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COMPREHENSIVE
ANNUAL
FINANCIAL REPORT



FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

**Prepared By:
Finance Division**

CENTRAL CONTRA COSTA SANITARY DISTRICT
Comprehensive Annual Financial Report
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INTRODUCTION



December 9, 2019

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, 2019.

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, 2019. 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 353,000 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 142,000 residents of the Cities of Concord and Clayton under a 1974 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). Residents make up the largest segment of the District's customer base representing approximately 80% 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 funded the 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 our 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 22nd year of operation, the HHW Facility currently serves over 35,000 residential and small business customers annually, from which over two million pounds of hazardous waste is collected and properly disposed of each year. In conjunction with its HHW facility, the District's Pharmaceutical Collection Program encourages pollution prevention having collected over seventeen thousand pounds of expired or unwanted medications between its thirteen collection sites.

Organization, Accounting and Budgetary Controls

A five-member Board of Directors governs the District. Board members are elected 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 290 permanent regular full-time employees organized in three departments

led by the Deputy General Manager and Department Directors responsible for their budgets and expenses. 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

As of October 2019, the current economic expansion is now the longest on record for the United States. According to the State of California's Legislative Analyst's Office (LAO), the U.S economy will continue to grow in the coming years, although at a somewhat slower pace than in recent years. Based on this outlook, the LAO expects continued modestly paced growth of the California economy, continuing to add jobs although more slowly than in recent years. According to the California Employment Development Department (EDD), the Contra Costa County workforce grew modestly by approximately 0.56% from October 2018 to October 2019. During this same timeframe, unemployment in Contra Costa County decreased slightly from 3.0% to 2.7%, marginally outpacing California as a whole, which decreased from 4.1% to 3.9%. Although positive news, this

record low unemployment adversely translates into slower anticipated job growth given a limited number of Californians seeking employment. Following a decline through much of 2019, California's housing markets are expected to rebound slightly, largely in response to falling mortgage interest rates. All this news aside, while California's economy is still expanding, the rate of growth appears to be slowing and uncertainties about the stock market, trade disputes, and speculation of a recession in the horizon continue to cloud economic forecasts.

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 projects, construction 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% and 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. Annually, prior to the start of each fiscal year through 2023, the Board of Directors will review whether the approved rate increase will be put into effect at the approved, or a lesser level.

In conjunction with the approved sewer service charge rates, the District's most recently adopted long-term financial plan anticipates two debt issuances totaling approximately \$154 million to finance its treatment plant and collection system capital improvement program through the fiscal year ending June 30, 2024. While the current strategy is to initially pursue low interest and federally subsidized State Revolving Fund (SRF) loan financing through the California Water Board, District could alternatively seek affordable bond financing given the District's strong AAA and Aa1 bond credit ratings. During the fiscal year, the District was informed that its application for \$89.6 million of SRF funding for the Solids Handling Project that is scheduled to be implemented in the next several years was tentatively approved. This lower cost financing is anticipated to allow for a reduction in the \$154 million projected total debt issuance, or lower rates.

District management analyzes and updates a strategic plan every two years, with the six goals being: (1) provide exceptional customer service and maintain an excellent reputation in the community; (2) strive to meet regulatory requirements; (3) be a fiscally sound 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 performs a 10-year financial plan cash flow forecast 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 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 77.9% and 84.7% for its pension and OPEB plans respectively. The noted pension funding percentage is on the market value basis as of December 31, 2018. The District also maintains \$8.4 million in a pension prefunding trust that is dedicated to meeting pension obligations.

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 2018-19 the District contributed an additional \$2.5 million to its IRS Section 115 pension prefunding trust as a mechanism to hedge against potential future employer pension contribution rate volatility. As noted, the Trust had a balance of \$8.4 million at fiscal year-end. 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 monthly 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 is to be a high-performance organization that provides exceptional customer service and regulatory compliance at responsible rates. 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 Peak Performance Award from the National Association of Clean Water Agencies (NACWA) for 21 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 15 years by improved sewer cleaning and a robust sewer rehabilitation program.

During the current year, the District approved a two-year Strategic Plan for FY 2018-19 and FY 2019-20. As noted previously, the Strategic Plan establishes policy direction and identifies six 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 most recently completed in FY 2014-15. The District is seeking out new revenues and funding sources, such as interagency agreements and possible state loan and grant opportunities.

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 will provide 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, 2018. This was the nineteenth 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.

The District also had its Certificate of Excellence from the California Special Districts Leadership Foundation renewed during September 2019. This award is achieved by demonstrating the completion of essential governance transparency requirements, and is renewed every two years.

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

- The Finance and Accounting staff who compiled the information contained in this document with a special thanks to Chris Thomas, Finance Administrator, Diana Diaz, Accountant, Amal Lyon, Accountant, and Jamie King, Interim 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,



T. Kevin Mizuno
Finance Manager



Philip Leiber
Director of Finance & Administration

**CENTRAL CONTRA COSTA SANITARY DISTRICT
BOARD OF DIRECTORS
June 30, 2019**

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

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

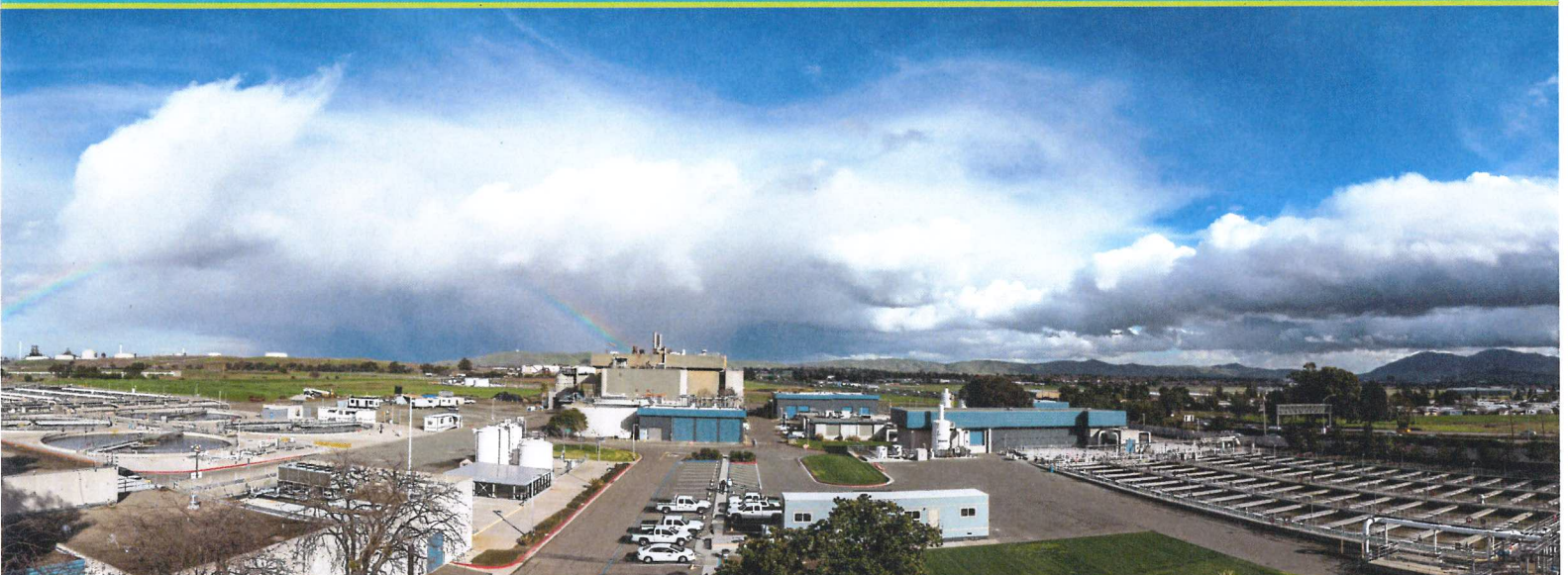
- Value water sector partners
- Foster excellent community relationships
- Be open, transparent and accessible
- Understand service level expectations
- Build partnerships

