-expense capital outlays	-	-	-	-	-
<b>Total operating expenses</b>	<b>110,186,273</b>	<b>-</b>	<b>1,961,374</b>	<b>5,800</b>	<b>112,153,447</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(41,857,080)</b>	<b>-</b>	<b>(299,273)</b>	<b>(5,800)</b>	<b>(42,162,153)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Taxes	-	\$11,028,136	-	11,905,088	22,933,224
Permit and inspection fees	1,706,192	336,275	-	-	2,042,467
Grants	-	-	-	-	-
Investment income	959,893	2,940,938	224,642	-	4,125,473
Interest expense	(28,183)	-	-	(1,149,288)	(1,177,471)
Gain (loss) on sale of asset	(48,819)	178,737	-	-	129,918
Other non-operating income	927,631	122,136	23,878	-	1,073,645
<b>Total non-operating revenues (expenses), net</b>	<b>3,516,714</b>	<b>14,606,222</b>	<b>248,520</b>	<b>10,755,800</b>	<b>29,127,256</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(38,340,366)</b>	<b>14,606,222</b>	<b>(50,753)</b>	<b>10,750,000</b>	<b>(13,034,897)</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
Other government revenue - Concord	-	9,956,648	-	-	9,956,648
Customer contributions to capital	-	67,227,158	-	-	67,227,158
Non-exchange capital contributions/donations	1,456,478	-	-	-	1,456,478
Capacity fees	-	7,165,352	-	-	7,165,352
<b>Total capital contributions</b>	<b>1,456,478</b>	<b>84,349,158</b>	<b>-</b>	<b>-</b>	<b>85,805,636</b>
Interfund transfers in/out	59,097,480	(44,858,890)	-	(14,238,590)	-
<b>CHANGE IN NET POSITION</b>	<b>22,213,592</b>	<b>54,096,490</b>	<b>(50,753)</b>	<b>(3,488,590)</b>	<b>72,770,739</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>859,767,891</b>	<b>86,362,644</b>	<b>9,145,548</b>	<b>(65,031,242)</b>	<b>890,244,841</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$881,981,483</b>	<b>\$140,459,134</b>	<b>\$9,094,795</b>	<b>(\$68,519,832)</b>	<b>\$963,015,580</b>



# STATISTICS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

## CENTRAL CONTRA COSTA SANITARY DISTRICT STATISTICAL SECTION

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

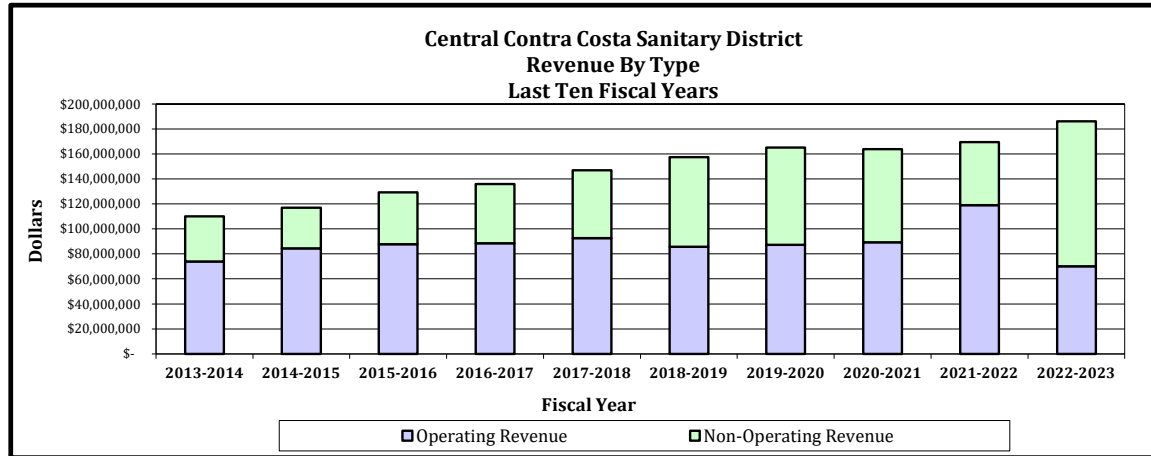
<b>Contents</b>	<b>Pages</b>
Financial Position and Trends These schedules contain current and trend information to help the reader understand the District's financial position and how the District's financial performance and well-being have changed over time.	61-63
Revenue Capacity These schedules contain information to help the reader assess the District's most significant revenue source of sewer service fees.	64-67
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	68-69
Demographic and Economic Factors These schedules offer demographic, economic, and District indicators to help the reader understand the environment within which the District's financial activities take place.	70-71
Operating Information These schedules contain data to help the reader understand how the information in the District's financial report relates to the services it provides and the activities it performs.	72-73

