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COMPREHENSIVE
ANNUAL
FINANCIAL REPORT



FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

**Prepared By:
Finance Division**

CENTRAL CONTRA COSTA SANITARY DISTRICT
Comprehensive Annual Financial Report
Table of Contents
For the Years Ended June 30, 2020 and 2019

INTRODUCTORY SECTION:

Letter of Transmittal.....	i
Board of Directors.....	viii
Mission Statement.....	ix
Organization Chart.....	x
Map of Service Area.....	xi
Certificate of Achievement.....	xii

FINANCIAL SECTION:

Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Statements of Net Position.....	10-11
Statements of Revenues, Expenses and Changes in Net Position.....	13
Statements of Cash Flows.....	14-15
Statements of Fiduciary Net Position – Fiduciary Fund.....	16
Statements of Changes in Fiduciary Net Position - Fiduciary Fund.....	17
Notes to Financial Statements - <i>The accompanying notes are an integral part of the basic financial statements</i>	19-48
Required Supplementary Information	
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan -	
Schedule of Proportionate Share of Net Pension Liability.....	50
Schedule of Contributions.....	51
Post-Retirement Health Care Defined Benefit Plan –	
Schedule of Changes in the Net OPEB Liability and Related Ratios....	52
Schedule of Investment Return Rate.....	52
Schedule of Contributions.....	53
Supplementary Information	
Combining Schedule of Statement of Net Position.....	56
Combining Schedule of Statement of Revenues, Expenses and	
Changes in Net Position - Enterprise Sub-Funds.....	57

STATISTICAL SECTION (Unaudited):

Changes in Net Position and Statement of Net Position -	
Last Ten Fiscal Years.....	S-1
Revenue by Type - Last Ten Fiscal Years.....	S-2
Operating Expenses by Type - Last Ten Fiscal Years.....	S-3
Major Revenue Base and Rates - Historical and Current Fees -	
Last Ten Fiscal Years.....	S-4

Assessed and Estimated Actual Valuation of Taxable Property - Last Ten Fiscal Years	S-5
Property Tax and Sewer Service Charge Fees Levied and Collected - Last Ten Fiscal Years	S-5
Sewer Service Charge - List of Ten Largest Customers - Last Ten Fiscal Years	S-6
Payments Under the Concord Agreement - Last Ten Fiscal Years	S-7
Active Service Accounts and Fiscal Year Billings - Sewer Service Charges	S-7
Summary of Debt Service - Type, Debt Service Coverage, Debt Ratio - Last Ten Fiscal Years	S-8
Demographic and Economic Data - Population Served - Last Ten Calendar Years	S-9
List of Nine Largest Employers in Contra Costa County - Last Year and Eight Years Ago	S-9
Demographic and Economic Statistics - Contra Costa County - Last Ten Fiscal Years	S-10
Full-time Equivalent Positions Filled by Department - Last Ten Fiscal Years	S-11
Number of Retirees and Surviving Spouses – Last Ten Fiscal Years	S-11
Capital Asset and Operating Statistics – Last Ten Calendar or Fiscal Years	S-12
Miscellaneous Statistics	S-12

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INTRODUCTION





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CENTRAL CONTRA COSTA SANITARY DISTRICT

5019 IMHOFF PLACE, MARTINEZ, CA 94553-4392

December 15, 2020

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020.

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.

Maze & Associates has issued an unmodified (“clean”) opinion on the District’s financial statements for the year ended June 30, 2020. 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 342,000 residents of Danville, Lafayette, Martinez, Moraga, Orinda, Pleasant Hill, San Ramon, Walnut Creek and some of the unincorporated communities within central Contra Costa County. The District also treats wastewater for approximately 141,000 residents of the Cities of Concord and Clayton under a 1974 (and as subsequently amended) contract with the City of Concord.

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

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

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 Mt. 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 23rd year of operation, the HHW Facility served over 27,000 residential and small business customers. Over two million pounds of hazardous waste is collected and properly disposed of in normal operating years. To comply with stay-at-home orders issued by the Contra Costa County Health Officer and reduce the risk of exposure to COVID-19 for Central San's employees and its customers at the onset of the pandemic, the HHW facility was temporarily closed for three months during the fiscal year. While a necessary and prudent measure at the time, this action adversely impacted the amount of hazardous waste collected. In conjunction with its HHW facility, the District's Pharmaceutical Collection Program encourages pollution prevention having collected nearly ten thousand pounds of expired or unwanted medications between its thirteen collection sites in calendar year 2019.

Organization, Accounting and Budgetary Controls

A five-member Board of Directors governs the District. Board members are elected at large by voters of the District on a non-partisan basis and serve four-year staggered terms. The Board appoints the General Manager, who in accordance with policies established by the Board of Directors, manages District affairs. The District employed 274 employees at year end, and has authorized 291 permanent regular full-time employees organized in 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, by law, uses an enterprise fund structure to account for its operations and is run in a manner similar to private industry. The District currently has one enterprise fund which is comprised of four internal sub-funds:

- **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 Operations & Maintenance or O&M).
- **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 and Sewer Construction, Self-Insurance, and Debt-Service. The Board Finance Committee reviews disbursements prior to each regular Board meeting, and disbursements are then approved by the full Board. Monthly financial statements are issued to management and the Board. District management is accountable for variances and adhering to overall budget constraints. The Board has delegated various contracting and spending authority to the General Manager, as specified by an adopted Board policy. Additional limited contracting and spending authority is further delegated to certain staff classifications as specified by internal signature limits - the District also has several documented financial policies (including debt management, investments, and fiscal reserves) that are reviewed and updated in accordance with best practices as well as changes in laws and regulations.

ASSESSING THE DISTRICT'S ECONOMIC CONDITION

Local Economy and Outlook

After abruptly grinding the state economy to a halt in the springtime to slow the spread of the coronavirus disease (COVID -19), the current economic recovery from the pandemic

has been quicker than expected, but uneven. Many low-income Californians remain out of work, while most high-income workers have been spared. According to the State of California's Legislative Analyst's Office (LAO), the state will have an estimated \$26 billion windfall to begin fiscal year 2021-22 which can be used to make up for future budget deficits. Based on this outlook, the LAO expects the state to allocate about half of the windfall to address one-time pandemic response needs to hopefully continue rapid economic growth and recovery. According to the California Employment Development Department (EDD), the Contra Costa County workforce decreased by approximately 3.37% from November 2019 to November 2020. During this same timeframe, unemployment in Contra Costa County increased significantly from 2.7% to 7.9%, as of October 31, 2020, remaining slightly below California as a whole, which increased from 3.7% to 9.0%. Although negative news, this is well below the spike of 16% from springtime this year, and fortunately did not reach the projected rate of 25%. Most high wage jobs remain intact, especially in the technology sector, which lead to the state's three main taxes (personal income, corporation, and sales) to be \$11 billion ahead of earlier projections. Since the initial shelter-in-place order from March 2020, there has been a growing trend of employees working remotely. The ability to work from home combined with historically low mortgage rates has caused increased demand for homes in the state's suburban areas, such as the District's service area. There is still a significant amount of uncertainty about the state's economic future, largely dependent upon the ability to defeat the coronavirus.

Long-Term Financial Planning

The District has an excellent reputation in all areas of public service, which include finance, collection, treatment, training, safety, technology, capital improvements and replacements, innovative use of technology, and customer service. This positive reputation and long-term outlook has served the District well, most recently evidenced by the significant customer support and unanimous Board of Directors approval of a four-year sewer service charge rate increase. Following the public noticing process and a public hearing stipulated by Proposition 218, the sewer service charge rates approved in April 2019 will be effective from July 2019 through June 2023. The four-year sewer service charge rate increases range from 5.25% to 4.75%, subject to a Board review for continued necessity prior to the start of the fiscal year. The planned increases are a critical component of implementing the treatment plant and collection system capital improvement projects specified in the District's 20-year master plan adopted in 2017. Due to the financial hardships brought on by the COVID-19 pandemic and related lock downs earlier this year, the Board took action and passed customer relief measures to prevent further burdens on its customers. Specific measures taken included postponement of the rate increase scheduled for FY 2020-21 and refunding schools' sewer service charges to reflect a drop in water use while schools were forced to close.

In conjunction with the approved sewer service charge rates, the District's long-term financial plan anticipated two debt issuances totaling \$150-200 million to finance its treatment plant and collection system capital improvement program through the fiscal year ending June 30, 2024. The current and primary strategy is to pursue low interest and federally subsidized State Revolving Fund loan financing through the California Water Board, with a loan of \$173 million pending finalization as of December 2020.

District management analyzes and updates a strategic plan every two years, with the six goals in effect during fiscal year 2019-20 being: (1) provide exceptional customer service and maintain an excellent reputation in the community; (2) strive to meet regulatory requirements; (3) be a fiscally responsible and effective wastewater utility; (4) recruit, develop and retain a highly trained and safe workforce; (5) maintain a reliable infrastructure; and (6) embrace technology, innovation and environmental sustainability. Strategies to achieve each of these six 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 of Directors. The District updates a 10-year financial plan each year shortly before the budget process begins. The main economic factors considered in this long-term forecasting exercise are: the impact of state legislation and mandates, regulatory compliance, Governmental Accounting Standards Board (GASB) requirements, negotiated labor contract terms (including projected changes in retirement and health care costs), energy costs and interpreting the energy market, housing growth, and infrastructure renewal and replacement needs. The unfunded actuarial accrued liabilities for the District's pension OPEB plans are also considered in the financial planning process. The District currently has a relatively strong fiduciary net position of approximately 85.1% and 87.1% for its pension and OPEB plans respectively. A Section 115 Pension Prefunding Trust also has additional resources available to be used towards pension liabilities.

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

Relevant Financial Policies

Investment Policy: The investment policies for District assets, the GASB 45 (OPEB) Trust, and the Pension Prefunding Trust are reviewed and approved annually by the Board of Directors. During fiscal year 2019-20 the District contributed an additional \$1,250,000 to each trust as a mechanism to hedge against potential future employer pension contribution rate volatility. Section 53646 of the *California Government Code* governs our investment practices, and is reviewed annually by staff, legal counsel and the Board. The Board receives quarterly financial statements that include District investment performance. The GASB 45 Trust and the Section 115 Pension Prefunding Trusts are governed by separate investment policies. Since 2008, the GASB 45 Trust funds have been invested with a moderate investment strategy, reflecting the relatively long-term horizon for use of the funds. The Section 115 Pension Prefunding trust funds are invested using a moderately conservative strategy, reflecting the relatively shorter term need for the funds. These two irrevocable trusts are managed by an outside investment advisor subject to investment policies adopted by the Board. The Board Finance Committee reviews GASB 45 Trust and Section 115 Pension Trust quarterly financial reports to monitor the District's investment performance.

Major Initiatives

The District's vision statement in effect during fiscal year 2019-20 was to be a high-performance organization that provides exceptional customer service and regulatory compliance at responsible rates. The Board adopted a new slightly revised vision statement effective for fiscal years 2020-21 and 2021-22 which will be reflected in next year's report. Regulatory compliance is provided through utilizing best management practices in our operation of our collection system and treatment facilities, as well as through continued investment in our infrastructure.

The District has received the Platinum award from the National Association of Clean Water Agencies (NACWA) for 23 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 60% in the past 16 years by improved sewer cleaning and a robust sewer rehabilitation program.

During FY 2019-20, the District approved a new two-year Strategic Plan for FY 2020-21 and FY 2021-22. The new Strategic Plan establishes policy direction and identifies seven goals with key performance indicators that provide a roadmap for achieving increased effectiveness and efficiencies. The District continues to analyze current and future rates, costs, and cash flows to ensure they remain consistent with the cost of service study initially completed in FY 2014-15 and updated in April 2019.

In order to effectively manage assets to meet future state and federal regulatory requirements, the District initiated an Asset Management Program and the preparation of a Comprehensive Wastewater Master Plan to evaluate options for addressing future regulatory requirements. The Master Plan was completed in FY 2016-17 and has been used as a roadmap for the capital improvements for the next 20 years. Individual projects are proposed in an annual capital improvement budget, and brought to the Board for approval above specified limits. Furthermore, in May 2018, the Board approved the adoption of the Uniform Construction Cost Accounting Act, which provides for a streamlined contracting and approval process for smaller capital projects.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Central Contra Costa Sanitary District for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the twentieth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the program's

requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

- The Finance Division who compiled the information contained in this document with a special thanks to Chris Thomas, Finance Administrator, Diana Diaz, Accountant, and Amal Lyon, Accountant.
- The Reproduction and Graphics Team who creatively and professionally prepared this finished document.
- Engineering & Technical Services Department as well as Operations Department staff who provided much of the statistical information included in this document.
- The District's Board of Directors and Management Team for their support in preparing this document as well as their day-to-day support in conducting the financial operations of the District in a prudent and responsible manner.

Respectfully submitted,

Philip Leiber

Philip Leiber, CPA
Director of Finance & Administration

T. Kevin Mizuno...

T. Kevin Mizuno, CPA
Finance Manager

**CENTRAL CONTRA COSTA SANITARY DISTRICT
BOARD OF DIRECTORS
June 30, 2020**

Michael R. McGill.....President
Tad J. PileckiPresident Pro-Tem
Paul H. CauseyMember
James A. Nejedly.....Member
David R. WilliamsMember

VISION, MISSION, VALUES

OUR VISION

To be a high-performance organization that provides exceptional customer service and regulatory compliance at responsible rates

OUR MISSION

To protect public health and the environment

OUR VALUES

People

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

Community

- Value water sector partners
- Foster excellent community relationships
- Be open, transparent and accessible
- Understand service level expectations
- Build partnerships