Principles

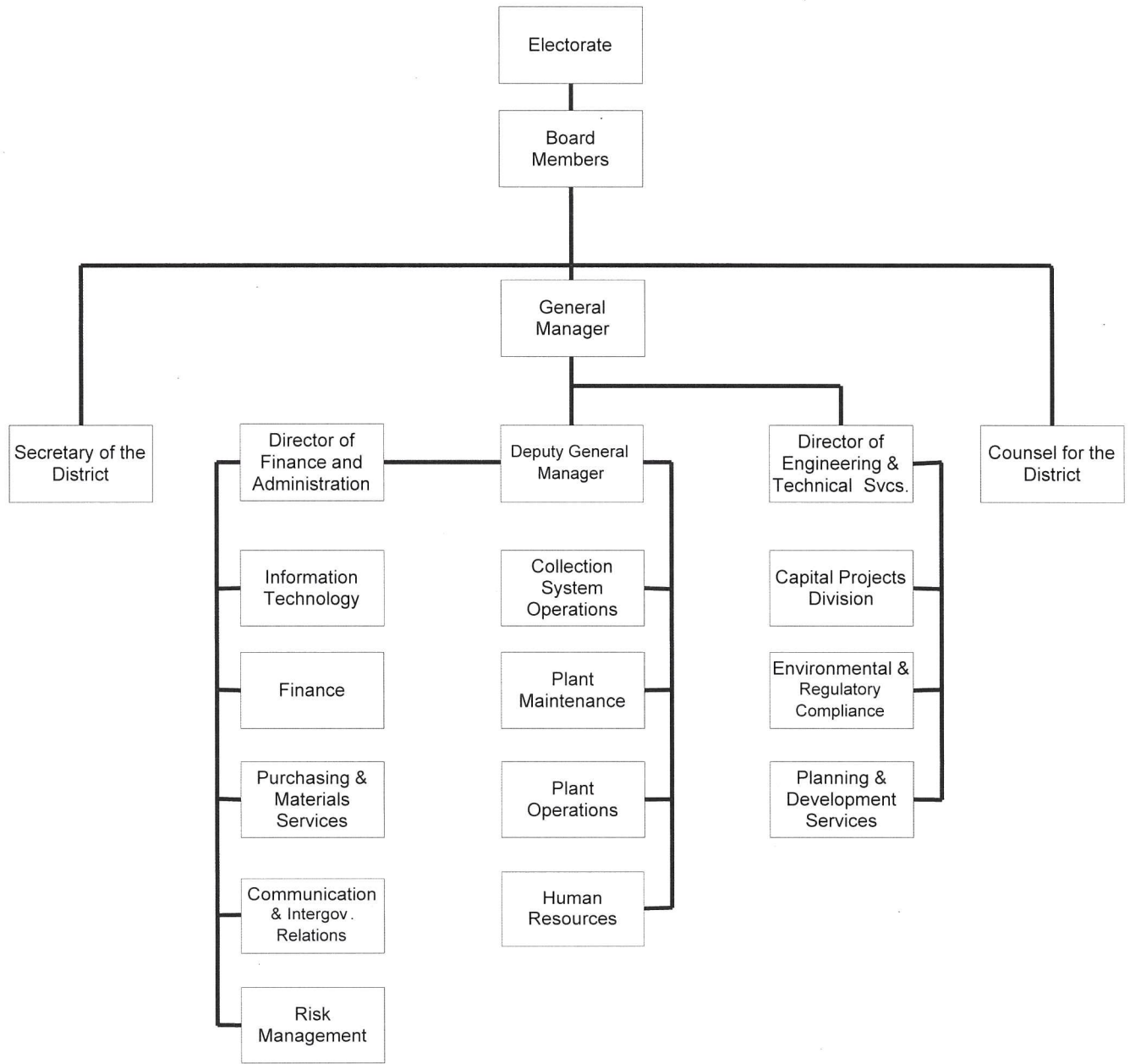
- Be truthful and honest
- Be fair, kind and friendly
- Take ownership and responsibility