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

<b>Changes in Net Position</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>
<b>Operating Revenues:</b>										
Sewer Service Charges (SSC)	\$60,796,421	\$70,023,512	\$72,233,903	\$73,138,235	\$75,824,221	\$68,656,908	\$70,408,903	\$72,325,340	\$100,680,646	\$50,109,215
City of Concord	11,625,864	12,892,945	13,913,960	13,851,253	14,973,623	15,205,292	14,923,591	15,002,567	16,086,801	17,649,002
Other Service Charges	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	544,589	593,780	623,659	606,453	619,997	689,727	714,043	743,276	2,164,237	2,233,077
<b>Total Operating Revenue</b>	<b>74,002,008</b>	<b>84,516,434</b>	<b>87,734,536</b>	<b>88,625,441</b>	<b>92,496,435</b>	<b>85,678,166</b>	<b>87,222,779</b>	<b>89,242,561</b>	<b>118,931,684</b>	<b>69,991,294</b>
<b>Operating Expenses:</b>										
Salaries & Benefits	58,954,452	66,104,630	63,988,158	62,342,392	68,862,484	65,071,382	62,672,096	134,187,829	55,538,097	56,002,920
Chemicals, Utilities & Supplies	8,063,309	7,466,490	7,304,619	8,115,004	7,477,602	8,093,144	8,088,750	8,738,404	10,972,308	13,024,609
Professional & Outside Services	3,995,860	3,322,881	4,196,302	3,891,224	2,988,280	3,276,763	2,684,034	4,160,807	5,404,618	4,456,818
Hauling, Disposal, Repairs & Maintenance	4,041,355	4,758,260	5,780,533	5,662,086	5,461,011	5,755,590	5,435,406	5,751,355	3,781,839	5,676,960
Self-Insurance (net of transfers)	214,290	496,381	72,486	(300,108)	(332,483)	1,039,444	1,110,798	550,000	1,640,304	1,961,374
Pension/OP&EB Expense	-	(3,012,757)	(9,778,389)	(4,080,558)	1,104,358	(33,307,168)	(2,386,849)	(70,933,999)	373,099	4,806,799
Depreciation	21,892,545	22,740,942	22,885,030	22,892,153	21,561,704	20,983,353	21,253,062	21,531,302	23,044,768	25,003,263
All Other	2,346,583	2,473,963	3,343,778	2,942,592	2,558,122	2,366,416	1,858,144	1,459,081	1,992,706	1,220,704
<b>Total Operating Expenses</b>	<b>99,508,394</b>	<b>104,350,790</b>	<b>97,792,517</b>	<b>101,464,785</b>	<b>109,681,078</b>	<b>73,278,924</b>	<b>100,715,441</b>	<b>105,444,779</b>	<b>102,747,739</b>	<b>112,153,447</b>
<b>Operating Loss</b>	<b>(25,506,386)</b>	<b>(19,834,356)</b>	<b>(10,057,981)</b>	<b>(12,839,344)</b>	<b>(17,184,643)</b>	<b>12,399,242</b>	<b>(13,492,662)</b>	<b>(16,202,218)</b>	<b>16,183,945</b>	<b>(42,162,153)</b>
<b>Non-Operating Revenues (Expenses):</b>										
Property Taxes	13,093,841	14,083,331	14,835,167	16,318,874	17,650,741	18,251,794	18,876,886	20,516,826	21,239,420	22,933,224
Connection & Other Fees	1,575,251	1,843,942	2,546,723	2,600,888	2,592,137	2,648,708	2,251,245	2,440,187	2,308,395	2,042,467