Principles

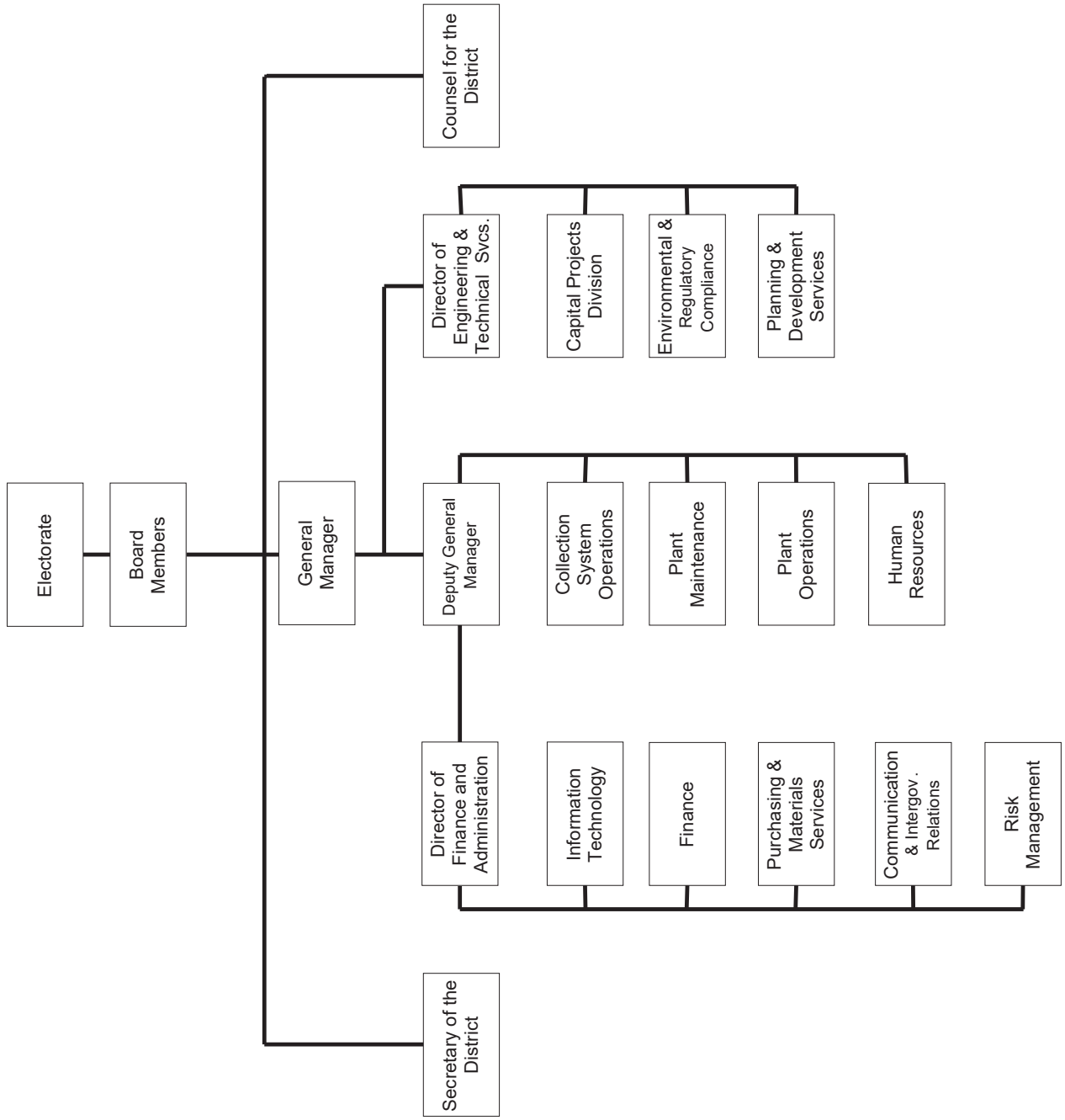
- Be truthful and honest
- Be fair, kind and friendly
- Take ownership and responsibility

Leadership and Commitment

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



CENTRAL CONTRA COSTA SANITARY DISTRICT
Organization Chart - Composite

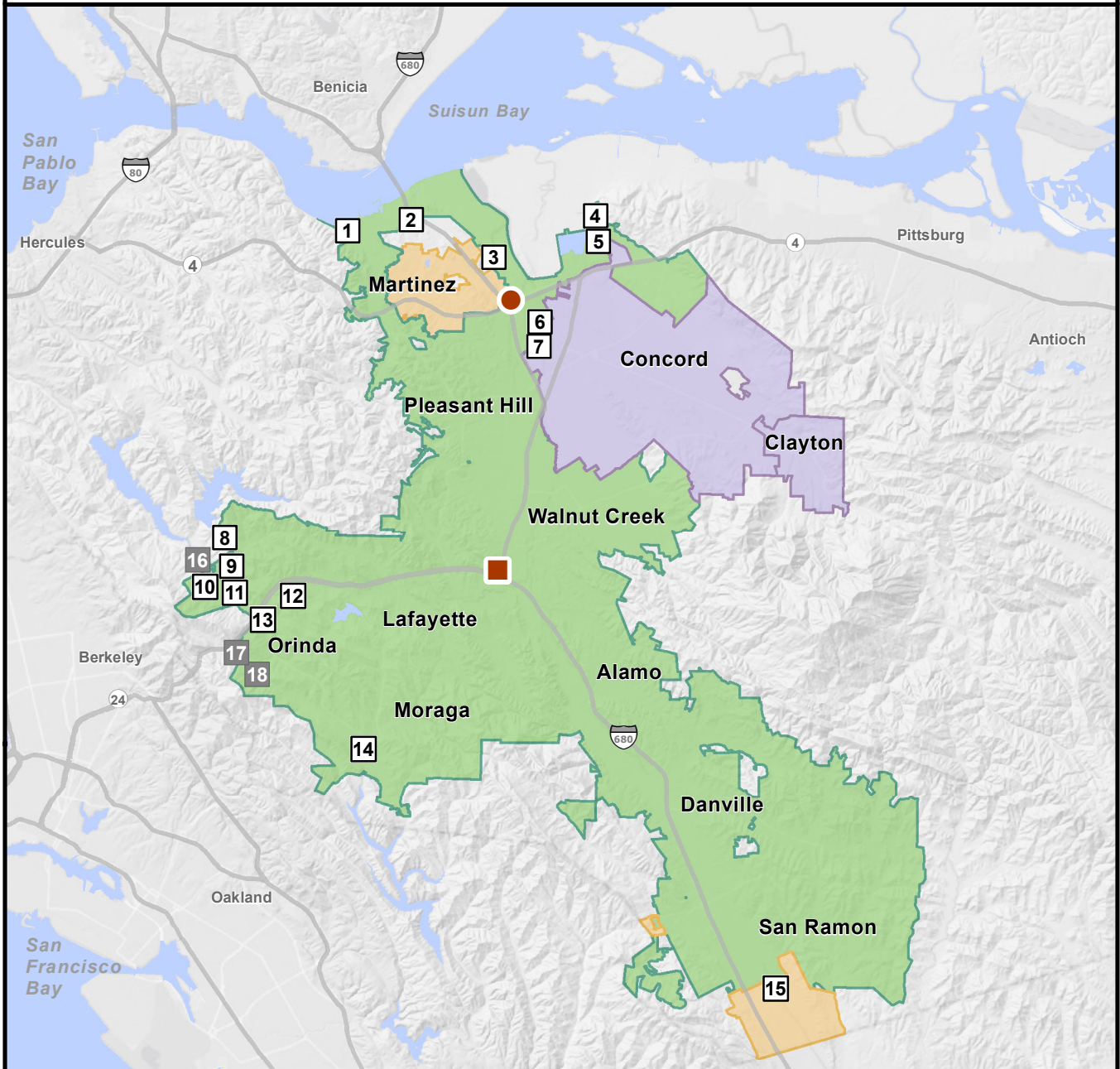




Central Contra Costa Sanitary District Service Area

June 30, 2020

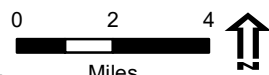
Date: 12/3/2020



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 342,149 people
- Wastewater treatment and HHW collection for 141,480 residents in Concord and Clayton by contract
- HHW disposal services only

- Pump or Lift Station
- Privately Owned Pump Station



Pump and Lift Stations

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



Government Finance Officers Association

Certificate of
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Reporting

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**Central Contra Costa Sanitary District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

CAFR

FINANCIALS





INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities and the fiduciary fund of the Central Contra Costa Sanitary District (District) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary fund of the Central Contra Costa Sanitary District as of June 30, 2020 and 2019, and the respective changes in financial positions and cash flows, where applicable for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Maze + Associates

Pleasant Hill, California
December 3, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Central Contra Costa Sanitary District's (District) annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2020 (2019-20). This information is presented in conjunction with the audited financial statements, which follow this report.

FINANCIAL HIGHLIGHTS

The District's 2019-20 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 \$63.6 million or 9.04% in 2019-20. This increase is primarily a result of the negative Other Post Employment Benefits (OPEB) expense adjustment recognized as a result of the transition to CalPERS Healthcare in July 2019, reducing medical premium rates for current and retired participants, as well as increases in capital contributions.
- Total revenues in 2019-20 increased by \$1.30 million or 1.18%. The total annual sewer service charge (SSC) rate increased for single family homes by 5.47% to \$598 and 3.10% for multi-family homes to \$566. Increased property values in the service area led to an increase in property taxes of \$0.63 million or 3.42%.
- Total 2019-20 expenses increased by \$27.0 million or 36.36%. 2019 expenses were lower due to one-time issues including a negative OPEB expense adjustment that was recognized as a result of the District transitioning to CalPERS healthcare administration significantly reducing current and retiree medical premiums as well as interest savings arising from the 2018 debt refinancing.
- Capital Contributions increased in 2019-20 by \$6.18 million or 13.18%. The increase is mainly due to an increase in contributions from the City of Concord for its share of treatment plant and other eligible capital project costs and a higher allocation of SSC to finance the capital program. This reflects the continued increase in Sewer Construction Fund capital expenditures year over year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

STATEMENT OF NET POSITION

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

Table 1 – Condensed Statement of Net Position

	<u>Year Ending June 30</u>			<u>2020 vs. 2019</u>		<u>2020 vs. 2018</u>	
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Assets							
Current assets	\$164,102,632	\$138,987,589	\$119,043,984	\$25,115,043	18.07%	\$ 45,058,648	37.85%
Capital assets, net	711,564,564	677,392,935	652,402,342	34,171,629	5.04%	59,162,222	9.07%
Other non-current assets	11,478,481	9,752,616	11,462,838	1,725,865	17.70%	15,643	0.14%
Total assets	887,145,677	826,133,140	782,909,164	61,012,537	7.39%	104,236,513	13.31%
Deferred outflows							
Pension related	26,670,166	46,715,613	21,503,021	(20,045,447)	-42.91%	5,167,145	24.03%
OPEB related	2,176,533	2,836,089	30,400	(659,556)	-23.26%	2,146,133	0.00%
Total deferred outflows	28,846,699	49,551,702	21,533,421	(20,705,003)	-41.78%	7,313,278	33.96%
Liabilities							
Current liabilities	15,854,317	14,404,545	14,441,630	1,449,772	10.06%	1,412,687	9.78%
Long-term liabilities	97,013,922	126,547,399	140,952,831	(29,533,477)	-23.34%	(43,938,909)	-31.17%
Total liabilities	112,868,239	140,951,944	155,394,461	(28,083,705)	-19.92%	(42,526,222)	-27.37%
Deferred inflows							
Pension related	30,761,867	23,736,976	28,076,634	7,024,891	29.59%	2,685,233	9.56%
OPEB related	4,601,542	6,864,360	-	(2,262,818)	100.00%	4,601,542	0.00%
Total deferred inflows	35,363,409	30,601,336	28,076,634	4,762,073	15.56%	7,286,775	25.95%
Net position							
Net investment in capital assets	692,117,172	655,586,304	623,307,342	36,530,868	5.57%	68,809,830	11.04%
Restricted	2,639	(271,370)	4,421,504	274,009	100.97%	(4,418,865)	-99.94%
Unrestricted	75,640,917	48,816,628	(6,757,356)	26,824,289	54.95%	82,398,273	1219.39%
Total net position	\$767,760,728	\$704,131,562	\$620,971,490	\$63,629,166	9.04%	\$146,789,238	23.64%

The total net position of the District increased from \$621.0 million in 2017-18 to \$704.1 million in 2018-19 and increased to \$767.8 million in 2019-20. The District’s total assets have increased by \$61.0 million or 7.39% compared to 2018-19, and \$104.2 million or 13.31% compared to 2017-18. Total liabilities decreased \$28.1 million or 19.9% compared to 2018-19 and decreased \$42.5 million or 27.4% compared to 2017-18. The increase in net position over the three-year period totals \$146.8 million, or 23.64%, resulting primarily from the District’s transition to CalPERS for healthcare insurance, creating short and

long-term savings through more affordable health premiums for active and retired employee participants, (2) a significant increase in capital contributions, and (3) the 2018 bond refunding.

By far the largest portion of the District's net position (90.2%) 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 services to its ratepayers; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the funds needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to discharge these liabilities. The balance of \$75.6 million in unrestricted net position increased by \$26.8 million from 2018-19 and increased by \$82.4 million from 2017-18. As noted previously, this increase was primarily a result of the District transitioning to a more economical provider for healthcare insurance, reducing current healthcare premiums for active and retired employee participants as well as resulting in significant reductions to the net OPEB liability.

REVIEW OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

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

	Year Ending June 30			2020 vs. 2019		2020 vs. 2018	
	2020	2019	2018	\$ Increase (Decrease)	% Increase (Decrease)	\$ Increase (Decrease)	% Increase (Decrease)
Revenues:							
Operating revenues							
Sewer service charges	\$ 85,332,494	\$ 83,862,200	\$ 91,876,438	\$ 1,470,294	1.75%	\$ (6,543,944)	-7.12%
Other	1,890,285	1,815,966	619,997	74,319	4.09%	1,270,288	204.89%
Total operating revenue	87,222,779	85,678,166	92,496,435	1,544,613	1.80%	(5,273,656)	-5.70%
Non-operating revenues							
Property taxes	18,876,886	18,251,794	17,650,741	625,092	3.42%	1,226,145	6.95%
Permit and inspection fees	2,251,245	2,648,708	2,592,137	(397,463)	-15.01%	(340,892)	-13.15%
Investment earnings	2,310,269	2,573,964	1,223,649	(263,695)	-10.24%	1,086,620	88.80%
Other	1,219,811	1,424,520	1,075,838	(204,709)	-14.37%	143,973	13.38%
Total non-operating revenue	24,658,211	24,898,986	22,542,365	(240,775)	-0.97%	2,115,846	9.39%
Total revenues	111,880,990	110,577,152	115,038,800	1,303,838	1.18%	(3,157,810)	-2.74%
Expenses							
Operating expense other than depreciation	79,462,379	52,295,571	88,119,374	27,166,808	51.95%	(8,656,995)	-9.82%
Depreciation	21,253,062	20,983,353	21,561,704	269,709	1.29%	(308,642)	-1.43%
Non-operating expenses	604,851	1,025,006	1,230,680	(420,155)	-40.99%	(625,829)	-50.85%
Total expenses	101,320,292	74,303,930	110,911,758	27,016,362	36.36%	(9,591,466)	-8.65%
Income before capital contributions	10,560,698	36,273,222	4,127,042	(25,712,524)	-70.89%	6,433,656	155.89%
Capital contributions	53,068,468	46,886,850	31,760,548	6,181,618	13.18%	21,307,920	67.09%
Increase in net position	63,629,166	83,160,072	35,887,590	(19,530,906)	-23.49%	27,741,576	77.30%
Beginning net position, as restated	704,131,562	620,971,490	585,084,200 *	83,160,072	13.39%	119,047,362	20.35%
Ending net position	\$767,760,728	\$704,131,562	\$620,971,790	\$63,629,166	9.04%	\$146,788,938	23.64%

*Net position as of June 30, 2018 was restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75.

Revenue

Total operating revenues decreased from \$92.5 million in 2017-18 to \$85.7 million in 2018-19 and increased to \$87.2 million in 2019-20. Operating revenues increased by \$1.5 million or 1.80% compared to 2018-19, and decreased by \$5.3 million or 5.70% comparing 2019-20 to 2017-18. The reduction in operating revenues is largely attributable to a sizable and planned increase in the proportion of sewer service charges allocated to the capital improvement program, which is reported as non-operating capital contributions.