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

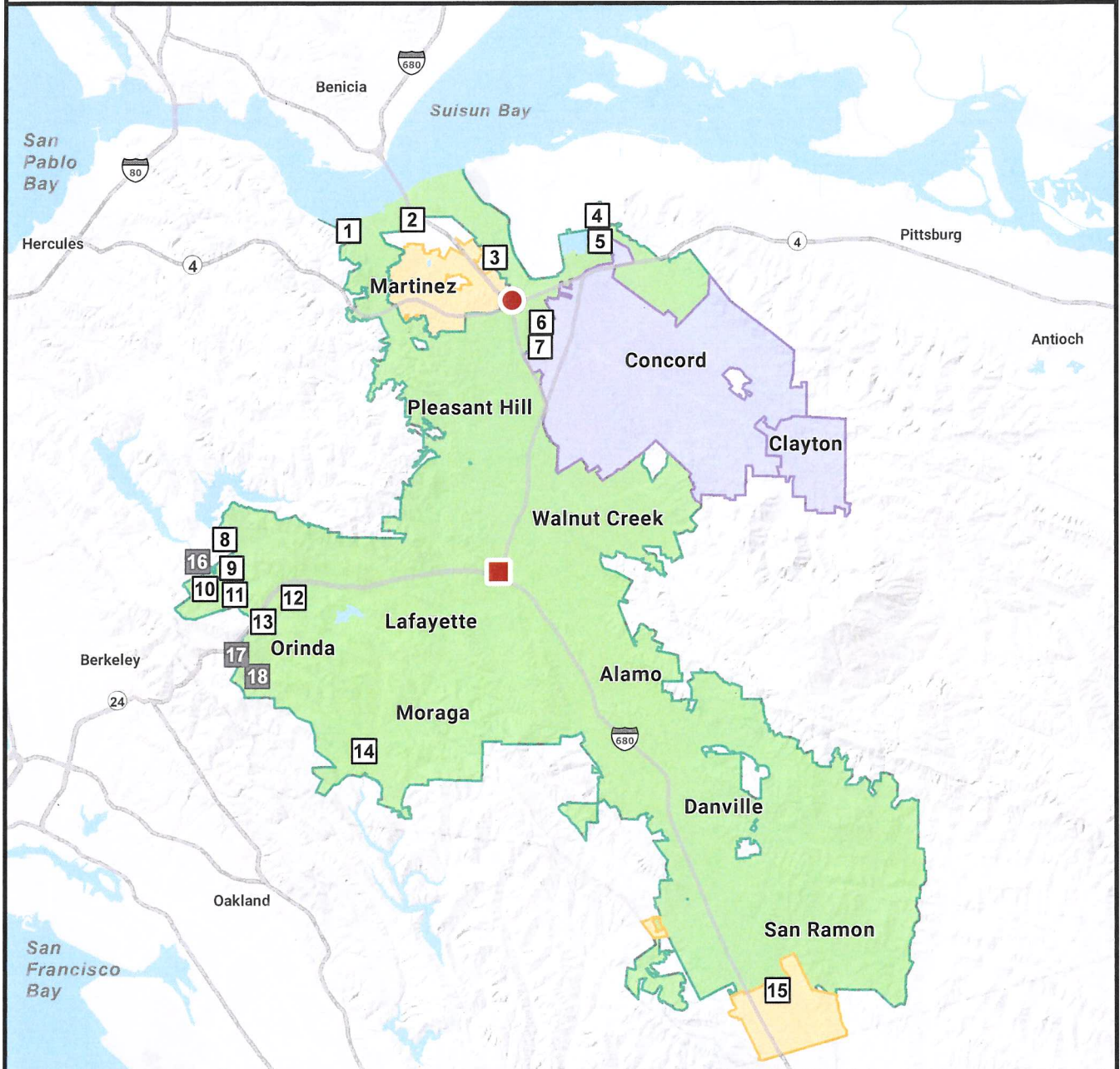




Central Contra Costa Sanitary District Service Area

June 30, 2019

Date: 10/30/19



Legend

- Central San's Headquarter, Treatment Plant, and HHW Collection Facility
- Central San's Collection System Operations Department (sewer maintenance) Building
- Wastewater collection and treatment and HHW collection for 352,733 people
- Wastewater treatment and HHW collection for 141,542 residents in Concord and Clayton by contract
- HHW disposal services only

Pump or Lift Station

Privately Owned Pump Station

0 2 4



Miles



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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**Central Contra Costa Sanitary District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

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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, 2019 and 2018, 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, 2019 and 2018, 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.

Emphasis of Matter

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2019 as discussed in Note 1 to the financial statements:

Governmental Accounting Standards Board Statement 88 – *Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements*. See Note 6 to the financial statements for relevant disclosures.

The emphasis of this matter does not constitute a modification of our opinion.

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2018 financial statements, and we expressed an unmodified audit opinions on those audited financial statements in our report dated December 4, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 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 Supplemental 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.

Mazz + Associates

Pleasant Hill, California
December 9, 2019

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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, 2019 (2018-19). This information is presented in conjunction with the audited financial statements, which follow this report.

FINANCIAL HIGHLIGHTS

The District's 2018-19 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 \$83.2 million or 13.39% in 2018-19. 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, reducing medical premium rates for current and retired participants, as well as increases in capital contributions.
- Total revenues in 2018-19 decreased by \$4.5 million or 3.88%. The total annual sewer service charge rate increased for single family homes by 6.53% to \$567 and 6.56% for multi-family homes to \$549. Increased property values in the service area led to an increase in property taxes.
- Total 2018-19 expenses decreased by \$36.6 million or 33.01%. This is mainly due the combination of the 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 2018-19 by \$15.1 million or 47.63%. The increase is mainly due to an increase in contributions from the City of Concord and a higher allocation of SSC to customer contributions to capital costs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

- **Statement of Net Position** – reports the District's current financial resources (short-term spendable resources) with capital assets, deferred outflows of resources, long-term obligations, and deferred inflows of resources.

- **Statement of Revenues, Expenses and Changes in Net Position** – reports the District’s operating and non-operating revenues by major source along with operating and non-operating expenses and capital contributions.
- **Statement of Cash Flows** – reports the District’s cash flows from operating activities, non-capital financing activities, capital and related financing activities, investing activities, and non-cash activities.

STATEMENT OF NET POSITION

The following table shows the condensed statement of net position of the 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>2019 vs. 2018</u>		<u>2019 vs. 2017</u>	
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Assets							
Current assets	\$138,987,589	\$119,043,984	\$105,876,117	\$19,943,605	16.75%	\$33,111,472	31.27%
Capital assets, net	677,392,935	652,402,342	632,452,631	24,990,593	3.83%	44,940,304	7.11%
Other non-current assets	9,752,616	11,462,838	10,057,548	(1,710,222)	-14.92%	(304,932)	-3.03%
Total assets	826,133,140	782,909,164	748,386,296	43,223,976	5.52%	77,746,844	10.39%
Deferred outflows							
Pension related	46,715,613	21,503,021	29,078,203	25,212,592	117.25%	17,637,410	60.66%
OPEB related	2,836,089	30,400	-	2,805,689	9229.24%	2,836,089	0.00%
Total deferred outflows	49,551,702	21,533,421	29,078,203	28,018,281	130.12%	20,473,499	70.41%
Liabilities							
Current liabilities	14,404,545	14,441,630	13,720,331	(37,085)	-0.26%	684,214	4.99%
Long-term liabilities	126,547,399	140,952,831	121,055,247	(14,405,432)	-10.22%	5,492,152	4.54%
Total liabilities	140,951,944	155,394,461	134,775,578	(14,442,517)	-9.29%	6,176,366	4.58%
Deferred inflows							
Pension related	23,736,976	28,076,634	16,051,905	(4,339,658)	-15.46%	7,685,071	47.88%
OPEB related	6,864,360	-	-	6,864,360	100.00%	6,864,360	0.00%
Total deferred inflows	30,601,336	28,076,634	16,051,905	2,524,702	8.99%	14,549,431	90.64%
Net position							
Net investment in capital assets	655,586,304	623,307,342	600,770,254	32,278,962	5.18%	54,816,050	9.12%
Restricted	(271,370)	4,421,504	4,449,437	(4,692,874)	-106.14%	(4,720,807)	-106.10%
Unrestricted	48,816,628	(6,757,356)	21,417,325	55,573,984	-822.42%	27,399,303	127.93%
Total net position	\$704,131,562	\$620,971,490	\$626,637,016	\$83,160,072	13.39%	\$77,494,546	12.37%

The total net position of the District decreased from \$626.6 million in 2016-17 to \$621.0 million in 2017-18 and increased to \$704.1 million in 2018-19. The District’s total assets have increased by \$43.2 million or 5.52% compared to 2017-18, and \$77.7 million or 10.39% compared to 2016-17. Total liabilities decreased \$14.4 million or 9.29% compared to 2017-18 and increased \$6.2 million or 4.58% compared to 2016-17. The increase in net position over the three-year period totals \$77.5 million, or 12.37%, resulting primarily from the District’s transition to CalPERS for healthcare administration, creating short and long-

term savings through more affordable health premiums 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 (93.1%) 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 \$48.8 million in unrestricted net position increased by \$55.6 million from 2017-18 and increased by \$27.4 million from 2016-17. As noted previously, this increase was primarily a result of the District transitioning to a more economical healthcare administrator, reducing current healthcare premiums for active and retired employee participants as well as 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