Interest Income	359,288	318,475	562,308	761,838	1,223,349	2,573,964	2,310,269	1,678,028	772,909	4,125,473
Interest Expense	(1,996,689)	(1,523,127)	(1,427,641)	(1,313,398)	(1,230,680)	(1,025,006)	(604,851)	(542,226)	(1,950,841)	(1,177,471)
All Other *	932,464	1,828,530	1,195,095	966,244	1,075,838	1,424,520	1,219,811	3,193,569	2,053,331	1,203,563
<b>Total Non-Operating</b>	<b>13,964,155</b>	<b>16,551,151</b>	<b>17,711,652</b>	<b>19,334,446</b>	<b>21,311,385</b>	<b>23,873,980</b>	<b>24,053,360</b>	<b>27,286,384</b>	<b>24,423,214</b>	<b>29,127,256</b>
<b>Income Before Contributions and Transfers</b>	<b>(11,542,231)</b>	<b>(3,283,205)</b>	<b>7,653,671</b>	<b>6,495,102</b>	<b>4,126,742</b>	<b>36,273,222</b>	<b>10,560,698</b>	<b>11,084,166</b>	<b>40,607,159</b>	<b>(13,034,897)</b>
Customer Contributions*	10,486,067	6,769,623	11,991,752	16,628,105	20,425,514	36,562,141	44,222,958	40,220,549	18,067,469	77,183,806
Contributed Sewer Lines	1,462,316	794,218	1,774,168	2,899,042	2,003,614	2,179,641	1,761,808	923,468	1,496,013	1,456,478
Capital Contributions - Connection Fees	8,224,517	6,673,298	8,543,758	7,044,340	9,331,420	8,145,068	7,083,702	5,500,316	4,584,973	7,165,352
<b>CHANGE IN NET POSITION</b>	<b>8,630,669</b>	<b>10,953,934</b>	<b>29,963,349</b>	<b>33,066,589</b>	<b>35,887,290</b>	<b>83,160,072</b>	<b>63,629,166</b>	<b>57,728,499</b>	<b>64,755,614</b>	<b>72,770,739</b>
Total Net Position - Beginning	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	890,244,841
Prior Period Adjustment - GASB 68 and 71	-	(91,692,522)	-	-	-	-	-	-	-	-
Prior Period Adjustment - GASB 75	-	-	-	-	(41,552,816)	-	-	-	-	-
<b>Total Net Position - Ending</b>	<b>\$644,345,666</b>	<b>\$563,607,078</b>	<b>\$593,570,427</b>	<b>\$626,637,016</b>	<b>\$620,971,490</b>	<b>\$704,131,562</b>	<b>\$767,760,728</b>	<b>\$825,489,227</b>	<b>\$890,244,841</b>	<b>\$963,015,580</b>
<b>Statement of Net Position</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>
Net Investment in Capital Assets	\$568,006,023	\$573,175,094	\$581,844,903	\$600,770,254	\$623,307,342	\$655,586,304	\$692,117,172	\$684,834,242	\$747,646,783	\$781,637,137
Restricted	4,809,248	4,288,008	4,363,251	4,449,437	4,421,504	(271,370)	2,639	34,929,105	14	1,527
Unrestricted	71,530,395	(13,856,024)	7,362,273	21,417,325	(6,757,356)	48,816,628	75,640,917	105,725,880	142,598,044	181,376,916
<b>Total Net Position</b>	<b>\$644,345,666</b>	<b>\$563,607,078</b>	<b>\$593,570,427</b>	<b>\$626,637,016</b>	<b>\$620,971,490</b>	<b>\$704,131,562</b>	<b>\$767,760,728</b>	<b>\$825,489,227</b>	<b>\$890,244,841</b>	<b>\$963,015,580</b>