Total non-operating revenue increased from \$22.5 million in 2017-18 to \$24.9 million in 2018-19 and decreased to \$24.7 million in 2019-20. Total non-operating revenues in 2019-20 decreased compared to 2018-19 by \$0.2 million or 0.97% and increased by \$2.1 million or 9.39% comparing 2019-20 to 2017-18.

Total revenues decreased from \$115.0 million in 2017-18 to \$110.6 million in 2018-19 and increased to \$111.9 million in 2019-20. The change in total revenue represented an increase of \$1.3 million or 1.18% comparing 2019-20 to 2018-19 and a decrease of \$3.2 million or 2.74% comparing 2019-20 to 2017-18. There was a 5.47% rate increase for single family homes and a 3.10% rate increase for multi-family homes in 2019-20, a 6.98% rate increase for single family homes and a 7.02% rate increase for multi-family homes in 2018-19, and a 5.37% rate increase for single family homes and a 5.34% rate increase for multi-family homes in 2017-18. The sewer service charge allocation to cover capital costs increased to 31.80% in 2019-20 from 29.40% in 2018-19 and 15.60% in 2017-18. Property tax revenue increased by \$0.6 million or 3.42% from 2018-19 to 2019-20, and \$1.2 million or 6.95% comparing 2019-20 to 2017-2018 due to the continued increase in assessed property values, a healthy real estate market, and development of residential and commercial real estate in the region.

Expenses

Total expenses decreased from \$110.9 million in 2017-18 to \$74.3 million in 2018-19 and increased to \$101.3 million in 2019-20. In 2019-20, total expenses increased by \$27.0 million or 36.36% compared to 2018-19. Comparing 2019-20 to 2017-18, total expenses were \$9.6 million or 8.65% lower. The decrease from 2017-18 to 2019-20 is mainly attributable to the negative OPEB expense adjustment recognized as a result of the District transitioning to CalPERS Healthcare, reducing medical premium rates for active and retired employee participants. Non-operating expenses are mainly driven by interest expense.

Total income before capital contributions went from \$4.1 million in 2017-18, to \$36.3 million in 2018-19, then reducing to \$10.6 million in 2019-20. The 2018-19 amount benefited from the healthcare transition noted previously.

Total capital contributions in 2019-20 were \$53.1 million compared to \$46.9 million in 2018-19 and \$31.8 million in 2017-18. This increase was mainly derived from three factors: (1) a shift of the internal sewer service charge revenue allocation from operating to capital, (2) a 5.25% increase in the sewer service charge rate, and (3) more connection fee revenue arising from robust housing and construction development markets.

CAPITAL ASSETS

Net capital assets for fiscal years 2019-20, 2018-19 and 2017-18 totaled \$711.6 million, \$677.4 million, and \$652.4 million, respectively. Net capital assets include the District's entire major infrastructure including wastewater treatment facilities, sewers, land, buildings, pumping stations, vehicles, intangible assets and furniture and equipment exceeding our capitalization policy limit of \$5,000, less depreciation.

As of June 30, 2020, the District’s investment in capital assets totaled \$711.6 million, an increase of \$34.2 million or 65.2% over the net capital asset balance of \$677.4 million at June 30, 2019. Net capital assets increased by \$59.2 million or 9.1% comparing 2019-20 to 2017-18. 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			2020 vs. 2019		2020 vs. 2018	
	2020	2019	2018	\$ Increase (Decrease)	% Increase (Decrease)	\$ Increase (Decrease)	% Increase (Decrease)
	Structures, buildings, and equipment	\$613,794,504	\$609,205,177	\$594,311,630	\$ 4,589,327	0.8%	\$19,482,874
Land and rights of way	22,290,077	22,270,077	22,270,077	20,000	0.1%	20,000	0.1%
Construction in progress	75,479,983	45,917,681	35,820,635	29,562,302	64.4%	39,659,348	110.7%
Total	<u>711,564,564</u>	<u>677,392,935</u>	<u>652,402,342</u>	<u>34,171,629</u>	<u>65.2%</u>	<u>59,162,222</u>	<u>9.1%</u>

The increase in capital assets, net of depreciation, of \$34.2 million from 2018-19 to 2019-20 and \$59.2 million from 2017-18 to 2019-20 is a result of an expanding capital improvement program over these years, where spending has exceeded annual depreciation. This year’s major addition to construction-in-progress includes the following:

Project Description	Capital Outlay
Mechanical and concrete renovations (7351)	\$ 8,711,371
Plant operations building seismic upgrades (7362)	3,868,266
Solids handling facility improvements (7348)	3,724,284
Filter plant improvements (7361)	3,412,048
South Orinda sewer renovations (8454)	3,263,678
Moraga/Crossroads pump station project (8436)	3,032,667
Emergency sludge loadout facility (7376)	2,864,063
Lafayette sewer renovation phase 13 (8452)	2,726,663
ERP Replacement (8250)	2,449,455
Total	<u>\$ 34,052,495</u>

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

DEBT ADMINISTRATION

The total debt obligations, excluding liabilities related to pension, OPEB and compensated absences liabilities, for fiscal years 2019-20, 2018-19 and 2017-18 totaled \$19.4 million, \$21.8 million, and \$29.1 million, respectively. As of June 30, 2020, the District’s outstanding debt totaled \$19.4 million, which is a decrease of \$2.6 million or 10.82% over the debt balance of \$21.8 million at June 30, 2019. Debt decreased by \$9.6 million or 33.16% comparing 2019-20 to 2017-18. The reduction in debt obligations is due to the refinancing of the 2009 certificates of participation during 2018-19, see Note 6 for detailed information. The source of funds primarily securing repayment of debt issued for capital improvement purposes is secured ad valorem property taxes.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET, AND RATES

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

- Regulatory requirements becoming more stringent, causing the District to spend more on compliance, both for operations and maintenance costs as well as capital improvement and replacement projects.
- The economic cycle, creating volatility with capacity/connection fee revenues as new development projects are highly sensitive to the economic cycle.
- Interest rate and/or investment return, which directly impacts investment earnings, borrowing costs, and which has an adverse relationship to employer pension and OPEB contribution requirements.
- The consumer price index (CPI), which is a measure of inflation. The CPI for the San Francisco-Oakland-Hayward area directly impacts the cost of living adjustments provided in the employee MOUs. Various cost pressures also affect spending for contracted services as well as materials and supplies.
- Changes in assessed property values, which affect the District's non-operating ad valorem property tax revenue. When the housing market improves, overall assessed property values increase, thereby increasing the District's property tax receipts. Conversely, any decline in the housing market will decrease property values and correspondingly decrease ad valorem property tax receipts for the District.

These factors, to the extent known, were considered in preparing the District's budget. In June 2019, the District's Board of Directors adopted an operating and maintenance budget of \$87.6 million and sewer construction capital budget of \$66.2 million for the year ending June 30, 2020. Following customer outreach, public noticing, and a Public Hearing stipulated by Proposition 218, in April 2019 the District's Board of Directors approved new sewer service charges for the four-year timeframe spanning July 1, 2019 to June 30, 2023 with the condition that each year the District shall re-assess whether the increase is still justified and necessary.

The sewer service charges for the year ending June 30, 2020 incorporates an average rate increase of 5.25%, essential to help address an expanded capital improvement program. Over the next four fiscal years the District is planning for continued growth in the capital improvement program to modernize the District's ageing infrastructure, address regulatory requirements regarding the protection of public health and the environment and to ensure the sustainability of infrastructure. To help finance these expanded capital improvement and replacement initiatives, the District anticipates the use of debt financing of \$170 – \$200 million.

FINANCIAL CONTACT

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

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$111,856,324	\$57,648,783
Short term investments (Note 2)	20,000,000	53,000,000
Accounts receivable, net (Note 3)	27,985,589	24,736,062
Employee computer loans receivable (Note 3)	12,893	15,736
Interest receivable	256,559	
Parts and supplies	2,295,555	2,185,998
Prepaid expenses	<u>1,695,712</u>	<u>1,401,010</u>
Total current assets	<u>164,102,632</u>	<u>138,987,589</u>
NON-CURRENT ASSETS		
Restricted cash and cash equivalents (Notes 1.F. and 2)	10,422,954	8,537,951
Assessment Districts receivable (Note 4)	<u>1,055,527</u>	<u>1,214,665</u>
Capital assets:		
Nondepreciable (Note 5)	97,770,060	68,187,758
Depreciable, net of accumulated depreciation (Note 5)	<u>613,794,504</u>	<u>609,205,177</u>
Total capital assets, net	<u>711,564,564</u>	<u>677,392,935</u>
Total non-current assets	<u>723,043,045</u>	<u>687,145,551</u>
TOTAL ASSETS	<u>887,145,677</u>	<u>826,133,140</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related (Note 9)	26,670,166	46,715,613
OPEB related (Note 10)	<u>2,176,533</u>	<u>2,836,089</u>
Total deferred outflows of resources	<u>28,846,699</u>	<u>49,551,702</u>

(Continued)

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

LIABILITIES	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$11,785,558	\$9,956,746
Interest payable	269,772	288,505
Refunding Water Revenue Bonds - current portion (Note 6)	1,740,000	2,145,000
Accrued compensated absences - current portion (Note 1.J.)	535,200	504,700
Provision for uninsured claims (Note 7)	1,221,293	1,157,797
Refundable deposits	<u>302,494</u>	<u>351,797</u>
Total current liabilities	<u>15,854,317</u>	<u>14,404,545</u>
NON-CURRENT LIABILITIES		
Refunding Water Revenue Bonds, noncurrent portion (Note 6)	17,707,392	19,661,631
Accrued compensated absences, noncurrent portion (Note 1.J.)	4,817,572	4,542,903
Net pension liability (Note 9)	64,117,450	90,430,104
Net OPEB liability (Note 10)	<u>10,371,508</u>	<u>11,912,761</u>
Total non-current liabilities	<u>97,013,922</u>	<u>126,547,399</u>
TOTAL LIABILITIES	<u>112,868,239</u>	<u>140,951,944</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related (Note 9)	30,761,867	23,736,976
OPEB related (Note 10)	<u>4,601,542</u>	<u>6,864,360</u>
Total deferred inflows of resources	<u>35,363,409</u>	<u>30,601,336</u>
NET POSITION (Note 11)		
Net investment in capital assets	692,117,172	655,586,304
Restricted for debt service	2,639	
Unrestricted	<u>75,640,917</u>	<u>48,545,258</u>
TOTAL NET POSITION	<u><u>\$767,760,728</u></u>	<u><u>\$704,131,562</u></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 YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
OPERATING REVENUES		
Sewer service charges (SSC)	\$70,408,903	\$68,656,908
Service charges - City of Concord (Note 8)	14,923,591	15,205,292
Other services charges	1,176,242	1,126,239
Miscellaneous charges	714,043	689,727
Total operating revenues	87,222,779	85,678,166
OPERATING EXPENSES		
Sewage collection and pumping stations	16,671,998	17,213,848
Sewage treatment	26,998,492	26,342,221
Engineering	15,564,466	16,334,241
Recycled water	1,205,526	1,189,921
Administrative and general	21,408,746	24,522,508
Pension expense adjustments (Note 9)	757,666	(2,928,146)
OPEB expense adjustments (Note 10)	(3,144,515)	(30,379,022)
Depreciation (Note 5)	21,253,062	20,983,353
Total operating expenses	100,715,441	73,278,924
OPERATING (LOSSES)	(13,492,662)	12,399,242
NONOPERATING REVENUES (EXPENSES)		
Taxes	18,876,886	18,251,794
Permit and inspection fees	2,251,245	2,648,708
Interest earnings	2,310,269	2,573,964
Interest expense	(604,851)	(1,025,006)
Other income (expense), net	1,219,811	1,424,520
Total nonoperating revenues (expenses), net	24,053,360	23,873,980
INCOME BEFORE CAPITAL CONTRIBUTIONS	10,560,698	36,273,222
CAPITAL CONTRIBUTIONS		
City of Concord contributions to capital costs (Note 8)	11,393,000	7,973,516
Customer contributions to capital cost (SSC)	32,829,958	28,588,625
Contributed sewer lines	1,761,808	2,179,641
Connection fees	7,083,702	8,145,068
Total capital contributions	53,068,468	46,886,850
CHANGE IN NET POSITION	63,629,166	83,160,072
NET POSITION, BEGINNING OF YEAR	704,131,562	620,971,490
NET POSITION, END OF YEAR	\$767,760,728	\$704,131,562

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$84,135,233	\$83,782,738
Payments to suppliers	(43,500,766)	(43,260,212)
Payments to employees and related benefits	(36,604,529)	(40,179,456)
Net cash provided by operating activities	4,029,938	343,070
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of taxes	18,876,886	18,251,794
Inspection/permit fees and other non-operating income	3,471,056	4,073,228
Net cash provided by noncapital financing activities	22,347,942	22,325,022
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	44,222,958	36,562,141
Connection fees	7,083,702	8,145,068
Acquisition and construction of capital assets	(53,662,883)	(43,794,305)
Interest paid on long-term debt	(623,584)	(1,270,831)
Principal payments on long-term debt	(2,359,239)	(7,288,369)
Net cash used for capital and related financing activities	(5,339,046)	(7,646,296)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of investments	100,000,000	98,856,450
Acquisition of investments	(67,000,000)	(113,000,000)
Interest received	2,053,710	2,673,348
Net cash provided by investing activities	35,053,710	(11,470,202)
NET INCREASE (DECREASE) IN CASH	56,092,544	3,551,594
Cash, beginning of year	66,186,734	62,635,140
Cash, end of year	\$122,279,278	\$66,186,734

(Continued)

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating income (losses)	(\$13,492,662)	\$12,399,242
Adjustments to reconcile operating losses to cash flows from operating activities:		
Depreciation	21,253,062	20,983,353
Changes in assets and liabilities:		
Receivables, net	(3,087,546)	(1,895,428)
Parts and supplies	(109,557)	59,057
Prepaid expenses	(294,702)	1,198,748
Net OPEB asset	-	-
Accounts payable and accrued expenses	1,828,812	292,008
Accrued payroll and related expenses	305,169	401,726
Refundable deposits	(49,303)	(64,035)
Claims	63,496	275,567
Net pension liability	757,684	(2,928,146)
Net OPEB liability	(3,144,515)	(30,379,022)
	\$4,029,938	\$343,070
SCHEDULE OF NON CASH ACTIVITY		
Change in fair value of investments	\$2,053,710	\$2,673,348
Capital asset donations	1,761,808	2,179,641
	\$3,815,518	\$4,852,989
CASH AND CASH EQUIVALENTS, AS PRESENTED ON STATEMENT OF NET POSITION:		
Unrestricted cash and cash equivalents	\$111,856,324	\$57,648,783
Restricted cash and cash equivalents	10,422,954	8,537,951
	\$122,279,278	\$66,186,734

See accompanying notes to financial statements

CENTRAL CONTRA COUNTY SANITARY DISTRICT
 STATEMENTS OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
 JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Investments with Trustees:		
Cash equivalents (Note 2)	\$2,101,825	\$1,570,229
Equity securities	19,941,007	17,716,355
Equity mutual funds	<u>47,806,548</u>	<u>46,639,520</u>
Total investments	<u>69,849,380</u>	<u>65,926,104</u>
Total Assets	<u><u>\$69,849,380</u></u>	<u><u>\$65,926,104</u></u>
NET POSITION RESTRICTED FOR OPEB		
Net position held in trust for OPEB benefits	<u><u>\$69,849,380</u></u>	<u><u>\$65,926,104</u></u>

See accompanying notes to basic financial statements

CENTRAL CONTRA COUNTY SANITARY DISTRICT
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
ADDITIONS		
Contributions:		
District	\$1,250,000	\$1,582,800
Total contributions	1,250,000	1,582,800
Investment income:		
Net appreciation in fair value of investments	2,994,909	4,920,923
Interest, dividends and other	(138,800)	-
Less: investment expenses	(182,833)	(174,298)
Total net investment income	2,673,276	4,746,625
Total additions	3,923,276	6,329,425
Change in net position	3,923,276	6,329,425
NET POSITION RESTRICTED FOR OPEB		
Beginning of year	65,926,104	59,596,679
End of year	\$69,849,380	\$65,926,104

See accompanying notes to basic financial statements

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**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

**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, 2020 and 2019**

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

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

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

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

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

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

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

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

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

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

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

The District reports its *Other Post-Employment Benefit Trust Fund* as a fiduciary fund. The Fund consists of the Public Agencies Post-Retirement Health Care Plan, which was established in 2005, amended and restated in 2007. The fundamental purpose of the trust is to fund post-employment benefits (other than pension benefits), such as medical, dental, vision, life insurance, long-term care and similar benefits.