	<u>Year Ending June 30</u>			<u>2019 vs. 2018</u>		<u>2019 vs. 2017</u>	
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Revenues:							
Operating revenues							
Sewer service charges	\$ 83,862,200	\$ 91,876,438	\$ 88,018,988	\$(8,014,238)	-8.72%	\$(4,156,788)	-4.72%
Other	1,815,966	619,997	606,453	1,195,969	192.90%	1,209,513	199.44%
Total operating revenue	85,678,166	92,496,435	88,625,441	(6,818,269)	-7.37%	(2,947,275)	-3.33%
Non-operating revenues							
Property taxes	18,251,794	17,650,741	16,318,874	601,053	3.41%	1,932,920	11.84%
Permit and inspection fees	2,648,708	2,592,137	2,600,888	56,571	2.18%	47,820	1.84%
Investment earnings	2,573,964	1,223,649	761,838	1,350,315	110.35%	1,812,126	237.86%
Other	1,424,520	1,075,838	966,244	348,682	32.41%	458,276	47.43%
Total non-operating revenue	24,898,986	22,542,365	20,647,844	2,356,621	10.45%	4,251,142	20.59%
Total revenues	110,577,152	115,038,800	109,273,285	(4,461,648)	-3.88%	1,303,867	1.19%
Expenses							
Operating expense other than depreciation	52,295,571	88,119,374	78,572,632	(35,823,803)	-40.65%	(26,277,061)	-33.44%
Depreciation	20,983,353	21,561,704	22,892,153	(578,351)	-2.68%	(1,908,800)	-8.34%
Non-operating expenses	1,025,006	1,230,680	1,313,398	(205,674)	-16.71%	(288,392)	-21.96%
Total expenses	74,303,930	110,911,758	102,778,183	(36,607,828)	-33.01%	(28,474,253)	-27.70%
Income before capital contributions	36,273,222	4,127,042	6,495,102	32,146,180	778.92%	29,778,120	458.47%
Capital contributions	46,886,850	31,760,548	26,571,487	15,126,302	47.63%	20,315,363	76.46%
Increase in net position	83,160,072	35,887,590	33,066,589	47,272,482	131.72%	50,093,483	151.49%
Beginning net position, as restated	620,971,490	585,084,200 *	593,570,427	35,887,290	6.13%	27,401,063	4.62%
Ending net position	<u>\$704,131,562</u>	<u>\$620,971,790</u>	<u>\$626,637,016</u>	<u>\$83,159,772</u>	<u>13.39%</u>	<u>\$77,494,546</u>	<u>12.37%</u>

*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 increased from \$88.6 million in 2016-17 to \$92.5 million in 2017-18 and decreased to \$85.7 million in 2018-19. Operating revenues decreased by \$6.8 million or 7.37% compared to 2017-18, and by \$2.9 million or 3.33% comparing 2018-19 to 2016-17. 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 \$20.6 million in 2016-17 to \$22.5 million in 2017-18 and to \$24.9 million in 2018-19. Total non-operating revenues in 2018-19 increased compared to 2017-18 by \$2.4 million or 10.46% and increased by \$4.3 million or 20.59% comparing 2018-19 to 2016-17.

Total revenues increased from \$109.3 million in 2016-17 to \$115.0 million in 2017-18 and decreased to \$110.6 million in 2018-19. The change in total revenue represented a decrease of \$4.5 million or 3.88% comparing 2018-19 to 2017-18 and an increase of \$1.3 million or 1.19% comparing 2018-19 to 2016-17. There was a 6.53% rate increase for single family homes and a 6.56% rate increase for multi-family homes in 2018-19, a 5.37% rate increase for single family homes and a 5.34% rate increase for multi-family homes in 2017-18, and a 6.79% rate increase for single family homes and a 5.18% rate increase for multi-family homes in 2016-17. The sewer service charge allocation to cover capital costs increased to 29.40% in 2018-19 from 15.60% in 2017-18 and 14.25% in 2016-17. Property tax revenue increased by \$0.6 million or 3.41% from 2017-18 to 2018-19, and \$1.9 million or 11.84% comparing 2018-19 to 2016-2017 due to the continued increase in property values, a healthy real estate market, and development of residential and commercial real estate in the region.

Expenses

Total expenses increased from \$102.8 million in 2016-17 to \$110.9 million in 2017-18 and decreased to \$74.3 million in 2018-19. In 2018-19, total expenses decreased by \$36.6 million or 33.01% compared to 2017-18. Comparing 2018-19 to 2016-17, total expenses were \$28.5 million or 27.70% lower. The decrease from 2017-18 to 2018-19 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 \$6.5 million in 2016-17, to \$4.1 million in 2017-18, spiking even further to \$36.3 million in 2018-19 as result of the healthcare transition noted previously.

Total capital contributions in 2018-19 were \$46.9 million compared to \$31.8 million in 2017-18 and \$26.6 million in 2016-17. 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 2018-19, 2017-18 and 2016-17 totaled \$677.4 million, \$652.4 million, and \$632.5 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, 2019, the District's investment in capital assets totaled \$677.4 million, an increase of \$25.0

million or 3.83% over the net capital asset balance of \$652.4 million at June 30, 2018. Net capital assets increased by \$44.9 million or 7.11% comparing 2018-19 to 2016-17. 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

	<u>Year Ending June 30</u>			<u>2019 vs. 2018</u>		<u>2019 vs. 2017</u>	
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Structures, buildings, and equipment	\$609,205,177	\$594,311,630	\$576,801,783	\$14,893,547	2.5%	\$32,403,394	5.6%
Land and rights of way	22,270,077	22,270,077	22,262,277	-	0.0%	7,800	0.0%
Construction in progress	45,917,681	35,820,635	33,388,571	10,097,046	28.2%	12,529,110	37.5%
Total	<u>677,392,935</u>	<u>652,402,342</u>	<u>632,452,631</u>	<u>24,990,593</u>	<u>30.7%</u>	<u>44,940,304</u>	<u>7.1%</u>

The increase in capital assets, net of depreciation, of \$25.0 million from 2017-18 to 2016-17 and \$45.0 million from 2016-17 to 2018-19 is a result of an expanding capital improvement program over these years. This year's major addition to construction-in-progress includes the following:

<u>Project Description</u>	<u>Capital Outlay</u>
Solids handling facility improvements (7348)	\$ 4,727,501
Mechanical and concrete renovations (7351)	4,280,650
North Orinda sewer renovation (8445)	3,535,938
Plant operations building seismic upgrades (7362)	2,714,844
Piping renovations phase 9 (7330)	2,613,403
Walnut Creek sewer renovation phase 13 (8455)	2,604,854
Lafayette sewer renovation phase 12 (8446)	2,499,090
Moraga/Crossroads pump station project (8436)	2,080,508
Total	<u>\$ 25,056,788</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 for fiscal years 2018-19, 2017-18 and 2016-17 totaled \$21.8 million, \$29.1 million, and \$31.7 million, respectively. As of June 30, 2019, the District's outstanding debt totaled \$21.8 million, which is a decrease of \$7.3 million or 25.05% over the debt balance of \$29.1 million at June 30, 2018. Debt decreased by \$9.7 million or 30.77% comparing 2018-19 to 2016-17. 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. This may require debt financing for large capital projects in the foreseeable future.
- Legislation impacting public employee pension obligations is still being litigated, the results of which could adversely impact future employer pension obligations.
- The economic cycle, creating volatility with capacity/connection fee revenues as new development projects are highly sensitive to the economic cycle. The economic cycle also impacts the Federal and State budgets and legislation, which could affect the District's ability to secure grant funding and low interest loans.
- 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 as well as increases in operating and maintenance costs. Over the next four fiscal years the District is planning for a greatly expanded capital improvement program to modernize the District's ageing infrastructure, expand the capacity and redundancy of existing facilities, address ever-growing regulatory requirements regarding the protection of public health and the environment and to ensure the sustainability of infrastructure. To help finance these greatly expanded capital improvement and replacement initiatives, the District currently plans to seek debt financing in an amount up to \$154 million over the next three fiscal years, although this amount may be further reduced through positive year-end budgetary variances and other unanticipated factors.