Source: Central Contra Costa Sanitary District Audited Financial Statements





<b>Operating Revenue</b>					
Fiscal Year	Sewer Service Charges*	City of Concord	Other Service Charges	Miscellaneous Charges	Total Operating
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
2021-2022	100,680,646	16,086,801	-	2,164,237	118,931,684
2022-2023	50,109,215	17,649,002	-	2,233,077	69,991,294

<b>Non-Operating Revenue</b>						
Fiscal Year	Property Taxes	Customer Contributions *1	Connections & Other Fees *2	Interest	All Other	Total Non-Operating & Contributions
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
2021-2022	21,239,420	19,563,482	6,893,368	772,909	2,053,331	50,522,510
2022-2023	22,933,224	78,640,284	9,207,819	4,125,473	1,203,563	116,110,363

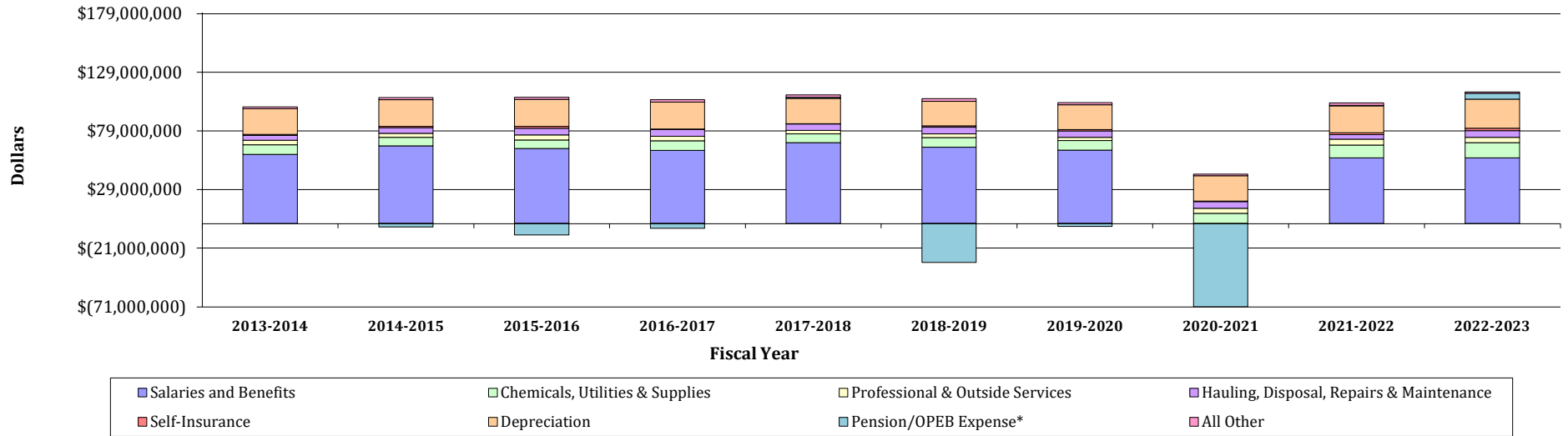
\* Sewer Service Charge (SSC) represents the Running Expense Fund portion of SSC County collections along with District direct billings and counter collections.

\*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
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	(28,743,050)	542,226
2021-2022	55,911,196	10,972,308	5,031,519	3,781,839	1,640,304	23,044,768	373,099	1,992,706	102,747,739	1,950,841
2022-2023	56,002,920	13,024,609	4,456,818	5,676,960	1,961,374	25,003,263	4,806,799	1,220,704	112,153,447	1,177,471

*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".

\*\*Reflects payment to CCCERA of \$70.6 million for pension liability pay-down

**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	Self-Insurance	Total	
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
2021-2022	442	209	\$10	660	6,803
2022-2023	\$284	\$396	\$10	\$690	\$7,200

Fiscal Year	Multi-Family Annual Sewer Service Charge (SSC) *1				Pump Zone Fee *3
	Operations	Capital	Self-Insurance	Total	
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
2021-2022	418	198	\$9	625	1,585
2022-2023	\$269	\$375	\$9	\$654	\$2,011

\*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.

**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>
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%
2021-2022	115,098,221,080	1,974,850,316	117,073,071,396	3.9%
2022-2023	123,119,257,816	1,855,761,569	124,975,019,385	6.7%

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

<u>Fiscal Year</u>	<u>Property Tax* Levied &amp; Collected</u>	<u>Collection Percentage</u>	<u>% Change</u>	<u>Sewer Service Charges* Levied &amp; Collected</u>	<u>Collection Percentage</u>	<u>% Change</u>
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%
2021-2022	22,323,425	100%	10.3%	108,725,443	100%	8.1%
2022-2023	22,947,184	100%	2.8%	114,989,889	100%	5.8%

\* 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.