C. *Investments*

Investments held at June 30, 2020 and 2019 with original maturities greater than one year, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

D. *Fair Value Measurements*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

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

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

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

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

E. *Prepaid Expenses*

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

F. *Bank Escrow Deposit*

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

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

G. *Parts and Supplies*

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

H. *Property, Plant, and Equipment*

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

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

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

I. *Property Taxes*

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

General County taxes collected are the same as the amount levied since the County participates in California's alternative method of apportionment called the Teeter Plan. The Teeter Plan as provided in Section 4701 et 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, 2020 and 2019**

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

J. *Compensated Absences*

The liability for vested vacation, compensatory time, and sick pay is recorded as an expense when earned. District employees have a vested interest in 100 percent of accrued vacation time and 85 percent of accrued sick time for employees hired before May 1, 1985 (one employee hired prior to this date remains on the plan). 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:

	2020	2019
Beginning Balance	\$5,047,603	\$4,645,877
Additions	755,277	661,215
Payments	(450,108)	(259,489)
Ending Balance	\$5,352,772	\$5,047,603
Current Portion	\$535,200	\$504,700

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

K. *Statement of Cash Flows*

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

L. *Use of Estimates*

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

M. *Implementation of Governmental Accounting Standards Board (GASB) Pronouncements*

GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance – This Statement extended the implantation dates for 15 GASB Statements and Implementation Guides by 1 year or more. Of course, many of the Statement could be early- implemented, as applicable.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

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

N. Prior-Period Comparative Statements

The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District’s financial statements for the year ended June 30, 2019, from which the summarized information was derived.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

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

	2020	2019
Cash and cash equivalents	\$111,856,324	\$57,648,783
Short term investments	20,000,000	53,000,000
Restricted cash and cash equivalents	100,000	117,135
Total District Cash and Investments	131,956,324	110,765,918
Restricted Cash and investments	10,322,954	8,420,816
Cash and investments held with OPEB trust	69,849,380	65,926,104
Total Cash and Investments	\$212,128,658	\$185,112,838

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, 2020 and 2019**

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:

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

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

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

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	2020	
	Level 2	Total
Investments Reported at Fair Value:		
U.S. Federal Agency Securities - FHLB	\$20,000,000	\$20,000,000
Total Investments	<u>\$20,000,000</u>	20,000,000
Investments Exempt from Fair Value Hierarchy:		
California Local Agency Investment Fund		75,000,000
Total Investments		<u>95,000,000</u>
Restricted Cash and investments		10,322,954
Cash and investments held with OPEB trust		69,849,380
Cash in bank		<u>36,956,324</u>
Total Cash and Investments		<u>\$212,128,658</u>

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

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	2019		
	Level 1	Level 2	Total
Investments Reported at Fair Value:			
U.S. Treasury Bill	\$13,000,000		\$13,000,000
U.S. Federal Agency Securities - FHLB		\$30,000,000	30,000,000
U.S. Federal Agency Securities - FHLMC		10,000,000	10,000,000
Total Investments	<u>\$13,000,000</u>	<u>\$40,000,000</u>	53,000,000
Investments Exempt from Fair Value Hierarchy:			
California Local Agency Investment Fund			<u>43,200,000</u>
Total Investments			96,200,000
Restricted Cash and investments			8,420,816
Cash and investments held with OPEB trust			65,926,104
Cash in bank			<u>14,565,918</u>
Total Cash and Investments			<u>\$185,112,838</u>

U.S. Treasury Notes totaling \$13 million, classified in Level 1 of the fair value hierarchy are valued using a quoted price in an active market for an identical asset. U.S. Federal Agency Securities totaling \$40 million classified in Level 2 of the fair value hierarchy, is valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment; generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. It is the District's policy to manage exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. District policy is that investment maturities do not exceed one year, with the exception of Treasury Notes or Local Agency Investment Fund; however, investments can be held longer with Board approval.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

Investment Type	2020	
	12 Months or less	Maturity
U.S Federal Agency Securities - FHLB	\$20,000,000	9/25/20
California Local Agency Investment Fund	75,000,000	
Total Investments	95,000,000	
Restricted Cash and investments	10,322,954	
Cash and investments held with OPEB trust	69,849,380	
Cash in bank	36,956,324	
Total Cash and Investments	\$212,128,658	

Investment Type	2019	
	12 Months or less	More than 12 Months
United States Treasury Bill	\$8,000,000	8/29/19
United States Treasury Bill	5,000,000	9/19/19
U.S Federal Agency Securities - FHLB	5,000,000	7/22/19
U.S Federal Agency Securities - FHLB	10,000,000	7/23/19
U.S Federal Agency Securities - FHLB	5,000,000	10/1/19
U.S Federal Agency Securities - FHLB	5,000,000	11/18/19
U.S Federal Agency Securities - FHLB	5,000,000	12/11/19
U.S. Federal Agency Securities - FHLMC	5,000,000	7/23/19
U.S. Federal Agency Securities - FHLMC	5,000,000	11/12/19
California Local Agency Investment Fund	43,200,000	
Total Investments	96,200,000	
Restricted Cash and investments	8,420,816	
Cash and investments held with OPEB trust	65,926,104	
Cash in bank	14,565,918	
Total Cash and Investments	\$185,112,838	

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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, 2020 and 2019, these investments matured in an average of 191 and 173 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

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	
	2020	2019
<i>Rated P-1:</i>		
U.S. Federal Agency Securities - FHLB	\$20,000,000	\$30,000,000
U.S. Federal Agency Securities - FHLMC		10,000,000
Total Rated Investments	20,000,000	40,000,000
<i>Not rated:</i>		
California Local Agency Investment Fund	75,000,000	43,200,000
U.S. Treasury Notes		13,000,000
Restricted Cash and investments	10,322,954	8,420,816
Cash and investments held with OPEB trust	69,849,380	65,926,104
Cash in Bank	36,956,324	14,565,918
Total Cash and Investments	\$212,128,658	\$185,112,838

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

NOTE 2 – CASH AND INVESTMENTS (Continued)

G. Concentration of Credit Risk

Included in the table below are the following significant investments in the securities of issuers other than U.S. Treasury Securities, mutual funds, and external investment pools in any organization that represent in excess of 5% of the District's total investments as of June 30, 2020:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	U.S. Agency Securities	\$20,000,000

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. The District's policy is to use the services of the Treasurer's Office of the County of Contra Costa, which will transact the District's investment decisions in compliance with the requirements of the District's policy. The County Treasurer's Office will execute the District's investments through such broker-dealers and financial institutions as are approved by the County Treasurer, and through the State Treasurer's Office for investment in the Local Agency Investment Fund.

NOTE 3 – ACCOUNTS RECEIVABLE

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

	2020	2019
City of Concord (see Note 8)	\$26,362,258	\$23,178,808
Household Hazardous Waste Partners	832,005	831,653
All Other	791,326	725,601
Total Accounts Receivable	<u>\$27,985,589</u>	<u>\$24,736,062</u>

Employee Computer Loans Receivable:

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

	2020	2019
Employee Computer Loans	\$15,736	\$10,614
Additions	11,640	18,141
Payments	(14,483)	(13,019)
Long-term Portion	<u>\$12,893</u>	<u>\$15,736</u>

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

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, 2020 and 2019 was \$339,613 and \$394,662, 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, 2020 and 2019 was \$715,914 and \$820,003, respectively.

The total receivable balance at June 30, 2020 and 2019 for CAD and AVAD was \$1,055,527 and \$1,214,665, respectively, and is shown as a non-current asset on the Statement of Net Position.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

NOTE 5 – CAPITAL ASSETS

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

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

NOTE 5 – CAPITAL ASSETS (Continued)

Property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2019:

	Balance at June 30, 2018	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2019
Capital assets not being depreciated:					
Land	\$17,320,570				\$17,320,570
Easements (intangible)	4,949,507				4,949,507
Construction in Progress	35,820,635	\$43,794,305		(\$33,697,259)	45,917,681
Total nondepreciated assets	58,090,712	43,794,305		(33,697,259)	68,187,758
Capital assets being depreciated:					
Sewage collection system	379,247,498		(\$1,000)	14,838,354	394,084,852
Contributed sewer lines	159,795,333	2,179,641		369,807	162,344,781
Outfall sewers	11,371,574				11,371,574
Sewage treatment plant	341,675,108		(775,000)	14,076,185	354,976,293
Recycled water infrastructure	20,292,366				20,292,366
Pumping stations	57,327,020				57,327,020
Buildings	44,238,508			140,971	44,379,479
Furniture and equipment	13,841,424		(49,736)	788,250	14,579,938
Motor vehicles	7,695,424		(322,498)	118,034	7,490,960
Enterprise software				3,365,658	3,365,658
Total depreciated assets	1,035,484,255	2,179,641	(1,148,234)	33,697,259	1,070,212,921
Less accumulated depreciation:					
Sewage collection system	73,525,809	5,233,352	(1,000)		78,758,161
Contributed sewer lines	61,491,489	2,160,843			63,652,332
Outfall sewers	3,768,376	151,394			3,919,770
Sewage treatment plant	228,809,775	7,669,380	(775,000)		235,704,155
Recycled water infrastructure	9,680,325	675,337			10,355,662
Pumping stations	35,288,443	2,020,755			37,309,198
Buildings	14,154,661	1,273,070			15,427,731
Furniture and equipment	9,236,015	1,229,242	(49,736)		10,415,521
Motor vehicles	5,217,732	401,697	(322,498)		5,296,931
Enterprise software		168,283			168,283
Total accumulated depreciation	441,172,625	20,983,353	(1,148,234)		461,007,744
Total capital assets being depreciated, net	594,311,630	(18,803,712)		33,697,259	609,205,177
Capital assets, net	\$652,402,342	\$24,990,593			\$677,392,935

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

NOTE 6 – LONG-TERM DEBT

A. Summary of Activity

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

	Original Issue Amount	Balance June 30, 2019	Retirements	Balance June 30, 2020	Amount due within one year
2018 Series A Wastewater Revenue Refunding Bonds 1.39-2.34%, due 9/1/2029	\$15,135,000	\$15,135,000		\$15,135,000	\$1,225,000
2018 Series B Wastewater Revenue Refunding Bonds 2.62-3.12%, due 9/1/2023	4,315,000	4,315,000	\$2,145,000	2,170,000	515,000
Total long-term debt		<u>19,450,000</u>	<u>2,145,000</u>	<u>17,305,000</u>	<u>\$1,740,000</u>
Add: Unamortized premium					
Wastewater Revenue Bonds		2,356,631	214,239	2,142,392	
Total Long-Term Debt, net		21,806,631	<u>\$2,359,239</u>	19,447,392	<u>\$1,740,000</u>
Less Current Portion		<u>(2,145,000)</u>		<u>(1,740,000)</u>	
Long Term Portion		<u>\$19,661,631</u>		<u>\$17,707,392</u>	

The changes in the District's long-term obligations during the year ended June 30, 2019 consisted of the following:

	Original Issue Amount	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Amount due within one year
2018 Series A Wastewater Revenue Refunding Bonds 1.39-2.34%, due 9/1/2029	\$15,135,000		\$15,135,000		\$15,135,000	
2018 Series B Wastewater Revenue Refunding Bonds 2.62-3.12%, due 9/1/2029	4,315,000		4,315,000		4,315,000	\$2,145,000
2009 Series A Certificates of Participation Wastewater Revenue 3.45-3.78%, due 9/1/2029	19,635,000	\$19,635,000		\$19,635,000		
2009 Series B Certificates of Participation Wastewater Revenue .40-3.79%, due 9/1/2029	34,490,000	9,460,000		9,460,000		
Total long-term debt		<u>29,095,000</u>	<u>19,450,000</u>	<u>29,095,000</u>	<u>19,450,000</u>	<u>\$2,145,000</u>
Add: Unamortized premium						
Wastewater Revenue Bonds			2,777,190	420,559	2,356,631	
Total Long-Term Debt, net		29,095,000	<u>\$22,227,190</u>	<u>\$29,515,559</u>	21,806,631	<u>\$2,145,000</u>
Less Current Portion		<u>(2,480,000)</u>			<u>(2,145,000)</u>	
Long Term Portion		<u>\$26,615,000</u>			<u>\$19,661,631</u>	

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

NOTE 6 – LONG-TERM DEBT (Continued)

B. Debt Service Requirements

The 2018 Wastewater Revenue Refunding debt service requirements are as follows:

Fiscal Year Ending June 30,	Series A		Series B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$1,225,000	\$720,000	\$515,000	\$57,605	\$1,740,000	\$777,605
2022	1,270,000	663,750	535,000	42,477	1,805,000	706,227
2023	1,335,000	598,625	550,000	26,172	1,885,000	624,797
2024	1,395,000	530,375	570,000	8,892	1,965,000	539,267
2025	1,465,000	458,875			1,465,000	458,875
2026 - 2030	8,445,000	1,094,875			8,445,000	1,094,875
Total	\$15,135,000	\$4,066,500	\$2,170,000	\$135,146	\$17,305,000	\$4,201,646

C. 2009 Wastewater Revenue Certificates of Participation

On November 12, 2009 and December 3, 2009, the District issued two Certificates of Participation (COP).

The 2009 Wastewater Revenue Certificates of Participation, Series A and Series B were issued for \$19,635,000 and \$34,490,000, respectively. The Series A COP were federally taxable “Build America Bonds” which had a direct 35% interest rate subsidy from the Federal Government. Yields on this series range from 3.45% to 3.78%, net of the subsidy. The Series B COP were tax exempt bonds that were used to refund the 1998 and 2002 bond issues and raise an additional \$30 million in new proceeds with yields ranging from .40% to 3.79%.