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 District's accountability for the 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, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$57,648,783	\$57,137,987
Short term investments (Note 2)	53,000,000	34,000,000
Accounts receivable, net (Note 3)	24,736,062	22,951,186
Employee computer loans receivable (Note 3)	15,736	10,614
Interest receivable	-	99,384
Parts and supplies	2,185,998	2,245,055
Prepaid expenses	<u>1,401,010</u>	<u>2,599,758</u>
Total current assets	<u>138,987,589</u>	<u>119,043,984</u>
NON-CURRENT ASSETS		
Restricted cash and cash equivalents (Notes 1.F. and 2)	8,537,951	5,497,153
Restricted investments (Note 2)	-	4,856,450
Assessment Districts receivable (Note 4)	<u>1,214,665</u>	<u>1,109,235</u>
Capital assets:		
Nondepreciable (Note 5)	68,187,758	58,090,712
Depreciable, net of accumulated depreciation (Note 5)	<u>609,205,177</u>	<u>594,311,630</u>
Total capital assets, net	<u>677,392,935</u>	<u>652,402,342</u>
Total non-current assets	<u>687,145,551</u>	<u>663,865,180</u>
TOTAL ASSETS	<u>826,133,140</u>	<u>782,909,164</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related (Note 9)	46,715,613	21,503,021
OPEB related (Note 10)	<u>2,836,089</u>	<u>30,400</u>
Total deferred outflows of resources	<u>49,551,702</u>	<u>21,533,421</u>

(Continued)

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018

LIABILITIES	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$9,956,746	\$9,664,738
Interest payable	288,505	534,330
Refunding Water Revenue Bonds - current portion (Note 6)	2,145,000	2,480,000
Accrued compensated absences - current portion (Note 1.J.)	504,700	464,500
Provision for uninsured claims (Note 7)	1,157,797	882,230
Refundable deposits	<u>351,797</u>	<u>415,832</u>
Total current liabilities	<u>14,404,545</u>	<u>14,441,630</u>
NON-CURRENT LIABILITIES		
Refunding Water Revenue Bonds, noncurrent portion (Note 6)	19,661,631	26,615,000
Accrued compensated absences, noncurrent portion (Note 1.J.)	4,542,903	4,181,377
Net pension liability (Note 9)	90,430,104	63,806,000
Net OPEB liability (Note 10)	<u>11,912,761</u>	<u>46,350,454</u>
Total non-current liabilities	<u>126,547,399</u>	<u>140,952,831</u>
TOTAL LIABILITIES	<u>140,951,944</u>	<u>155,394,461</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related (Note 9)	23,736,976	28,076,634
OPEB related (Note 10)	<u>6,864,360</u>	<u>-</u>
Total deferred inflows of resources	<u>30,601,336</u>	<u>28,076,634</u>
NET POSITION (Note 11)		
Net investment in capital assets	655,586,304	623,307,342
Restricted for debt service	(271,370)	4,421,504
Unrestricted	<u>48,816,628</u>	<u>(6,757,356)</u>
TOTAL NET POSITION	<u><u>\$704,131,562</u></u>	<u><u>\$620,971,490</u></u>

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
OPERATING REVENUES		
Sewer service charges (SSC)	\$68,656,908	\$75,824,221
Service charges - City of Concord (Note 8)	15,205,292	14,973,623
Other services charges	1,126,239	1,078,594
Miscellaneous charges	689,727	619,997
Total operating revenues	85,678,166	92,496,435
OPERATING EXPENSES		
Sewage collection and pumping stations	17,213,848	15,954,881
Sewage treatment	26,342,221	26,050,876
Engineering	16,334,241	16,472,501
Recycled water	1,189,921	1,023,757
Administrative and general	24,522,508	27,513,001
Pension expense adjustments (Note 9)	(2,928,146)	(4,441,205)
OPEB expense adjustments (Note 10)	(30,379,022)	5,545,563
Depreciation (Note 5)	20,983,353	21,561,704
Total operating expenses	73,278,924	109,681,078
OPERATING (LOSSES)	12,399,242	(17,184,643)
NONOPERATING REVENUES (EXPENSES)		
Taxes	18,251,794	17,650,741
Permit and inspection fees	2,648,708	2,592,137
Interest earnings	2,573,964	1,223,349
Interest expense	(1,025,006)	(1,230,680)
Other income (expense), net	1,424,520	1,075,838
Total nonoperating revenues (expenses), net	23,873,980	21,311,385
INCOME BEFORE CAPITAL CONTRIBUTIONS	36,273,222	4,126,742
CAPITAL CONTRIBUTIONS		
City of Concord contributions to capital costs (Note 8)	7,973,516	6,364,725
Customer contributions to capital cost (SSC)	28,588,625	14,060,789
Contributed sewer lines	2,179,641	2,003,614
Capital contributions - connection fees	8,145,068	9,331,420
Total capital contributions	46,886,850	31,760,548
CHANGE IN NET POSITION	83,160,072	35,887,290
NET POSITION, BEGINNING OF YEAR	620,971,490	626,637,016
Prior period adjustment for implementation of GASB Statement 75	-	(41,552,816)
NET POSITION, END OF YEAR	\$704,131,562	\$620,971,490

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$83,782,738	\$89,703,121
Payments to suppliers	(43,260,212)	(41,555,023)
Payments to employees and related benefits	(40,179,456)	(41,035,510)
Net cash provided by operating activities	343,070	7,112,588
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of taxes	18,251,794	17,650,741
Inspection/permit fees and other non-operating income	4,073,228	3,667,975
Net cash provided by noncapital financing activities	22,325,022	21,318,716
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	36,562,141	20,425,514
Connection fees	8,145,068	9,331,420
Acquisition and construction of capital assets	(43,794,305)	(39,507,801)
Interest paid on long-term debt	(1,270,831)	(1,254,730)
Principal payments on long-term debt	(7,288,369)	(2,587,377)
Net cash used for capital and related financing activities	(7,646,296)	(13,592,974)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of investments	98,856,450	72,075,151
Acquisition of investments	(113,000,000)	(67,000,000)
Interest received	2,673,348	1,138,630
Net cash provided by investing activities	(11,470,202)	6,213,781
NET INCREASE (DECREASE) IN CASH	3,551,594	21,052,111
Cash, beginning of year	62,635,140	41,583,029
Cash, end of year	\$66,186,734	\$62,635,140

(Continued)

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating income (losses)	\$12,399,242	(\$17,184,643)
Adjustments to reconcile operating losses to cash flows from operating activities:		
Depreciation	20,983,353	21,561,704
Changes in assets and liabilities:		
Receivables, net	(1,895,428)	(2,793,314)
Parts and supplies	59,057	(155,290)
Prepaid expenses	1,198,748	859,706
Net OPEB asset	-	3,652,571
Accounts payable and accrued expenses	292,008	756,605
Accrued payroll and related expenses	401,726	75,746
Refundable deposits	(64,035)	13,470
Claims	275,567	
Net pension liability	(2,928,146)	(4,441,205)
Net OPEB liability	(30,379,022)	4,767,238
	\$343,070	\$7,112,588
Net cash provided (used) by operating activities		
 SCHEDULE OF NON CASH ACTIVITY		
Change in fair value of investments	\$2,673,348	\$1,138,630
Capital asset donations	2,179,641	2,003,614
	\$4,852,989	\$3,142,244
Total non cash activity		
 CASH AND CASH EQUIVALENTS, AS PRESENTED ON STATEMENT OF NET POSITION:		
Unrestricted cash and cash equivalents	\$57,648,783	\$57,137,987
Restricted cash and cash equivalents	8,537,951	5,497,153
	\$66,186,734	\$62,635,140
Total cash and cash equivalents at end of year		

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, 2019 AND 2018

	2019	2018
ASSETS		
Investments with Trustees:		
Cash equivalents (Note 2)	\$1,570,229	\$1,635,346
Equity securities	17,716,355	15,961,335
Equity mutual funds	46,639,520	41,999,998
Total investments	65,926,104	59,596,679
Total Assets	\$65,926,104	\$59,596,679
NET POSITION		
Net position held in trust for OPEB benefits	\$65,926,104	\$59,596,679