Source: Contra Costa County Auditor-Controller's Office

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

Customer	2013-2014			2014-2015			2015-2016			2016-2017			2017-2018		
	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges
	City of Concord 1.	\$ 11,625,864	1	14.02%	\$ 12,892,945	1	14.38%	\$ 13,913,960	1	14.18%	\$ 13,851,253	1	13.37%	\$ 14,973,623	1
Chevron Offices & Office Park	419,590	2	0.51%	-	-	-	-	-	-	-	-	-	-	-	-
Contra Costa County General Services 2.	384,750	3	0.46%	451,567	2	0.50%	638,608	2	0.65%	547,943	2	0.53%	556,782	2	0.50%
First Walnut Creek Mutual	361,260	4	0.44%	417,050	3	0.47%	439,850	3	0.45%	462,650	3	0.45%	487,350	3	0.44%
Park Regency Apartments	303,750	5	0.37%	391,588	4	0.44%	412,996	4	0.42%	434,404	4	0.42%	457,596	4	0.41%
Second Walnut Creek Mutual Apts	211,866	6	0.26%	329,250	5	0.37%	347,250	5	0.35%	365,250	5	0.35%	387,750	5	0.35%
Branch Creek Vista Apartments	162,000	7	0.20%	175,600	7	0.20%	-	-	-	194,800	9	0.19%	205,200	9	0.18%
Sun Valley Mall	148,374	8	0.18%	299,697	6	0.33%	283,613	6	0.29%	298,005	7	0.29%	354,208	6	0.32%
Bay Landing Apartments	145,800	9	0.18%	158,040	9	0.18%	-	-	-	-	-	-	-	-	-
John Muir Health 2.	145,091	10	0.18%	-	-	-	218,919	7	0.22%	322,601	6	0.31%	278,589	7	0.25%
St. Mary's College Contract	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kaiser Foundation Hospital 2.	-	-	-	158,848	8	0.18%	186,232	10	0.19%	186,281	10	0.18%	-	-	-
Archstone Apartments	-	-	-	153,650	10	0.17%	-	-	-	-	-	-	-	-	-
Muirland @ Windemere Apartments	-	-	-	153,650	10	0.17%	-	-	-	-	-	-	-	-	-
Willows Shopping Center 2.	-	-	-	-	-	-	206,210	9	0.21%	-	-	-	188,828	10	0.17%
San Ramon Unified School District	-	-	-	-	-	-	215,044	8	0.22%	225,339	8	0.22%	247,766	8	0.22%
<b>Total</b>	<b>\$ 13,908,345</b>		<b>16.78%</b>	<b>\$ 15,581,885</b>		<b>17.37%</b>	<b>\$ 16,862,681</b>		<b>17.18%</b>	<b>\$ 16,888,526</b>		<b>16.30%</b>	<b>\$ 18,137,692</b>		<b>16.31%</b>

Customer	2018-2019			2019-2020			2020-2021			2021-2022			2022-2023		
	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges
	City of Concord 1.	\$ 15,205,292	1	12.63%	\$ 14,923,591	1	11.52%	\$ 15,048,782	1	11.80%	\$ 16,134,761	1	11.97%	\$ 17,700,461	1
First Walnut Creek Mutual	521,550	2	0.43%	537,700	3	0.42%	537,700	3	0.42%	593,750	2	0.44%	621,300	2	0.43%
Park Regency Apartments	489,708	3	0.41%	504,872	4	0.39%	504,872	4	0.40%	557,500	3	0.41%	583,368	3	0.40%
Second Walnut Creek Mutual Apts	411,750	6	0.34%	424,500	5	0.33%	424,500	5	0.33%	468,750	4	0.35%	490,500	4	0.34%
John Muir Health 2.	413,900	5	0.34%	391,245	6	0.30%	362,718	6	0.28%	404,989	5	0.30%	434,624	5	0.30%
Branch Creek Vista Apartments	219,600	10	0.18%	226,400	10	0.17%	226,400	9	0.18%	250,000	6	0.19%	261,600	6	0.18%
Bay Landing Apartments	-	-	-	-	-	-	-	-	-	225,000	7	0.17%	235,440	7	0.16%
Archstone Apartments	-	-	-	-	-	-	-	-	-	198,876	10	0.15%	228,900	8	0.16%
Muirland @ Windemere Apartments	-	-	-	-	-	-	-	-	-	218,750	9	0.16%	228,900	9	0.16%
Kaiser Foundation Hospital 2.	244,180	9	0.20%	-	-	-	222,277	8	0.16%	222,277	8	0.16%	225,383	10	0.16%
Contra Costa County General Services 2.	-	-	-	733,416	2	0.57%	740,223	2	0.58%	-	-	-	-	-	-
Sun Valley Mall	453,512	4	0.38%	373,171	7	0.29%	339,061	7	0.27%	-	-	-	-	-	-
St. Mary's College Contract	-	-	-	-	-	-	242,777	8	0.19%	-	-	-	-	-	-
San Ramon Unified School District	266,550	8	0.22%	283,631	9	0.22%	215,229	10	0.17%	-	-	-	-	-	-
Bishop Ranch City Center	315,106	7	0.26%	335,017	8	0.26%	-	-	-	-	-	-	-	-	-
Willows Shopping Center 2.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 18,541,148</b>		<b>15.40%</b>	<b>\$ 18,733,543</b>		<b>14.46%</b>	<b>\$ 18,642,262</b>		<b>14.62%</b>	<b>\$ 19,274,654</b>		<b>14.30%</b>	<b>\$ 21,010,476</b>		<b>14.50%</b>