The two bonds totalled \$54,125,000 and were secured by a pledge of tax and net revenues of the wastewater system. Principal payments began annually on September 1, 2010 with semi-annual payments due on September 1 and March 1 of each year. Both bonds were to have been fully amortized by September 1, 2029. In fiscal year 2019, the outstanding amount of \$29,095,000 in principal and \$9,528,717 of interest was fully refunded by the 2018 Wastewater Revenue Refunding Bonds, Series A & B.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

NOTE 6 – LONG-TERM DEBT (Continued)

D. 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, 2020 amounted to \$21,506,646.

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss including torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. To manage these risks, the District joined with other entities to form the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool currently operating as a common risk management and insurance program for the member entities. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost. Through CSRMA, the District purchases property insurance and workers' compensation insurance. The District also commenced an Enterprise Risk Management program during 2019,20, where the primary risks facing the agency are identified, monitored and reported on to the Board.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

NOTE 7 – RISK MANAGEMENT (Continued)

A. Insurance Coverage

The District’s insurance coverage is as follows:

Type of Coverage	Insurer	Limits	Self Insured Deductible Per Occurrence
All-Risk Property:			
Special Form Property	Alliant Property Insurance Program	\$602,045,193	\$250,000
Crime	National Union Fire Ins. Company	1,000,000	2,500
Liability:			
Fiduciary Liability Insurance	Hudson Insurance Company	1,000,000	-
Pollution- General Liability	Aspen Specialty Ins. Company	10,000,000	50,000
Commercial Environment Excess	Aspen Specialty Ins. Company	1,000,000	5,000
Special Excess Liability Coverage-ANML	Argonaut Insurance Company	10,000,000	500,000
Excess Following Form Liability Policy	Allied World Assurance Company (U.S), Inc.	5,000,000	10,000,000
Employment Practice Liability	Indian Harbor Insurance Company	500,000	35,000
Workers' Compensation:			
Excess Workers' Compensation	Safety National Casualty Corporation	Statutory	-

B. Provision for Uninsured Claims

The Governmental Accounting Standard Board (GASB) requires state and local governments to record their liability for uninsured claims in their financial statements. The District’s policy is to maintain a reserve for claims of \$1,500,000 which is equivalent to three claims at \$500,000 per occurrence. The District’s actuary has calculated its potential liability as of June 30, 2020 to be \$1,221,293.

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 November 13, 2018. For intervening years, the liability for uninsured claims is reviewed for adequacy based on claims activity during the intervening period.

For fiscal years ended June 30, 2020, 2019, and 2018, settlements have not exceeded insurance coverage. Changes in the District’s estimated liability for retained losses are summarized as follows as of June 30:

	2020	2019	2018
Beginning balance	\$1,157,797	\$882,230	\$807,079
Provisions for claims incurred in the current year and changes in the liability for retained-losses incurred in prior years	257,075	275,567	243,897
Claims paid and/or adjustments	(193,579)		(168,746)
Ending balance	<u>1,221,293</u>	<u>\$1,157,797</u>	<u>\$882,230</u>

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

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 \$14,969,258 and \$11,393,000 respectively, for the year ended June 30, 2020, for a total of \$26,362,258. Service charges and contributions to capital costs from the City totaled \$15,205,292 and \$7,973,516, respectively, for the year ended June 30, 2019, for a total of \$23,178,808.

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, 2018. 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, 1355 Willow Way, Suite 221, Concord, CA 94520-5728 or on their website at www.cccera.org.

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

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

The Plans’ provisions and benefits in effect at June 30, 2020, 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 - \$275,000	\$151,549
Minimum Retirement age (with benefit reductions)	50	52
Required employee contribution rates	11.97%	11.20%
Required employer contribution rates	56.46%	45.67%

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

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, 2020, the District’s contributions to the Plan were \$17,605,893.

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

	Proportionate Share of Net Pension Liability	
	2020	2019
Miscellaneous	\$64,117,450	\$90,430,104
Total Net Pension Liability	\$64,117,450	\$90,430,104

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, 2019, 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, 2018 rolled forward to December 31, 2019 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, 2018, 2019, and 2020 were as follows:

Reporting Date for Employer under GASB 68 as of December 31	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered Payroll	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan Fiduciary Net Pension as a percentage of the Total Pension Liability
2018	7.863%	\$63,806,000	\$33,306,938	191.57%	83.58%
2019	6.332%	90,430,104	33,793,159	267.60%	77.86%
2020	7.420%	64,117,450	36,087,017	177.67%	85.05%

For the year ended June 30, 2020, the District recognized pension expense of \$18,935,674. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

NOTE 9 – PENSION PLANS (Continued)

The \$8,971,970 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, 2021.

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
2021	(\$3,928,236)
2022	(4,783,965)
2023	2,984,195
2024	(7,335,665)
Total	<u><u>(\$13,063,671)</u></u>

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$8,840,759	
Differences between expected and actual experience	2,612,669	\$1,965,766
Changes of assumptions or other inputs	530,124	4,606,404
Change in proportion and differences between employer contributions and proportionate share of contributions	7,636,777	17,164,806
Net difference between projected and actual earnings on pension plan investments	27,095,284	
Total	<u><u>\$46,715,613</u></u>	<u><u>\$23,736,976</u></u>

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

NOTE 9 – PENSION PLANS (Continued)

Actuarial Assumptions – The total pension liabilities in the December 31, 2019 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	December 31, 2019
Measurement Date	December 31, 2019
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation Rate	2.75%
Payroll Growth	2.75% (1)
Projected Salary Increase	3.25% - 12.00%
Cost of Living Adjustments	2.75%
Investment Rate of Return	7.00%
Mortality	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table

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

Discount Rate – The discount rate used to measure the Total Pension Liability (TPL) was 7.00% as of December 31, 2019 and December 31, 2018. The projection of cash flows used to determine the discount rate assumed employer and employee contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer and employee contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2019 and December 31, 2018.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

NOTE 9 – PENSION PLANS (Continued)

The long-term expected rate of return on pension plan investments was determined in 2020 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

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

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

	<u>Miscellaneous</u>
1% Decrease	6.00%
Net Pension Liability	\$121,416,887
Current Discount Rate	7.00%
Net Pension Liability	\$64,117,450
1% Increase	8.00%
Net Pension Liability	\$17,159,957

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

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 ICMA Retirement Corporation for the exclusive benefit of the participants and are not included in the District's financial statements.

C. 401 (a) Defined Contribution Plan

The District also contributes to a money purchase plan created in accordance with Internal Revenue Code section 401(a). The plan was established by the District's Board of Directors and any amendments to the plan must be authorized by the Board. Contributions to the plan are made in accordance with a memorandum of understanding stating that in lieu of making payments to Social Security, the District contributes to the 401(a) Plan an amount equal to that which would have been contributed to Social Security on behalf of its employees as long as the District is not required to participate in Social Security. The District contributed \$2,222,449 and \$2,123,939 to the Plan during the years ended June 30, 2020 and 2019, respectively.

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

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS

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

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2020:

Active employees	274
Inactive employees or beneficiaries currently receiving benefit payments	269
Inactive employees entitled to but not yet receiving benefit payments	
Total	543

B. Net OPEB Liability

Actuarial Methods and Assumptions – The District’s net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2019 that was rolled forward using standard update procedures to determine the \$80,359,688 total OPEB liability as of June 30, 2020, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	July 1, 2018
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Contribution and Funding Policy	District contributes full ADC less benefit payments to PARS trust Benefits payments paid outside the trust PARS portfolio: Moderate
Long-Term Expected Rate of Discount Rate	5.75% at June 30, 2019 5.75% at June 30, 2020
General Inflation	2.75% Annually
Mortality, Disability, Termination, Mortality Improvement	CCCERA 2012-2014 Experience Study Mortality improvement projected generationally with Scale MP-2015
Medical Trend	Non-Medicare - 7.5% for 2019/20, decreasing to 4.0% for 2075/76 and later Medicare - 6.5% for 2019/20, decreasing to 4.0% for 2075/76
Dental Trend	3.75% annually
Healthcare Participation for future Retirees	Currently Covered: 100% Currently Waived Coverage: 95% Self-Pay Board Members: 50%

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

The underlying mortality assumptions were based on the mortality improvement projected generationally with Scale MP-15 and all other actuarial assumptions used in the July 1, 2019 valuation were based on the results of a July 1, 2019 actuarial experience study for the period of July 1, 2019 to June 30, 2020.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class Component	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	48.0%	4.82%
Fixed Income	45.0%	1.47%
REIT	2.0%	3.76%
Cash	5.0%	0.06%
Total	100.0%	

Discount Rate – The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that 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, 2020 and 2019**

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2019	\$77,838,865	\$65,926,104	\$11,912,761
Changes Recognized for the Measurement Period:			
Service Cost	2,184,331		2,184,331
Interest on the total OPEB liability	4,482,146		4,482,146
Changes in benefit terms			
Differences between expected and actual experience			
Changes of assumptions			
Contributions from the employer		5,395,654	(5,395,654)
Contributions from the employee			
Net investment income		2,994,909	(2,994,909)
Benefit payments	(4,145,654)	(4,145,654)	
Administrative expenses		(182,833)	182,833
Net changes	2,520,823	4,062,076	(1,541,253)
Balance at June 30, 2020	\$80,359,688	\$69,988,180	\$10,371,508

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, 2020, 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 (4.75%) or 1-percentage-point higher (6.75%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1%	Discount Rate	Discount Rate +1%
(4.75 %)	(5.75%)	(6.75%)
\$20,619,626	\$10,371,508	\$1,932,835

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
\$75,142	\$10,371,508	\$23,063,126

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

For the year ended June 30, 2020, the District recognized negative OPEB expense of \$2,251,139. At June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions made subsequent to the measurement date		
Differences between actual and expected experience		(\$4,574,507)
Changes of assumptions	\$2,176,533	
Net differences between projected and actual earnings on plan investments		(27,035)
Total	<u>\$2,176,533</u>	<u>(\$4,601,542)</u>

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

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2021	(\$787,520)
2022	(787,520)
2023	(795,119)
2024	(54,850)
Total	<u>(\$2,425,009)</u>

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

F. Annual Money-Weighted Rate of Return on Investments

For the years ended June 30, 2020 and 2019, the annual money-weighted rate of return on investments, net of investment expense, were 4.49% and 7.20%. The money-weighted rate of return expresses investment performance net of investment expense, adjusted for the changing amounts actually invested.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019**

NOTE 11 – NET POSITION

Net Position

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

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

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

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

NOTE 12 – LEASE COMMITMENTS

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

Fiscal Year Ending June 30,	Office Equipment	Facilities	Total
2021	\$252,360	\$67,982	\$320,342
Total	\$252,360	\$67,982	\$320,342

Total rental expense for both the fiscal years ended June 30, 2020 and 2019 was \$320,342.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

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

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

The District has a number of purchase commitments for ongoing operating and capital projects that involve multi-year contracts. Purchase commitments related to these multi-year contracts are approximately \$49,817,490 and \$29,402,558 as of June 30, 2020 and 2019, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL CONTRA COSTA SANITARY DISTRICT
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2020
PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Fiscal Years¹

Measurement date	December 31,					
	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	7.42%	6.33%	7.86%	6.27%	6.09%	7.49%
Proportionate share of the net pension liability	\$64,117,450	\$90,430,104	\$63,806,000	\$87,847,116	\$91,746,888	\$89,535,510
Covered Payroll ²	\$39,445,629	\$37,088,954	\$36,405,155	\$33,825,261	\$31,149,979	\$29,647,993
Proportionate share of the net pension liability as a percentage of covered payroll	162.55%	243.82%	175.27%	259.71%	294.53%	302.00%
Fiduciary net position as a percentage of the total pension liability	85.05%	77.86%	83.58%	76.44%	74.14%	73.86%

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

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

CENTRAL CONTRA COSTA SANITARY DISTRICT
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2020
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 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>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>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Covered payroll	 \$ 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	 44.72%	 45.53%	 48.80%	 51.29%	 69.63%	 81.25%

Notes to Schedule

Measurement Date: 12/31/2018, 12/31/2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	5 years **
Asset valuation method	5-year semi-annually
Inflation	2.75%
Salary increases	3.25% - 12.00%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Retirement age	50 years Classic, 52 years PEPRA
Mortality	RP-2014 Healthy Annuitant Mortality Table with setbacks and forwards

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

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT
POST-RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**
Single Employer
Last 10 fiscal years*

Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability				
Service Cost	\$2,184,331	\$2,447,310	\$2,370,276	\$2,295,667
Interest	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		(7,346,935)		
Changes of assumptions		3,495,645		
Benefit payments	(4,145,654)	(5,697,440)	(5,571,750)	(5,404,627)
Net change in total OPEB liability	2,520,823	(28,108,332)	3,194,589	3,094,270
Total OPEB liability - beginning	77,838,865	105,947,197	102,752,608	99,658,338
Total OPEB liability - ending (a)	\$80,359,688	\$77,838,865	\$105,947,197	\$102,752,608
Plan fiduciary net position				
Contributions - employer	\$5,395,654	\$7,280,240	\$9,649,750	\$10,433,327
Contributions - employee				
Net investment income	2,994,909	4,920,923	3,354,822	4,735,576
Administrative expense	(182,833)	(174,362)	(164,446)	(5,404,627)
Benefit payments	(4,145,654)	(5,697,440)	(5,571,750)	(139,063)
Net change in plan fiduciary net position	4,062,076	6,329,361	7,268,376	9,625,213
Plan fiduciary net position - beginning	65,926,104	59,596,743	52,328,367	42,703,154
Plan fiduciary net position - ending (b)	\$69,988,180	\$65,926,104	\$59,596,743	\$52,328,367
Net OPEB liability - ending (a)-(b)	\$10,371,508	\$11,912,761	\$46,350,454	\$50,424,241
Plan fiduciary net position as a percentage of the total OPEB liability	87.09%	84.70%	56.25%	50.93%
Covered payroll	\$40,356,579	\$38,479,260	\$36,638,935	\$35,178,106
Net OPEB liability as a percentage of covered-employee payroll	25.70%	30.96%	126.51%	143.34%

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 INVESTMENT RETURN RATE**

	2020	2019	2018
Annual money weighted rate of return, net of investment expense	4.49%	7.20%	5.96%

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

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Valuation Date	7/1/2018
Actuarial Cost Method:	Entry Age Normal, Level Dollar
Amortization Method:	Level dollar
Asset Valuation Method:	Investment gains and losses spread over 5-year rolling period
Actuarial Assumptions:	
Discount Rate	5.75%
General Inflation	2.75%
Medical Trend	Non-Medicare - 7.5% for 2019/20, decreasing to an ultimate rate of 4.0% in 2075/76 Medicare - 6.5% for 2019/20, decreasing to an
Dental Trend	3.75%
Mortality Rate	CCCERA 2012-2014 Experience Study
Mortality Improvement	Mortality improvement projected generationally with Scale MP-2015

* Fiscal year 2017 was the first year of implementation.