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, 2019 AND 2018

	2019	2018
ADDITIONS		
Contributions:		
District	\$1,582,800	\$3,946,500
Total contributions	1,582,800	3,946,500
Investment income:		
Net appreciation in fair value of investments	4,920,923	2,500,297
Interest, dividends and other		959,972
Less: investment expenses	(174,298)	(138,457)
Total net investment income	4,746,625	3,321,812
Total additions	6,329,425	7,268,312
Change in net position	6,329,425	7,268,312
NET POSITION		
Beginning of year	59,596,679	52,328,367
End of year	\$65,926,104	\$59,596,679

See accompanying notes to basic financial statements

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

**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, 2019 and 2018**

**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, 2019 and 2018**

**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, 2019 and 2018 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, 2019 and 2018**

**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, 2019 and 2018**

**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:

	2019	2018
Beginning Balance	\$4,645,877	\$4,570,131
Additions	661,215	326,791
Payments	(259,489)	(251,045)
Ending Balance	\$5,047,603	\$4,645,877
Current Portion	\$504,700	\$464,500

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

K. *Statement of Cash Flows*

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

L. *Use of Estimates*

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

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

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

GASB Statement No. 83, Certain Asset Retirement Obligations (GASB Statement No. 83), addresses accounting and financial reporting for certain assets retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. GASB Statement No. 83 statement requires the current value of a government’s AROs to annually be adjusted for the effects of general inflation or deflation, and relevant factors that may significantly change the estimated asset retirement outlays. This statement also requires disclosure of information about the nature of a government’s AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. GASB Statement No. 83 is effective for the District’s fiscal year ending June 30, 2019. This Statement had no significant effect on the financial statements.

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements (GASB Statement No. 88), to improve the information that is disclosed in noted to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in noted to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement had no significant effect on the financial statements.

N. Reclassification

For the year ended June 30, 2019, certain classifications have been changed to improve financial statement presentation. For comparative purposes, prior year balances have been reclassified to conform with the fiscal year 2019 presentation.

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:

	2019	2018
Cash and cash equivalents	\$57,648,783	\$57,137,987
Short term investments	53,000,000	34,000,000
Restricted cash and cash equivalents	117,135	100,000
Restricted investments	-	4,856,450
Total District Cash and Investments	110,765,918	96,094,437
Cash and investments held with Pension trust	8,420,816	5,397,153
Cash and investments held with OPEB trust	65,926,104	59,596,679
Total Cash and Investments	\$185,112,838	\$161,088,269

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

NOTE 2 – CASH AND INVESTMENTS (Continued)

B. Policies and Practices

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

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

C. General Authorizations

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

Authorized Investment Type	California State Limits			District Policy	District Policy
	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer	Maximum Percentage of Portfolio (Per Issuer)	Minimum Credit Quality
U.S. Treasury Obligations	5 years	None	None	100%	N/A
U.S. Government Agency Issues	5 years	None	None	100%	N/A
Money Market Funds	N/A	20%	10%	10%	A
Negotiable Certificates of Deposit	5 years	30%	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	\$65 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, 2019 and 2018**

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, 2019:

Investment Type	2019		Total
	Level 1	Level 2	
Investments Reported at Fair Value:			
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			43,200,000
Total Investments			<u>96,200,000</u>
Cash and investments held with Pension trust			8,420,816
Cash and investments held with OPEB trust			65,926,104
Cash in bank			14,565,918
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.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

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, 2018:

Investment Type	2018	
	Level 2	Total
Investments Reported at Fair Value:		
U.S. Federal Agency Securities - FHLB	\$19,000,000	\$19,000,000
Commercial Paper - General Electric	7,500,000	7,500,000
Commercial Paper - Mitsubishi UFG Union Bank	2,500,000	2,500,000
Commercial Paper - Chevron	5,000,000	5,000,000
Total Investments	<u>\$34,000,000</u>	34,000,000
Investments Measured at Cost:		
Certificates of Deposit - Non-Negotiable		4,856,450
Investments Exempt from Fair Value Hierarchy:		
California Local Agency Investment Fund		<u>52,000,000</u>
Total Investments		90,856,450
Cash and investments held with Pension trust		5,397,153
Cash and investments held with OPEB trust		59,596,679
Cash in bank		<u>5,237,987</u>
Total Cash and Investments		<u>\$161,088,269</u>

U.S. Federal Agency Securities and Commercial paper totaling to \$19 million and \$15 million, respectively, 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, 2019 and 2018**

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	2019	
	12 Months or less	Maturity
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	
Cash and investments held with Pension trust	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	

Investment Type	2018		
	12 Months or less	More than 12 Months	Maturity
Certificates of Deposit - Debt Reserve		\$4,856,450	4/28/20
Commercial Paper - General Electric	\$2,500,000		7/25/18
Commercial Paper - Mitsubishi UFG Union Bank	2,500,000		7/27/18
Commercial Paper - General Electric	5,000,000		9/6/18
Commercial Paper - Chevron	5,000,000		9/6/18
U.S Federal Agency Securities - FHLB	4,000,000		7/18/18
U.S Federal Agency Securities - FHLB	5,000,000		7/25/18
U.S Federal Agency Securities - FHLB	5,000,000		12/5/18
U.S Federal Agency Securities - FHLB	5,000,000		5/25/19
California Local Agency Investment Fund	52,000,000		
Total Investments	86,000,000	4,856,450	
Cash and investments held with Pension trust	5,397,153		
Cash and investments held with OPEB trust	59,596,679		
Cash in bank	5,237,987		
Total Cash and Investments	\$156,231,819	\$4,856,450	

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

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, 2019 and 2018, these investments matured in an average of 173 and 193 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	
	2019	2018
<i>Rated P-1:</i>		
U.S. Federal Agency Securities - FHLB	\$30,000,000	\$19,000,000
U.S. Federal Agency Securities - FHLMC	10,000,000	
Commercial Paper - General Electric		7,500,000
Commercial Paper - Mitsubishi UFG Union Bank		2,500,000
Commercial Paper - Chevron		5,000,000
Total Rated Investments	40,000,000	34,000,000
<i>Not rated:</i>		
Certificates of Deposit - non-negotiable		4,856,450
California Local Agency Investment Fund	43,200,000	52,000,000
U.S. Treasury Notes	13,000,000	
Cash and investments held with Pension trust	8,420,816	5,397,153
Cash and investments held with OPEB trust	65,926,104	59,596,679
Cash in Bank	14,565,918	5,237,987
Total Cash and Investments	\$185,112,838	\$161,088,269

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

NOTE 2 – CASH AND INVESTMENTS (Continued)

G. 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:

	2019	2018
City of Concord (see Note 8)	\$23,178,808	\$21,338,348
Household Hazardous Waste Partners	831,653	821,874
All Other	725,601	801,578
Total Accounts Receivable	\$24,736,062	\$22,961,800

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:

	2019	2018
Employee Computer Loans	\$10,614	\$10,294
Additions	18,141	14,954
Payments	(13,019)	(14,634)
Long-term Portion	\$15,736	\$10,614

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

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, 2019 and 2018 was \$394,662 and \$162,781, 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, 2019 and 2018 was \$820,003 and \$946,454, respectively.