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

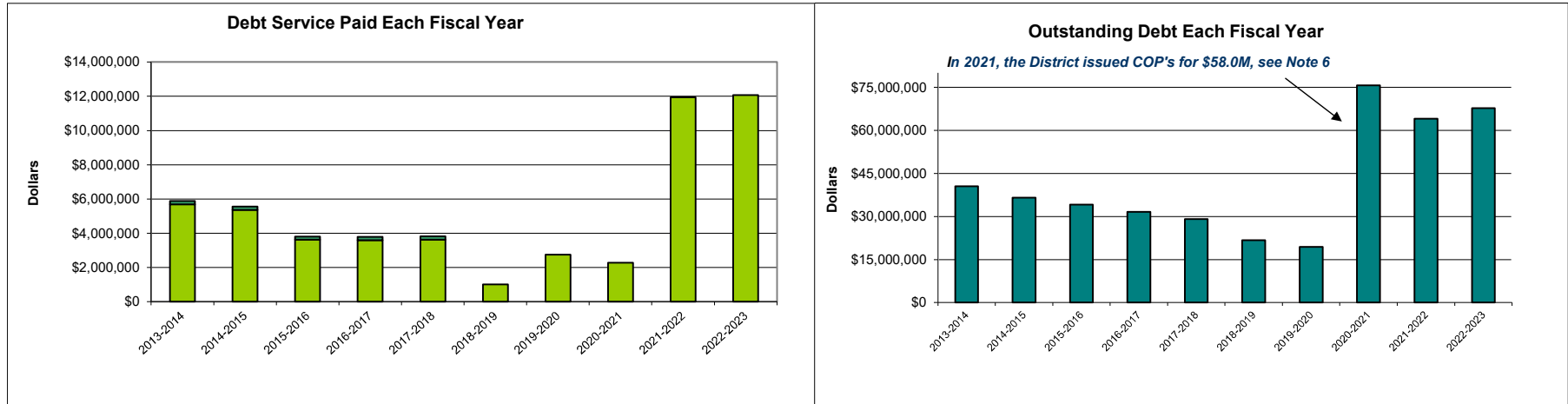
**Central Contra Costa Sanitary District  
Payments Under the Concord Agreement  
Last 10 Fiscal Years**

<u>Fiscal Year</u>	<u>Discharge Volume (mg)</u>	<u>Service Charges</u>	<u>Capital Contributions</u>	<u>Total</u>
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	15,048,782	11,393,000	26,441,782
2020-21	3,922	15,048,782	10,064,155	25,112,937
2021-22	3,973	16,086,801	7,799,702	23,886,503
2022-23	4,754	17,700,461	9,965,648	27,666,109

**Central Contra Costa Sanitary District  
Active Service Accounts and Fiscal Year Billings  
Sewer Service Charges  
Fiscal Year 2022-2023**

<u>User Group</u>	<u>No. of Parcels</u>	<u>2022-2023 Sewer Service Charge Billings</u>	<u>Residential Unit Equivalents</u>	<u>Percentage of Total</u>
Residential	115,821	\$97,965,218	141,979	83%
Office	1,071	3,441,896	4,988	3%
Mixed Use	220	2,590,824	3,755	2%
Food Service	268	2,438,666	3,534	2%
Hotel/Motel	23	1,273,236	1,845	1%
Businesses*	414	1,181,269	1,712	1%
Market/Supermarket	52	1,040,959	1,509	1%
Schools	161	1,021,637	1,481	1%
Recreation/Entertainment	211	981,998	1,423	1%
Industrial Permitted	13	970,623	1,407	1%
Automotive/Car Wash	250	834,474	1,209	1%
Skilled Nursing	44	767,413	1,112	1%
All Other User Groups	549	3,261,534	4,727	3%
Subtotal	119,097	\$117,769,746	170,681	100%
Partial Year Charges (Counter)		\$607,007		
Prior Year Adjustments		(1,040,380)		
Total FY 2022-2023 Sewer Service Charge Revenue		\$117,336,373		