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SUPPLEMENTARY INFORMATION

CENTRAL CONTRA COSTA SANITARY DISTRICT
COMBINING SCHEDULE OF NET POSITION
ENTERPRISE SUB-FUNDS
JUNE 30, 2020

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$52,995,333	\$51,130,118	\$7,728,234	\$2,639		\$111,856,324
Short term investments		20,000,000				20,000,000
Accounts receivable	16,529,148	11,456,441				27,985,589
Employee computer loans receivable	12,893					12,893
Interest receivable	117,226	114,242	25,091			256,559
Parts and supplies	2,295,555					2,295,555
Prepaid expenses	1,695,712					1,695,712
Total current assets	<u>73,645,867</u>	<u>82,700,801</u>	<u>7,753,325</u>	<u>2,639</u>		<u>164,102,632</u>
NON-CURRENT ASSETS:						
Restricted cash and equivalents	10,422,954					10,422,954
Assessment Districts receivable		1,055,527				1,055,527
CAPITAL ASSETS						
Nondepreciable	97,770,060					97,770,060
Depreciable, net of accumulated depreciation	<u>613,794,504</u>					<u>613,794,504</u>
Total capital assets, net	<u>711,564,564</u>					<u>711,564,564</u>
Total non-current assets	<u>721,987,518</u>	<u>1,055,527</u>				<u>723,043,045</u>
TOTAL ASSETS	<u>795,633,385</u>	<u>83,756,328</u>	<u>7,753,325</u>	<u>2,639</u>		<u>887,145,677</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	26,670,166					26,670,166
OPEB related	<u>2,176,533</u>					<u>2,176,533</u>
Total deferred outflows	<u>28,846,699</u>					<u>28,846,699</u>
LIABILITIES						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	3,822,372	7,905,054	58,132			11,785,558
Interest payable				269,772		269,772
Refunding Water Revenue Bonds - current portion				1,740,000		1,740,000
Accrued compensated absences - current portion	535,200					535,200
Liability for uninsured claims			1,221,293			1,221,293
Refundable deposits	<u>183,011</u>	<u>119,483</u>				<u>302,494</u>
Total current liabilities	<u>4,540,583</u>	<u>8,024,537</u>	<u>1,279,425</u>	<u>2,009,772</u>		<u>15,854,317</u>
NON-CURRENT LIABILITIES:						
Refunding Water Revenue Bonds, noncurrent portion				17,707,392		17,707,392
Accrued compensated absences, noncurrent portion	4,817,572					4,817,572
Net pension liability	64,117,450					64,117,450
Net OPEB liability	<u>10,371,508</u>					<u>10,371,508</u>
Total noncurrent liabilities	<u>79,306,530</u>			<u>17,707,392</u>		<u>97,013,922</u>
TOTAL LIABILITIES	<u>83,847,113</u>	<u>8,024,537</u>	<u>1,279,425</u>	<u>19,717,164</u>		<u>112,868,239</u>
DEFERRED INFLOWS OF RESOURCES						
Pension related	30,761,867					30,761,867
OPEB related	<u>4,601,542</u>					<u>4,601,542</u>
Total deferred inflows	<u>35,363,409</u>					<u>35,363,409</u>
NET POSITION						
Net investment in capital assets	711,564,564			(19,447,392)		692,117,172
Restricted for debt service				2,639		2,639
Unrestricted	<u>(6,295,002)</u>	<u>75,731,791</u>	<u>6,473,900</u>	<u>(269,772)</u>		<u>75,640,917</u>
TOTAL NET POSITION	<u>\$705,269,562</u>	<u>\$75,731,791</u>	<u>\$6,473,900</u>	<u>(\$19,714,525)</u>		<u>\$767,760,728</u>

CENTRAL CONTRA COSTA SANITARY DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 ENTERPRISE SUB-FUNDS
 FOR THE YEAR ENDING JUNE 30, 2020

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
OPERATING REVENUES						
Sewer service charges (SSC)	\$70,408,903					\$70,408,903
Service charges - City of Concord	14,923,591					14,923,591
Other services charges	1,176,242					1,176,242
Miscellaneous charges	714,043					714,043
Total operating revenues	87,222,779					87,222,779
OPERATING EXPENSES						
Sewage collection and pumping stations	16,671,998					16,671,998
Sewage treatment	26,998,492					26,998,492
Engineering	15,564,466					15,564,466
Recycled water	1,205,526					1,205,526
Administrative and general	21,122,948		\$1,152,447		(\$866,649)	21,408,746
Pension expense	757,666					757,666
OPEB expense	(3,144,515)					(3,144,515)
Depreciation	21,253,062					21,253,062
Total operating expenses	100,429,643		1,152,447		(866,649)	100,715,441
OPERATING INCOME (LOSS)	(13,206,864)		(1,152,447)		866,649	(13,492,662)
NONOPERATING REVENUES (EXPENSES)						
Taxes		\$16,127,444		\$2,749,442		18,876,886
Permit and inspection fees	1,981,684	269,561				2,251,245
Interest earnings	1,172,489	996,041	141,739			2,310,269
Interest expense				(604,851)		(604,851)
Other income (expense), net	1,129,598	90,213	866,649		(866,649)	1,219,811
Total nonoperating revenues	4,283,771	17,483,259	1,008,388	2,144,591	(866,649)	24,053,360
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(8,923,093)	17,483,259	(144,059)	2,144,591		10,560,698
CAPITAL CONTRIBUTIONS AND TRANSFERS						
City of Concord contributions to capital costs		11,393,000				11,393,000
Customer contributions to capital cost (SSC)		32,829,958				32,829,958
Contributed sewer lines	1,761,808					1,761,808
Capital contributions - connection fees		7,083,702				7,083,702
Transfers In (Out)	50,815,214	(51,473,036)	438,937	218,885		
Total capital contributions and transfers	52,577,022	(166,376)	438,937	218,885		53,068,468
CHANGE IN NET POSITION	43,653,929	17,316,883	294,878	2,363,476		63,629,166
NET POSITION, BEGINNING OF YEAR	661,615,633	58,414,908	6,179,022	(22,078,001)		704,131,562
NET POSITION, END OF YEAR	\$705,269,562	\$75,731,791	\$6,473,900	(\$19,714,525)		\$767,760,728

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STATISTICS



**Central Contra Costa Sanitary District
Statistical Section
Table of Contents**

Financial Trends

These schedules contain trend information to help the reader understand how the District’s financial performance has changed over time.

Changes in Net Position and Statement of Net Position - Last Ten Fiscal Years	S-1
Revenue by Type - Last Ten Fiscal Years	S-2
Operating Expenses by Type - Last Ten Fiscal Years	S-3

Revenue Capacity

These schedules contain information to help the reader assess the District’s most significant revenue sources.

Major Revenue Base and Rates - Historical and Current Fees - Last Ten Fiscal Years	S-4
Assessed and Estimated Actual Valuation of Taxable Property - Last Ten Fiscal Years	S-5
Property Tax and Sewer Service Charge Fees Levied and Collected - Last Ten Fiscal Years	S-5
Sewer Service Charge - Ten Largest Customers - Last Ten Fiscal Years	S-6
Payments under the Concord Agreement – Last Ten Fiscal Years	S-7
Active Service Accounts and Fiscal Year Billings – Sewer Service Charges	S-7

Debt Capacity

This schedule contains 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.

Summary of Debt Service - Type, Debt Service Coverage, Debt Ratio - Last Ten Fiscal Years	S-8
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Demographic and Economic Information

This schedule offers demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.

Demographic and Economic Data - Population Served - Last Ten Calendar Years	S-9
List of Ten Largest Employers in Contra Costa County - Last Year and Eight Years Ago	S-9
Demographic and Economic Statistics - Contra Costa County - Last Ten Fiscal Years	S-10

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services the District provides and the activities it performs.

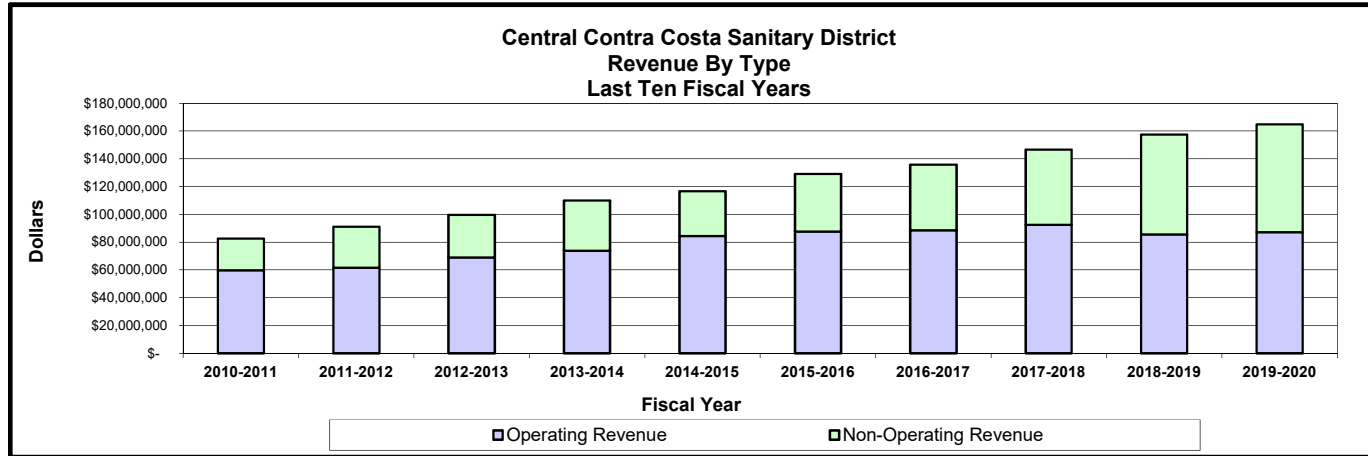
Full-time Equivalent Positions Filled by Department - Last Ten Fiscal Years ..	S-11
Number of Retirees and Surviving Spouses - Last Ten Fiscal Years	S-11
Capital Asset and Operating Statistics - Last Ten Calendar or Fiscal Years ...	S-12
Miscellaneous Statistics	S-12

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

Changes in Net Position	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Operating Revenues:										
Sewer Service Charges (SSC)	\$49,095,870	\$49,123,848	\$56,770,984	\$60,796,421	\$70,023,512	\$72,233,903	\$73,138,235	\$75,824,221	\$68,656,908	\$70,408,903
City of Concord	9,224,952	10,647,389	10,483,421	11,625,864	12,892,945	13,913,960	13,851,253	14,973,623	15,205,292	14,923,591
Other Service Charges	913,017	915,485	1,076,401	1,035,134	1,006,197	963,014	1,029,500	1,078,594	1,126,239	1,176,242
Miscellaneous Charges	662,721	929,917	751,880	544,589	593,780	623,659	606,453	619,997	689,727	714,043
Total Operating Revenue	59,896,560	61,616,639	69,082,686	74,002,008	84,516,434	87,734,536	88,625,441	92,496,435	85,678,166	87,222,779
Operating Expenses:										
Salaries & Benefits	41,705,131	45,562,430	49,811,218	58,954,452	66,104,630	63,988,158	62,342,392	68,862,484	65,071,382	62,672,096
Chemicals, Utilities & Supplies	7,609,127	8,121,809	7,401,103	8,063,309	7,466,490	7,304,619	8,115,004	7,477,602	8,093,144	8,088,750
Professional & Outside Services	2,425,615	4,099,876	2,836,638	3,995,860	3,322,881	4,196,302	3,891,224	2,988,280	3,276,763	2,684,034
Hauling, Disposal, Repairs & Maintenance	3,916,789	4,077,741	4,239,421	4,041,355	4,758,260	5,780,533	5,662,086	5,461,011	5,755,590	5,435,406
Self-Insurance (net of transfers)	119,051	(65,688)	159,961	214,290	496,381	72,486	(300,108)	(332,483)	1,039,444	1,110,798
Pension/OPEB Expense	-	-	-	-	(3,012,757)	(9,778,389)	(4,080,558)	1,104,358	(33,307,168)	(2,386,849)
Depreciation	20,580,061	21,190,059	21,596,266	21,892,545	22,740,942	22,885,030	22,892,153	21,561,704	20,983,353	21,253,062
All Other	2,459,966	2,489,019	2,693,135	2,346,583	2,473,963	3,343,778	2,942,592	2,558,122	2,366,416	1,858,144
Total Operating Expenses	78,815,740	85,475,246	88,737,742	99,508,394	104,350,790	97,792,517	101,464,785	109,681,078	73,278,924	100,715,441
Operating Loss	(18,919,180)	(23,858,607)	(19,655,056)	(25,506,386)	(19,834,356)	(10,057,981)	(12,839,344)	(17,184,643)	12,399,242	(13,492,662)
Non-Operating Revenues (Expenses):										
Property Taxes	12,213,624	12,047,169	13,010,477	13,093,841	14,083,331	14,835,167	16,318,874	17,650,741	18,251,794	18,876,886
Connection & Other Fees	895,825	903,810	1,169,809	1,575,251	1,843,942	2,546,723	2,600,888	2,592,137	2,648,708	2,251,245
Interest Income	673,990	294,938	405,474	359,288	318,475	562,308	761,838	1,223,349	2,573,964	2,310,269
Interest Expense	(2,061,903)	(1,919,375)	(1,802,084)	(1,996,689)	(1,523,127)	(1,427,641)	(1,313,398)	(1,230,680)	(1,025,006)	(604,851)
All Other *	(523,209)	931,660	951,100	932,464	1,828,530	1,195,095	966,244	1,075,838	1,424,520	1,219,811
Total Non-Operating	11,198,327	12,258,202	13,734,776	13,964,155	16,551,151	17,711,652	19,334,446	21,311,385	23,873,980	24,053,360
Income Before Contributions and Transfers	(7,720,853)	(11,600,405)	(5,920,280)	(11,542,231)	(3,283,205)	7,653,671	6,495,102	4,126,742	36,273,222	10,560,698
Customer Contributions*	5,018,092	8,888,663	8,001,147	10,486,067	6,769,623	11,991,752	16,628,105	20,425,514	36,562,141	44,222,958
Contributed Sewer Lines	533,616	792,011	939,628	1,462,316	794,218	1,774,168	2,899,042	2,003,614	2,179,641	1,761,808
Capital Contributions - Connection Fees	3,515,804	5,724,833	6,091,529	8,224,517	6,673,298	8,543,758	7,044,340	9,331,420	8,145,068	7,083,702
CHANGE IN NET POSITION	1,346,659	3,805,102	9,112,024	8,630,669	10,953,934	29,963,349	33,066,589	35,887,290	83,160,072	63,629,166
Total Net Position - Beginning	621,451,212	622,797,871	626,602,973	635,714,997	644,345,666	563,607,078	593,570,427	626,637,016	620,971,490	704,131,562
Prior Period Adjustment - GASB 68 and 71	-	-	-	-	(91,692,522)	-	-	-	-	-
Prior Period Adjustment - GASB 75	-	-	-	-	-	-	-	(41,552,816)	-	-
Total Net Position - Ending	\$622,797,871	\$626,602,973	\$635,714,997	\$644,345,666	\$563,607,078	\$593,570,427	\$626,637,016	\$620,971,490	\$704,131,562	\$767,760,728
Statement of Net Position										
Net Investment in Capital Assets	\$541,613,208	\$549,462,506	\$559,523,642	\$568,006,023	\$573,175,094	\$581,844,903	\$600,770,254	\$623,307,342	\$655,586,304	\$692,117,172
Restricted	4,612,103	4,663,601	4,730,837	4,809,248	4,288,008	4,363,251	4,449,437	4,421,504	(271,370)	2,639
Unrestricted	76,572,560	72,476,866	71,460,518	71,530,395	(13,856,024)	7,362,273	21,417,325	(6,757,356)	48,816,628	75,640,917
Total Net Position	\$622,797,871	\$626,602,973	\$635,714,997	\$644,345,666	\$563,607,078	\$593,570,427	\$626,637,016	\$620,971,490	\$704,131,562	\$767,760,728