The total receivable balance at June 30, 2019 and 2018 for CAD and AVAD was \$1,214,665 and \$1,109,235, 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, 2019 and 2018**

NOTE 5 – CAPITAL ASSETS

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	<u>58,090,712</u>	<u>43,794,305</u>		<u>(33,697,259)</u>	<u>68,187,758</u>
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	<u>1,035,484,255</u>	<u>2,179,641</u>	<u>(1,148,234)</u>	<u>33,697,259</u>	<u>1,070,212,921</u>
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	<u>441,172,625</u>	<u>20,983,353</u>	<u>(1,148,234)</u>		<u>461,007,744</u>
Total capital assets being depreciated, net	<u>594,311,630</u>	<u>(18,803,712)</u>		<u>33,697,259</u>	<u>609,205,177</u>
Capital assets, net	<u>\$652,402,342</u>	<u>\$24,990,593</u>			<u>\$677,392,935</u>

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

NOTE 5 – CAPITAL ASSETS (Continued)

Property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2018:

	Balance at June 30, 2017	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2018
Capital assets not being depreciated:					
Land	\$17,320,570				\$17,320,570
Easements (intangible)	4,941,707			\$7,800	4,949,507
Construction in Progress	33,388,571	\$39,507,801		(37,075,737)	35,820,635
Total nondepreciated assets	55,650,848	39,507,801		(37,067,937)	58,090,712
Capital assets being depreciated:					
Sewage collection system	351,503,806		(\$364,004)	28,107,696	379,247,498
Contributed sewer lines	157,791,719	2,003,614			159,795,333
Outfall sewers	11,371,574				11,371,574
Sewage treatment plant	333,962,356			7,712,752	341,675,108
Recycled water infrastructure	20,292,366				20,292,366
Pumping stations	57,278,141			48,879	57,327,020
Buildings	44,238,508				44,238,508
Furniture and equipment	14,012,837		(1,264,023)	1,092,610	13,841,424
Motor vehicles	7,614,982		(25,558)	106,000	7,695,424
Total depreciated assets	998,066,289	2,003,614	(1,653,585)	37,067,937	1,035,484,255
Less accumulated depreciation:					
Sewage collection system	68,942,762	4,947,051	(364,004)		73,525,809
Contributed sewer lines	59,361,001	2,130,488			61,491,489
Outfall sewers	3,616,981	151,395			3,768,376
Sewage treatment plant	220,382,147	8,427,628			228,809,775
Recycled water infrastructure	8,866,352	813,973			9,680,325
Pumping stations	33,104,637	2,183,806			35,288,443
Buildings	12,876,506	1,278,155			14,154,661
Furniture and equipment	9,260,262	1,239,776	(1,264,023)		9,236,015
Motor vehicles	4,853,858	389,432	(25,558)		5,217,732
Total accumulated depreciation	421,264,506	21,561,704	(1,653,585)		441,172,625
Total capital assets being depreciated, net	576,801,783	(19,558,090)		37,067,937	594,311,630
Capital assets, net	\$632,452,631	\$19,949,711			\$652,402,342

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

NOTE 6 – LONG-TERM DEBT

A. Summary of Activity

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 9/1/2023	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>	

The changes in the District's long-term obligations during the year ended June 30, 2018 consisted of the following:

	Original Issue Amount	Balance June 30, 2017	Retirements	Balance June 30, 2018	Amount due within one year
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	11,865,000	\$2,405,000	9,460,000	\$2,480,000
1999 State Water Resources Control Board Water Reclamation Loan 2.60%, due 3/31/2018	2,916,872	182,377	182,377		
Total Long-Term Debt		31,682,377	<u>\$2,587,377</u>	29,095,000	<u>\$2,480,000</u>
Less current portion		<u>(2,587,377)</u>		<u>(2,480,000)</u>	
		<u>\$29,095,000</u>		<u>\$26,615,000</u>	

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

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
2020		\$744,500	\$2,145,000	\$92,915	\$2,145,000	\$837,415
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 - 2029	8,060,000	1,507,500			8,060,000	1,507,500
2030	1,850,000	46,250			1,850,000	46,250
Total	\$15,135,000	\$4,811,000	\$4,315,000	\$228,061	\$19,450,000	\$5,039,061

As part of the Federal budget sequestration, the Internal Revenue Service (IRS) has announced that, as of March 1, 2018, credit payments claimed by issuers of certain tax credit bonds, including Build America Bonds, may be subject to a reduction of 6.6%.

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 are federally taxable “Build America Bonds” which have 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 total \$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 would fully amortized as of September 1, 2029. As of June 30, 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, 2019 and 2018**

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 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 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.

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.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

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	RLI 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	Security National Ins. Company	10,000,000	500,000
Excess Following Form Liability Policy	Allied World Assurance Company (U.S), I	5,000,000	10,000,000
Employment Practice Liability	Hiscox Insurance Company (Bermuda) Ltd.	1,000,000	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, 2019 to be \$1,157,797.

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. 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, 2019, 2018, and 2017, settlements have not exceeded insurance coverage. Changes in the District's estimated liability for retained losses are summarized as follows as of June 30:

	2019	2018	2017
Beginning balance	\$882,230	\$807,079	\$1,000,000
Provisions for claims incurred in the current year and changes in the liability for retained-losses incurred in prior years	623,961	243,897	(127,214)
Claims paid and/or adjustments	(348,394)	(168,746)	(65,707)
Ending balance	<u>\$1,157,797</u>	<u>\$882,230</u>	<u>\$807,079</u>

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

NOTE 8 – AGREEMENT WITH THE CITY OF CONCORD

In 1974, the District and the City of Concord (the City) entered into a cost-sharing agreement under which the District became responsible for providing sewage treatment facilities and services to the City. Under this agreement, the City pays a service charge for its share of operating, maintenance and administrative costs and makes a contribution for its share of facilities capital costs expended. Service charges and contributions to capital costs from the City totaled \$15,205,292 and \$7,973,516 respectively, for the year ended June 30, 2019, for a total of \$23,178,808. Service charges and contributions to capital costs from the City totaled \$14,973,623 and \$6,364,725, respectively, for the year ended June 30, 2018, for a total of \$21,338,348.

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, 2019, 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	\$145,666
Minimum Retirement age (with benefit reductions)	50	52
Required employee contribution rates	11.96%	11.20%
Required employer contribution rates	51.83%	45.67%

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

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, 2019, the District’s contributions to the Plan were \$17,282,356.

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	
	2019	2018
Miscellaneous	\$90,430,104	\$63,806,000
Total Net Pension Liability	\$90,430,104	\$63,806,000

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, 2018, 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, 2017 rolled forward to December 31, 2018 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, 2017, 2018, and 2019 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
2017	6.273%	\$87,847,116	\$31,584,169	278.14%	76.44%
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%

For the year ended June 30, 2019, the District recognized pension expense of \$14,899,558. 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	\$46,715,613	\$23,736,976

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

NOTE 9 – PENSION PLANS (Continued)

The \$8,840,759 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, 2020.