### Summary Of Debt Service Last Ten Fiscal Years



Fiscal Year	Summary By Type Of Debt											
	Revenue Bonds (2018 & 2009) & COPs			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
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
2021-2022	10,450,000	1,482,288	11,932,288	-	-	-	10,450,000	1,482,288	11,932,288	64,110,319	-	64,110,319
2022-2023	10,750,000	1,326,410	12,076,410	-	-	-	10,750,000	1,326,410	12,076,410	67,776,015	-	67,776,015

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
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
2021-2022	11,932,288	118,931,684	80,231,165	50,522,510	89,223,029	7.48	12,384,675	76,838,354	6.44	14.87%	69.63	374.10
2022-2023	12,076,410	70,015,172	89,899,953	107,334,739	87,449,958	7.24	17,122,000	70,327,958	5.82	13.43%	70.47	395.49

**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  
Ratios of Outstanding Debt  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Total Outstanding Debt	Per Capita Personal Income*	Debt as a Percentage of Per Capita Personal Income	Population*	Debt per Capita
2013	\$44,461,826	\$61,435	0.138%	1,095,310	40.59
2014	40,577,245	64,056	0.158%	1,110,971	36.52
2015	36,543,385	69,195	0.189%	1,126,027	32.45
2016	34,160,134	72,195	0.211%	1,138,645	30.00
2017	31,682,377	76,527	0.242%	1,147,439	27.61
2018	29,095,000	82,506	0.284%	1,150,215	25.30
2019	21,806,631	85,324	0.391%	1,153,526	18.90
2020	19,447,392	92,264	0.474%	1,152,333	16.88
2021	75,733,331	99,312	0.131%	1,161,413	65.21
2022	64,110,319	95,047	0.148%	1,156,966	55.41

\* U.S. Department of Commerce, Bureau of Economic Analysis. Estimates for 2021-2022 reflect county population estimates available as of November 2023.



**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>
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	-1.1%
2021	344,254	140,541	484,795	-1.9%
2022	352,832	134,497	487,329	-1.4%
2023	352,183	133,489	485,672	0.4%

Source: Central Contra Costa Sanitary District Environmental Services Division

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

<u>Employers</u>	<u>2022*</u>			<u>2013*</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+	T-1	1.89%	1,329	3	0.24%
Kaiser Permanente	10,000+	T-1	1.89%	2,000	2	0.36%
Bio-Rad Laboratories	1,000-4,999	T-2	0.56%	900	9	0.16%
John Muir Medical Center	1,000-4,999	T-2	0.56%	2,200	1	0.40%
La Raza Market	1,000-4,999	T-2	0.56%	-		-
USS-POSCO Industries	1,000-4,999	T-2	0.56%	-		-
Target Corporation	-		-	1,262	4	0.23%
Walmart Stores, Inc.	-		-	1,150	5	0.21%
Contra Costa Newspaper, Inc.	-		-	937	6	0.21%
Doctors Medical Center	-		-	1,140	7	0.17%
Shell/Martinez Refinery	-		-	900	8	0.16%
Texaco Inc.	-		-	800	10	0.15%
All Others	499,600		93.98%	536,100		97.71%
Total	531,600		100.0%	548,718		100.0%

Source: \* County of Contra Costa, California, Annual Comprehensive Financial Report for June 30, 2022, 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**
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%
2021	1,161,413	115,342,618,000	99,312	6.4%
2022	1,156,966	109,965,993,000	95,047	3.5%

\* U.S. Department of Commerce, Bureau of Economic Analysis. Estimates for 2021-2022 reflect county population estimates.