* Classification reclassified 2010-11, prior years reclassified for consistency. Previously included in Non-Operating. Includes capital cost contributions from the City of Concord and customer contributions (SSC).
Source: Central Contra Costa Sanitary District Audited Financial Statements



Operating Revenue

Fiscal Year	Sewer Service Charges*	City of Concord	Other Service Charges	Miscellaneous Charges	Total Operating
2010-2011	\$49,095,870	\$9,224,952	\$913,017	\$662,721	\$59,896,560
2011-2012	49,123,848	10,647,389	915,485	929,917	61,616,639
2012-2013	56,770,984	10,483,421	1,076,401	751,880	69,082,686
2013-2014	60,796,421	11,625,864	1,035,134	544,589	74,002,008
2014-2015	70,023,512	12,892,945	1,006,197	593,780	84,516,434
2015-2016	72,233,903	13,913,960	963,014	623,659	87,734,536
2016-2017	73,138,235	13,851,253	1,029,500	606,453	88,625,441
2017-2018	75,824,221	14,973,623	1,078,594	619,997	92,496,435
2018-2019	68,656,908	15,205,292	1,126,239	689,727	85,678,166
2019-2020	70,408,903	14,923,591	1,176,242	714,043	87,222,779

Non-Operating Revenue

Fiscal Year	Property Taxes	Customer Contributions *1	Connections & Other Fees *2	Interest	All Other	Total Non-Operating & Contributions
2010-2011	\$12,213,624	\$5,551,708	\$4,411,629	\$673,990	-	\$22,850,951
2011-2012	12,047,169	9,680,674	6,628,643	294,938	\$931,660	29,583,084
2012-2013	13,010,477	8,940,775	7,261,338	405,474	951,100	30,569,164
2013-2014	13,093,841	11,948,383	9,799,768	359,288	932,464	36,133,744
2014-2015	14,083,331	7,563,841	8,517,240	318,475	1,828,530	32,311,417
2015-2016	14,835,167	13,765,920	11,090,481	562,308	1,195,095	41,448,971
2016-2017	16,318,874	19,527,147	9,645,228	761,838	966,244	47,219,331
2017-2018	17,650,741	22,429,128	11,923,557	1,223,349	1,075,838	54,302,613
2018-2019	18,251,794	38,741,782	10,793,776	2,573,964	1,424,520	71,785,836
2019-2020	18,876,886	45,984,766	9,334,947	2,310,269	1,219,811	77,726,679

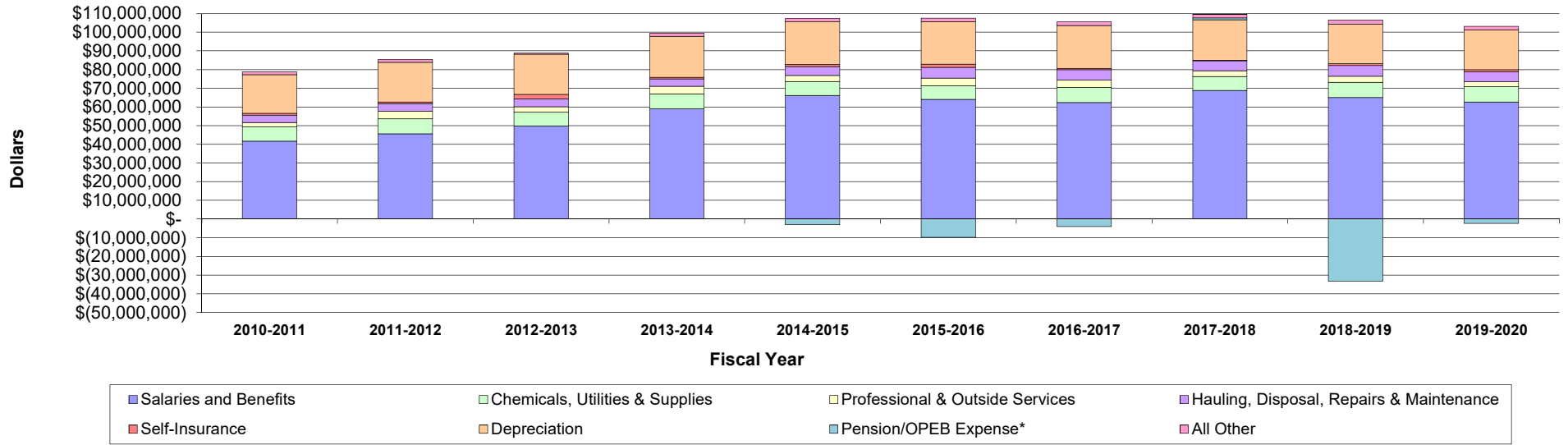
* Sewer Service Charge (SSC) represents the Running Expense Fund portion of SSC County collections along with District direct billings and counter collections.

*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
2010-2011	\$41,705,131	\$7,609,127	\$2,425,615	\$3,916,789	\$1,003,115	\$20,580,061	-	\$1,575,902	\$78,815,740	\$2,585,112
2011-2012	45,562,430	8,121,809	4,099,876	4,077,741	810,849	21,190,059	-	1,612,482	85,475,246	1,919,375
2012-2013	49,811,218	7,401,103	2,836,638	4,239,421	2,380,466	21,596,266	-	472,630	88,737,742	1,802,084
2013-2014	58,954,453	8,063,310	3,995,861	4,041,356	858,738	21,892,545	-	1,702,131	99,508,394	1,996,689
2014-2015	66,104,630	7,466,490	3,322,881	4,758,260	1,146,381	22,740,942	(\$3,012,757)	1,823,963	104,350,790	1,523,127
2015-2016	63,988,158	7,304,619	4,196,302	5,780,533	1,572,486	22,885,030	(9,778,389)	1,843,778	97,792,517	1,427,641
2016-2017	62,342,392	8,115,004	3,891,224	5,662,086	619,892	22,892,153	(4,080,558)	2,022,592	101,464,785	1,313,398
2017-2018	68,862,484	7,477,602	2,988,280	5,461,011	252,517	21,561,704	1,104,358	1,973,122	109,681,078	1,230,680
2018-2019	65,071,382	8,093,144	3,276,763	5,755,590	1,039,444	20,983,353	(33,307,168)	2,366,416	73,278,924	1,025,006
2019-2020	62,672,096	8,088,750	2,684,034	5,435,406	1,110,798	21,253,062	(2,386,849)	1,858,144	100,715,441	604,851

Informational - not graphed

Source: Central Contra Costa Sanitary District Audited Financial Statements

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

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

Fiscal Year	Single Family Annual Sewer Service Charge (SSC) *1			Facility Capacity Fee *2
	Operations	Capital	Total	
2010-2011	\$300	\$11	\$311	\$5,451
2011-2012	302	39	341	5,465
2012-2013	344	27	371	5,797
2013-2014	365	40	405	5,930
2014-2015	416	23	439	5,995
2015-2016	422	49	471	6,005
2016-2017	432	71	503	5,948
2017-2018	447	83	530	6,300
2018-2019	400	167	567	6,700
2019-2020	\$408	\$190	\$598	\$6,589

Fiscal Year	Multi-Family Annual Sewer Service Charge (SSC) *1			Pump Zone Fee *3
	Operations	Capital	Total	
2010-2011	\$300	\$11	\$311	\$1,641
2011-2012	302	39	341	1,606
2012-2013	344	27	371	1,625
2013-2014	365	40	405	1,587
2014-2015	416	23	439	1,585
2015-2016	415	48	463	1,650
2016-2017	418	69	487	1,608
2017-2018	432	81	513	1,639
2018-2019	388	161	549	1,636
2019-2020	\$386	\$180	\$566	\$1,586

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

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

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

Source: Central Contra Costa Sanitary District Environmental Services Division

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

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2010-2011	\$67,889,370,916	\$1,647,537,385	\$69,536,908,301	-1.2%
2011-2012	67,486,938,247	1,591,574,852	69,078,513,099	-0.7%
2012-2013	67,538,246,870	1,604,518,295	69,142,765,165	0.1%
2013-2014	74,400,356,922	1,742,364,655	76,142,721,577	10.1%
2014-2015	80,431,132,956	1,739,342,301	82,170,475,257	7.9%
2015-2016	86,701,930,276	1,645,712,628	88,347,642,904	7.5%
2016-2017	92,006,863,080	1,704,263,642	93,711,126,722	6.1%
2017-2018	97,298,029,346	1,722,229,970	99,020,259,316	5.7%
2018-2019	102,984,718,407	1,801,374,862	104,786,093,269	5.8%
2019-2020	114,104,132,647	1,958,523,355	116,062,656,002	10.8%

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

<u>Fiscal Year</u>	<u>Property Tax* Levied & Collected</u>	<u>Collection Percentage</u>	<u>% Change</u>	<u>Sewer Service Charges* Levied & Collected</u>	<u>Collection Percentage</u>	<u>% Change</u>
2010-2011	\$12,171,725	100%	8.2%	\$50,196,629	100%	-1.4%
2011-2012	12,032,525	100%	-1.1%	54,586,208	100%	8.7%
2012-2013	13,185,988 **	100%	9.6%	60,068,807	100%	10.0%
2013-2014	13,108,176	100%	-0.6%	66,604,323	100%	10.9%
2014-2015	14,195,300	100%	8.3%	72,622,738	100%	9.0%
2015-2016	15,323,818	100%	7.9%	78,930,977	100%	8.7%
2016-2017	16,428,089	100%	7.2%	83,601,971	100%	5.9%
2017-2018	17,300,475	100%	5.3%	87,944,554	100%	5.2%
2018-2019	18,352,620	100%	6.1%	95,298,869	100%	8.4%
2019-2020	19,348,103	100%	5.4%	100,863,356	100%	5.8%

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

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

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

Customer	2010-2011			2011-2012			2012-2013			2013-2014			2014-2015		
	Operating	Percentage of		Operating	Percentage of		Operating	Percentage of		Operating	Percentage of		Operating	Percentage of	
	Revenue	Rank	Revenue	Revenue	Rank	Revenue	Revenue	Rank	Revenue	Revenue	Rank	Revenue	Revenue	Rank	Revenue
City of Concord 1.	\$9,224,952	1	15.40%	\$10,647,389	1	17.28%	\$10,483,421	1	15.18%	\$11,625,864	1	15.71%	\$12,892,945	1	15.25%
Contra Costa County General Services 2.	301,430	2	0.50%	292,384	4	0.47%	321,803	4	0.47%	384,750	3	0.52%	451,567	2	0.53%
First Walnut Creek Mutual	295,450	3	0.49%	323,950	2	0.53%	352,450	2	0.51%	361,260	4	0.49%	417,050	3	0.49%
Park Regency Apartments	277,412	4	0.46%	304,172	3	0.49%	330,932	3	0.48%	303,750	5	0.41%	391,588	4	0.46%
Second Walnut Creek Mutual Apts	233,250	5	0.39%	255,750	5	0.42%	278,250	5	0.40%	211,866	6	0.29%	329,250	5	0.39%
Sun Valley Mall	193,957	6	0.32%	203,037	6	0.33%	174,038	7	0.25%	148,374	8	0.20%	299,697	6	0.35%
Chevron Offices & Office Park	-	-	-	-	-	-	-	-	-	419,590	2	0.57%	-	-	-
Kaiser Foundation Hospital 2.	-	-	-	-	-	-	-	-	-	-	-	-	158,848	8	0.19%
Branch Creek Vista Apartments	124,400	7	0.21%	136,400	7	0.22%	148,400	9	0.21%	162,000	7	0.22%	175,600	7	0.21%
Bay Landing Apartments	111,960	8	0.19%	122,760	8	0.20%	133,560	10	0.19%	145,800	9	0.20%	158,040	9	0.19%
St. Mary's College Contract	-	-	-	119,407	9	0.19%	158,480	8	0.23%	-	-	-	-	-	-
John Muir Health 2.	-	-	-	-	-	-	176,381	6	0.26%	145,091	10	0.20%	-	-	-
Archstone Apartments	108,850	9-10	0.18%	119,350	10	0.19%	-	-	-	-	-	-	153,650	10	0.18%
Muirland @ Windemere Apartments	108,850	9-10	0.18%	119,350	10	0.19%	-	-	-	-	-	-	153,650	10	0.18%
Total	\$10,980,511		18.33%	\$12,643,949		20.52%	\$12,557,715		18.18%	\$13,908,345		18.79%	\$15,581,885		18.44%

Customer	2015-2016			2016-2017			2017-2018			2018-2019			2019-2020		
	Operating	Percentage of		Operating	Percentage of		Operating	Percentage of		Operating	Percentage of		Operating	Percentage of	
	Revenue	Rank	Revenue	Revenue	Rank	Revenue	Revenue	Rank	Revenue	Revenue	Rank	Revenue	Revenue	Rank	Revenue
City of Concord 1.	\$13,913,960	1	15.86%	\$13,851,253	1	15.63%	\$14,973,623	1	16.19%	\$15,205,292	1	16.44%	\$14,923,591	1	16.13%
Contra Costa County General Services 2.	638,608	2	0.73%	547,943	2	0.62%	556,782	2	0.60%	-	-	-	733,416	2	0.79%
First Walnut Creek Mutual	439,850	3	0.50%	462,650	3	0.52%	487,350	3	0.53%	521,550	2	0.56%	537,700	3	0.58%
Park Regency Apartments	412,996	4	0.47%	434,404	4	0.49%	457,596	4	0.49%	489,708	3	0.53%	504,872	4	0.55%
Second Walnut Creek Mutual Apts	347,250	5	0.40%	365,250	5	0.41%	387,750	5	0.42%	411,750	6	0.45%	424,500	5	0.46%
John Muir Health 2.	218,919	7	0.25%	322,601	6	0.36%	278,589	7	0.30%	413,900	5	0.45%	391,245	6	0.42%
Sun Valley Mall	283,613	6	0.32%	298,005	7	0.34%	354,208	6	0.38%	453,512	4	0.49%	373,171	7	0.40%
Bishop Ranch City Center	-	-	-	-	-	-	-	-	-	315,106	7	0.34%	335,017	8	0.36%
San Ramon Unified School District	215,044	8	0.25%	225,339	8	0.25%	247,766	8	0.27%	266,550	8	0.29%	283,631	9	0.31%
Branch Creek Vista Apartments	-	-	-	194,800	9	0.22%	205,200	9	0.22%	219,600	10	0.24%	226,400	10	0.24%
Kaiser Foundation Hospital 2.	186,232	10	0.21%	186,281	10	0.21%	-	-	-	244,180	9	0.26%	-	-	-
Willows Shopping Center 2.	206,210	9	0.24%	-	-	-	188,828	10	0.20%	-	-	-	-	-	-
Total	\$16,862,681		19.22%	\$16,888,526		19.06%	\$18,137,692		19.61%	\$18,541,148		20.05%	\$18,733,543		20.25%

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

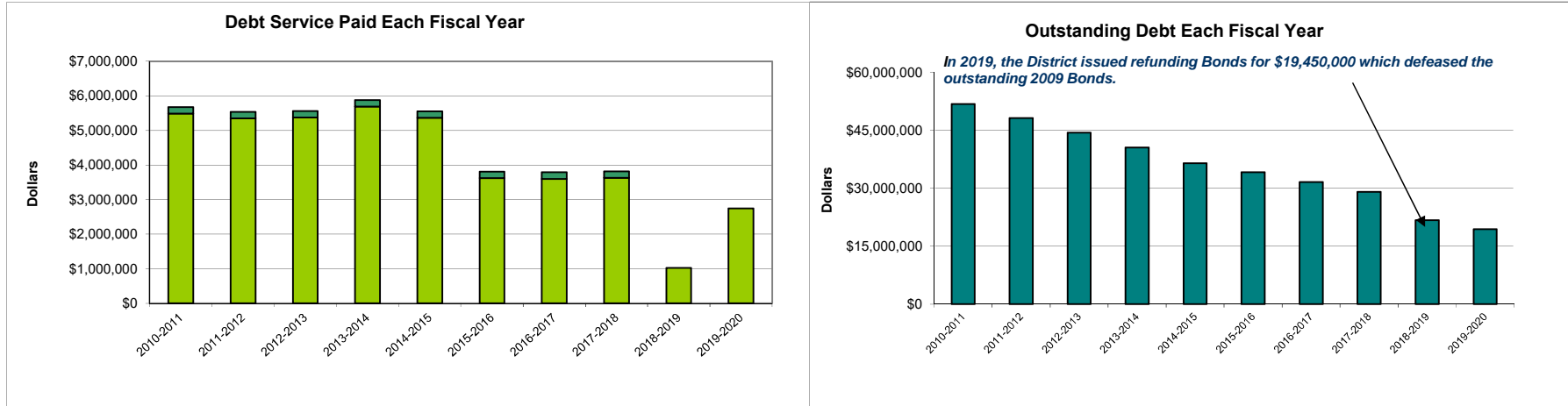
**Central Contra Costa Sanitary District
Payments Under the Concord Agreement
Last 10 Fiscal Years**

<u>Fiscal Year</u>	<u>Discharge Volume (mg)</u>	<u>Service Charges</u>	<u>Capital Contributions</u>	<u>Total</u>
2010-11	4,507	9,224,952	3,216,190	12,441,142
2011-12	4,279	10,647,389	2,541,688	13,189,077
2012-13	4,213	10,483,421	3,616,771	14,100,192
2013-14	3,914	11,625,864	3,820,858	15,446,722
2014-15	3,826	12,892,945	2,897,491	15,790,436
2015-16	3,878	13,913,960	3,671,892	17,585,852
2016-17	4,800	13,851,253	4,476,961	18,328,214
2017-18	4,265	14,973,623	6,364,725	21,338,348
2018-19	4,512	15,205,292	7,973,516	23,178,808
2019-20	4,383	14,923,591	11,393,000	26,316,591

**Central Contra Costa Sanitary District
Active Service Accounts and Fiscal Year Billings
Sewer Service Charges
Fiscal Year 2019-2020**

<u>User Group</u>	<u>No. of Accounts</u>	<u>2019-2020 Sewer Service Charge Billings</u>	<u>Residential Unit Equivalents</u>	<u>Percentage of Total</u>
Residential	114,993	\$82,615,906	138,154	81%
Mixed Use	426	6,610,852	11,055	6%
Office	712	2,852,440	4,770	3%
Hotel/Motel	23	1,410,709	2,359	1%
Food Service	165	1,188,731	1,988	1%
Government	190	1,121,289	1,875	1%
Schools	173	1,010,889	1,690	1%
Recreation/Entertainment	138	843,247	1,410	1%
Businesses	383	808,415	1,352	1%
Automotive/Car Wash	244	737,895	1,234	1%
Market/Supermarket	39	567,290	949	1%
Industrial Permitted	11	497,443	832	1%
All Other User Groups	491	2,630,906	4,041	2%
Subtotal	117,988	\$102,896,012	171,709	100%
Partial Year Charges (Counter)		\$347,497		
Prior Year Adjustments		(4,648)		
Total FY 2018-2019 Sewer Service Charge Revenue		\$103,238,861		

Summary Of Debt Service Last Ten Fiscal Years



Fiscal Year	Summary By Type Of Debt											
	Revenue Bonds (2018 & 2009)			Water Reclamation Loan			Total Debt Service Annual Expense			TOTAL DEBT SERVICE OUTSTANDING		
	Principal	Interest & Amortization	Total Debt Service	Principal	Interest & Amortization	Total Debt Service	Principal	Interest & Amortization	Total Debt Service	Revenue Bonds	Water Rec. Loan	Total Debt Outstanding
2010-2011	\$3,460,000	\$2,027,168	\$5,487,168	\$152,385	\$34,734	\$187,119	\$3,612,385	\$2,061,903	\$5,674,288	\$50,665,000	\$1,183,583	\$51,848,583
2011-2012	3,465,000	1,888,601	5,353,601	156,346	30,773	187,119	3,621,346	1,919,375	5,540,721	47,200,000	1,027,237	48,227,237
2012-2013	3,605,000	1,775,376	5,380,376	160,411	26,708	187,119	3,765,411	1,802,084	5,567,495	43,595,000	866,826	44,461,826
2013-2014	3,720,000	1,974,151	5,694,151	164,581	22,537	187,118	3,884,581	1,996,688	5,881,269	39,875,000	702,245	40,577,245
2014-2015	3,865,000	1,504,939	5,369,939	168,860	18,258	187,118	4,033,860	1,523,197	5,557,057	36,010,000	533,385	36,543,385
2015-2016	2,210,000	1,413,772	3,623,772	173,251	13,868	187,119	2,383,251	1,427,640	3,810,891	33,800,000	360,134	34,160,134
2016-2017	2,300,000	1,304,036	3,604,036	177,757	9,362	187,119	2,477,757	1,313,398	3,791,155	31,500,000	182,377	31,682,377
2017-2018	2,405,000	1,225,938	3,630,938	182,377	4,742	187,119	2,587,377	1,230,680	3,818,057	29,095,000	-	29,095,000
2018-2019	-	1,025,006	1,025,006	-	-	-	-	1,025,006	1,025,006	21,806,631	-	21,806,631
2019-2020	2,145,000	604,851	2,749,851	-	-	-	2,145,000	604,851	2,749,851	19,447,392	-	19,447,392

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
2010-2011	\$5,674,288	\$59,896,560	\$58,235,679	\$22,850,951	\$24,511,832	4.32	\$6,731,994	\$17,779,838	3.13	9.74%	\$34.67	\$316.81
2011-2012	5,540,721	61,616,639	64,285,187	29,583,084	26,914,536	4.86	8,266,521	18,648,015	3.37	8.62%	34.06	296.47
2012-2013	5,567,495	69,082,686	67,141,476	30,569,164	32,510,374	5.84	9,708,300	22,802,074	4.10	8.29%	33.78	269.73
2013-2014	5,881,269	74,002,008	77,615,849	36,133,744	32,519,903	5.53	12,045,375	20,474,528	3.48	7.58%	35.31	243.60
2014-2015	5,557,057	84,516,434	81,609,848	32,311,417	35,218,003	6.34	9,570,789	25,647,214	4.62	6.81%	33.01	217.10
2015-2016	3,810,891	87,734,536	74,907,487	41,448,971	54,276,020	14.24	12,215,650	42,060,370	11.04	5.09%	22.28	199.74
2016-2017	3,791,155	88,625,441	78,572,632	47,219,331	57,272,140	15.11	11,521,301	45,750,839	12.07	4.83%	22.36	186.85
2017-2018	3,818,057	92,496,435	88,119,374	51,841,253	56,218,314	14.72	15,696,145	40,522,169	10.61	4.33%	22.51	171.56
2018-2019	1,025,006	85,678,166	52,295,571	70,760,830	104,143,425	101.60	16,118,584	88,024,841	85.88	1.96%	5.98	127.15
2019-2020	2,749,851	87,222,779	79,462,379	77,121,828	84,882,228	30.87	18,476,702	63,795,526	23.20	3.46%	15.93	112.65

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

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

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

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

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

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

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

Debt Restrictions:

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

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

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

Source: Central Contra Costa Sanitary District Environmental Services Division

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

<u>Employers</u>	<u>2019*</u>			<u>2011*</u>		
	<u>Estimated Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>	<u>Estimated Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>
Chevron Corporation	10,000+	1	1.84%	4,115	1	0.89%
Bay Alarm Co.	1,000-4,999	T-2	0.56%			
St. Mary's College	1,000-4,999	T-2	0.55%			
Bio-Rad Laboratories	1,000-4,999	T-2	0.55%	1,705	4	0.37%
Job Connections	1,000-4,999	T-2	0.55%			
John Muir Medical Center	1,000-4,999	T-2	0.55%	3,891	2	0.84%
Kaiser Permanente	1,000-4,999	T-2	0.55%	3,852	3	0.83%
La Raza Market	1,000-4,999	T-2	0.55%			
Martinez Medical Offices	1,000-4,999	T-2	0.55%			
USS-POSCO Industries	1,000-4,999	T-2	0.55%	750	9	0.16%
Doctors Medical Center	-		-	937	7	0.20%
Contra Costa Newspaper, Inc.	-		-	1,222	5	0.26%
All Others	506,800		93.20%	446,428		96.45%
Total	<u>543,800</u>		<u>100.0%</u>	<u>462,900</u>		<u>100.0%</u>

Source: * County of Contra Costa, California, Comprehensive Annual Financial Report for June 30, 2019, 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**
2010	1,052,799	56,882,501,000	54,030	11.3%
2011	1,066,182	61,498,902,000	57,681	10.4%
2012	1,079,093	66,772,041,000	61,878	9.0%
2013	1,095,310	67,290,115,000	61,435	7.4%
2014	1,110,971	71,164,468,000	64,056	6.2%
2015	1,126,027	77,914,957,000	69,195	5.0%
2016	1,138,645	82,204,425,000	72,195	4.4%
2017	1,147,439	87,810,279,000	76,527	3.8%
2018	1,150,215	94,900,003,000	82,506	2.7%
2019	1,153,526	98,423,318,000	85,324	7.9%

* U.S. Department of Commerce, Bureau of Economic Analysis. Estimates for 2017-2019 reflect county population estimates available as of March 2019.

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

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

Full-time Equivalent Positions Filled as of June 30

<u>Department</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Administration	44	39	39	44	46	49	43	43	41	44
Engineering	75	71	75	73	72	88	88	89	90	89
Operations										
Collection Systems	44	47	56	55	56	55	55	54	54	53
Plant	74	71	76	81	88	79	83	81	77	81
Pumping Station	8	7	8	8	8	7	7	7	12	7
Operations Total	<u>126</u>	<u>125</u>	<u>140</u>	<u>144</u>	<u>152</u>	<u>141</u>	<u>145</u>	<u>142</u>	<u>143</u>	<u>141</u>
District Total	<u><u>245</u></u>	<u><u>235</u></u>	<u><u>254</u></u>	<u><u>261</u></u>	<u><u>270</u></u>	<u><u>278</u></u>	<u><u>276</u></u>	<u><u>274</u></u>	<u><u>274</u></u>	<u><u>274</u></u>

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

District Total	<u><u>215</u></u>	<u><u>237</u></u>	<u><u>244</u></u>	<u><u>243</u></u>	<u><u>244</u></u>	<u><u>249</u></u>	<u><u>259</u></u>	<u><u>278</u></u>	<u><u>268</u></u>	<u><u>269</u></u>
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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)									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	38.9	37.2	33.2	33.8	30.4	29.1	30.8	33.3	31.8	34.1
Wastewater Treated per day	Calendar	40.6	41.9	39.8	36.8	35.6	31.8	35.4	43.2	36.0	41.2
		Tons per Year									
Sludge to Furnace (Dry)*1	Fiscal	15,056	15,790	15,097	14,590	16,789	16,623	17,031	16,279	16,498	16,056
Ash to Reuse Site (Wet)*2	Fiscal	3,814	3,850	3,667	3,618	3,811	3,651	4,230	3,475	3,577	3,450

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

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

Collection Systems/Pumping Stations/Outfall Sewers	Other Data										
Pipeline Miles	Calendar	1,500	1,500	1,526	1,526	1,519	1,519	1,519	1,535	1,535	1,535
Number of pumping stations (owned)	Calendar	16	16	16	16	16	16	16	15	15	15

Recycled Water		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Recycled Water Distribution Pipeline (miles)	Calendar	11.7	11.7	11.7	14.3	14.3	14.6	14.6	14.6	14.6	14.6
Average Recycled Water Produced (million gallons per day)	Calendar	2	1.8	1.7	1.7	1.6	1.7	1.5	1.6	1.6	1.6
Number of Recycled Water Customers Sites	Calendar	28	29	29	29	29	43	47	47	49	50
Commercial Truck Fill Use (million gallons per year)	Calendar	<0.1	<0.1	<0.1	<0.1	0.3	4.4	0.4	0.6	0.6	4.6
Commercial Truck Fill Customers	Calendar	4	3	2	1	11	37	26	14	13	12
Estimated Residential Fill Station Use (million gallons per year)	Calendar	N/A	N/A	N/A	N/A	N/A	11.8	6.5	2.5	2.3	1.3
Residential Fill Station Customer Visits	Calendar	N/A	N/A	N/A	N/A	N/A	55,552	28,598	11,633	9,780	5,671

Household Hazardous Waste (HHW) - Inception 1997/1998		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Participation (Number of cars)	Fiscal	29,441	29,112	29,119	30,379	31,779	33,468	33,037	35,640	36,108	27,818
Percentage of Households in Service Area	Fiscal	15.6%	15.4%	15.4%	15.9%	16.6%	16.8%	16.7%	18.1%	18.4%	14.0%
Operating Cost per Car	Fiscal	\$82	\$87	\$93	\$83	\$78	\$72	\$80	\$77	\$78	\$100
Pounds of HHW per Car	Fiscal	68	67	68	66	63	64	65	64	61	61

Pharmaceutical Collection Program - Inception 2009		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of Collection Sites	Calendar	10	10	10	12	13	13	13	13	13	12
Pounds of Expired or Unwanted medications Collected	Calendar	8,960	9,434	12,240	12,428	14,041	15,366	16,485	17,337	17,178	9,918

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: 274 full-time equivalent employees (290 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 (13-Collection Sites)
 Retail HHW Collection Program

Type Of Treatment: Discharge - Secondary; Reclamation - Tertiary
 Service Area: 144 square miles
 Total Population Served: 494,275 (HHW service area 530,383)
 Sewer Service Charge: \$567 for single family homes and \$549 for multi-family homes.