\*\* 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**

<b><u>Department</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
<b>Administration</b>	44	46	49	43	43	41	44	51	50	52
<b>Engineering</b>	73	72	88	88	89	90	89	90	92	83
<b>Operations</b>										
Collection Systems	55	56	55	55	54	54	53	55	55	54
Optimization	-	-	-	-	-	-	-	-	-	8
Plant	81	88	79	83	81	77	81	75	73	74
Pumping Station	8	8	7	7	7	12	7	7	6	7
<b>Operations Total</b>	<u>144</u>	<u>152</u>	<u>141</u>	<u>145</u>	<u>142</u>	<u>143</u>	<u>141</u>	<u>137</u>	<u>134</u>	<u>143</u>
<b>District Total</b>	<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>	<u><u>276</u></u>	<u><u>278</u></u>

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

<b>District Total</b>	<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>	<u><u>275</u></u>	<u><u>275</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)									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	33.8	30.4	29.1	30.8	33.3	31.8	34.1	33.2	29.5	30.9
Wastewater Treated per day	Calendar	36.8	35.6	31.8	35.4	43.2	36.0	41.2	35.3	34.6	33.9
		Tons per Year									
Sludge to Furnace (Dry)*1	Fiscal	14,590	16,789	16,623	17,031	16,279	16,498	16,056	16,029	15,959	15,879
Ash to Reuse Site (Wet)*2	Fiscal	3,618	3,811	3,651	4,230	3,475	3,577	3,450	3,410	3,627	3,510

\*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**

Collection Systems/Pumping Stations/Outfall Sewers	Year	Other Data									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Pipeline Miles	Calendar	1,526	1,519	1,519	1,519	1,535	1,535	1,535	1,535	1,535	1,541
Number of pumping stations (owned)	Calendar	16	16	16	16	15	15	15	15	15	15

**Recycled Water**

Recycled Water Distribution Pipeline (miles)*3	Calendar	14.3	14.3	14.6	14.6	14.6	14.6	14.6	14.6	13.5	13.8
Average Recycled Water Produced (million gallons per day)	Calendar	1.7	1.6	1.7	1.5	1.6	1.6	1.6	1.4	1.5	1.7
Number of Recycled Water Customers Sites	Calendar	29	29	43	47	47	49	50	58	53	57
Commercial Truck Fill Use (million gallons per year)	Calendar	<0.1	0.3	4.4	0.4	0.6	0.6	4.6	4.8	5.5	0.6
Commercial Truck Fill Customers	Calendar	1	11	37	26	14	13	12	6	9	18
Estimated Residential Fill Station Use (million gallons per year)	Calendar	N/A	N/A	11.8	6.5	2.5	2.3	1.3	1.0	5.1	6.7
Residential Fill Station Customer Visits	Calendar	N/A	N/A	55,552	28,598	11,633	9,780	5,671	4,635	22,208	29,124

\*3 In 2021, pipeline miles only include active pressurized recycled water mains and laterals.

**Household Hazardous Waste (HHW) - Inception 1997/1998**

Program Participation (Number of cars)	Fiscal	30,379	31,779	33,468	33,037	35,640	36,108	27,818	35,634	33,658	30,327
Percentage of Households in Service Area	Fiscal	15.9%	16.6%	16.8%	16.7%	18.1%	18.4%	14.0%	17.9%	16.7%	14.9%
Operating Cost per Car	Fiscal	\$83	\$78	\$72	\$80	\$77	\$78	\$100	\$95	\$88	\$105
Operating Cost per Household	Fiscal	\$13.45	\$13.25	\$12.43	\$13.64	\$14.21	\$14.59	\$14.29	\$17.24	\$14.99	\$16.00
Operating Cost per Pound	Fiscal	\$1.25	\$1.24	\$1.13	\$1.24	\$1.21	\$1.27	\$1.64	\$1.24	\$1.36	\$1.74
Pounds of HHW per Car	Fiscal	66	63	64	65	64	61	61	76	65	61

**Pharmaceutical Collection Program - Inception 2009**

Number of Collection Sites	Calendar	12	13	13	13	13	13	12	12	8	7
Pounds of Expired or Unwanted medications Collected	Calendar	12,428	14,041	15,366	16,485	17,337	17,178	9,918	5,645	5,396	5,662

**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 (294 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 (7-Collection Sites) Retail HHW Collection Program
Type Of Treatment:	Discharge - Secondary; Reclamation - Tertiary
Service Area:	146 square miles
Total Population Served:	487,329 (HHW service area 523,600)
Sewer Service Charge:	\$690 for single family homes and \$654 for multi-family homes.