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
2020	\$5,124,501
2021	1,403,504
2022	475,439
2023	7,134,434
Total	\$14,137,878

At June 30, 2018, 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	\$8,533,670	
Differences between expected and actual experience		\$6,290,561
Changes of assumptions or other inputs	1,924,151	782
Change in proportion and differences between employer contributions and proportionate share of contributions	11,045,200	5,334,713
Net difference between projected and actual earnings on pension plan investments		16,450,578
Total	\$21,503,021	\$28,076,634

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

NOTE 9 – PENSION PLANS (Continued)

Actuarial Assumptions – The total pension liabilities in the December 31, 2017 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	December 31, 2017
Measurement Date	December 31, 2018
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation Rate	2.75%
Payroll Growth	2.75% (1)
Projected Salary Increase	3.75% - 15.25%
Cost of Living Adjustments	2.75%
Investment Rate of Return	7.00%
Mortality	RP-2014 Healthy Annuitant 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 was 7.0% for the Plan. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer 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 pension plan's 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 total pension liability as December 31, 2018.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

NOTE 9 – PENSION PLANS (Continued)

The long-term expected rate of return on pension plan investments was determined in 2019 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 Strategies	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	\$145,193,990
Current Discount Rate	7.00%
Net Pension Liability	\$90,430,104
1% Increase	8.00%
Net Pension Liability	\$45,564,431

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

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 \$2,123,939 and \$2,034,759 to the Plan during the years ended June 30, 2019 and 2018, 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, 2019 and 2018**

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, 2019:

Active employees	274
Inactive employees or beneficiaries currently receiving benefit payments	268
Inactive employees entitled to but not yet receiving benefit payments	3
Total	545

B. Net OPEB Liability

Actuarial Methods and Assumptions – The District’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2018 that was rolled forward using standard update procedures to determine the \$77,838,865 total OPEB liability as of June 30, 2019, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	July 1, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level Dollar
Actuarial Assumptions:	
Contribution and Funding	District contributes full ADC less benefit payments to PARS trust Benefits payments paid outside the trust PARS portfolio: Moderate
Long-Term Expected Rate of Return on	6.25% at June 30, 2018
Discount Rate	5.75% at June 30, 2019
General Inflation	2.75% per annum
Mortality, Disability, Termination, Mortality Improvement	CCCERA 2012-2014 Experience Study Mortality improvement projected generationally with Scale MP-15
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 and later
Dental Trend	3.75% annually
Healthcare Participation for future	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, 2019 and 2018**

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, 2018 valuation were based on the results of a July 1, 2018 actuarial experience study for the period of July 1, 2018 to June 30, 2019.

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's	2.0%	3.76%
Cash	5.0%	0.06%
Total	<u>100.0%</u>	

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, 2019 and 2018**

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, 2018	\$105,947,197	\$59,596,743	\$46,350,454
Changes Recognized for the Measurement Period:			
Service Cost	2,447,310		2,447,310
Interest on the total OPEB liability	6,596,612		6,596,612
Changes in benefit terms	(27,603,524)		(27,603,524)
Differences between expected and actual experience	(7,346,935)		(7,346,935)
Changes of assumptions	3,495,645		3,495,645
Contributions from the employer		7,280,240	(7,280,240)
Contributions from the employee			
Net investment income		4,920,923	(4,920,923)
Benefit payments	(5,697,440)	(5,697,440)	
Administrative expenses		(174,362)	174,362
Net changes	(28,108,332)	6,329,361	(34,437,693)
Balance at June 30, 2019	\$77,838,865	\$65,926,104	\$11,912,761

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, 2019, 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%)
\$21,919,793	\$11,912,761	\$3,680,123

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
\$2,521,940	\$11,912,761	\$23,463,943

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018**

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, 2019, the District recognized negative OPEB expense of \$23,098,782. At June 30, 2019, 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		\$5,960,721
Changes of assumptions	\$2,836,089	
Net differences between projected and actual earnings on plan investments		903,639
Total	<u>\$2,836,089</u>	<u>\$6,864,360</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>
2020	(\$950,668)
2021	(950,668)
2022	(950,668)
2023	(958,267)
2024	<u>(218,000)</u>
Total	<u><u>(\$4,028,271)</u></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, 2019 and 2018, the annual money-weighted rate of return on investments, net of investment expense, were 7.20% and 5.96%. 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, 2019 and 2018**

NOTE 11 – NET POSITION

A. 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, 2019:

Fiscal Year Ending June 30,	Office Equipment	Facilities	Total
2020	\$342,106	\$130,873	\$472,979
Total	<u>\$342,106</u>	<u>\$130,873</u>	<u>\$472,979</u>

Total rental expense for both the fiscal years ended June 30, 2019 and 2018 was \$313,492.

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 \$29,402,558 and \$17,997,738 as of June 30, 2019 and 2018, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL CONTRA COSTA SANITARY DISTRICT
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2019
PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Fiscal Years¹

Measurement date	December 31,				
	2018	2017	2016	2015	2014
Proportion of the net pension liability	6.33%	7.86%	6.27%	6.09%	7.49%
Proportionate share of the net pension liability	\$ 90,430,104	\$ 63,806,000	\$ 87,847,116	\$ 91,746,888	\$ 89,535,510
Covered Payroll ²	\$ 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	243.82%	175.27%	259.71%	294.53%	302.00%
Fiduciary net position as a percentage of the total pension liability	77.86%	83.58%	76.44%	74.14%	73.86%

¹ The fiscal year ending June 30, 2015 was the first year of implementation. Accordingly only five years are shown.

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, 2019
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 17,520,615	\$ 17,880,152	\$ 18,043,391	\$ 22,752,611	\$ 24,451,234
Contributions in relation to the actuarially determined contributions	<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>
Covered payroll	\$ 38,479,260	\$ 36,638,935	\$ 35,178,106	\$ 32,675,243	\$ 30,093,339
Contributions as a percentage of covered-employee payroll	45.53%	48.80%	51.29%	69.63%	81.25%

Notes to Schedule

Measurement Date: 12/31/2018

Methods and assumptions used to determine contribution rates:

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

* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

** 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	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB Liability			
Service Cost	\$2,447,310	\$2,370,276	\$2,295,667
Interest	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	<u>(5,697,440)</u>	<u>(5,571,750)</u>	<u>(5,404,627)</u>
Net change in total OPEB liability	<u>(28,108,332)</u>	<u>3,194,589</u>	<u>3,094,270</u>
Total OPEB liability - beginning	<u>105,947,197</u>	<u>102,752,608</u>	<u>99,658,338</u>
Total OPEB liability - ending (a)	<u><u>\$77,838,865</u></u>	<u><u>\$105,947,197</u></u>	<u><u>\$102,752,608</u></u>
Plan fiduciary net position			
Contributions - employer	\$7,280,240	\$9,649,750	\$10,433,327
Contributions - employee			
Net investment income	4,920,923	3,354,822	4,735,576
Administrative expense	(174,362)	(164,446)	(5,404,627)
Benefit payments	<u>(5,697,440)</u>	<u>(5,571,750)</u>	<u>(139,063)</u>
Net change in plan fiduciary net position	<u>6,329,361</u>	<u>7,268,376</u>	<u>9,625,213</u>
Plan fiduciary net position - beginning	<u>59,596,743</u>	<u>52,328,367</u>	<u>42,703,154</u>
Plan fiduciary net position - ending (b)	<u><u>\$65,926,104</u></u>	<u><u>\$59,596,743</u></u>	<u><u>\$52,328,367</u></u>
Net OPEB liability - ending (a)-(b)	<u><u>\$11,912,761</u></u>	<u><u>\$46,350,454</u></u>	<u><u>\$50,424,241</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	84.70%	56.25%	50.93%
Covered payroll	<u>\$38,479,260</u>	<u>\$36,638,935</u>	<u>\$35,178,106</u>
Net OPEB liability as a percentage of covered-employee payroll	<u><u>30.96%</u></u>	<u><u>126.51%</u></u>	<u><u>143.34%</u></u>

Notes to schedule:

* Fiscal year 2017 was the first year of implementation, therefore only three years are shown.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money weighted rate of return, net of investment expense	7.20%	5.96%	6.25%

SCHEDULE OF CONTRIBUTIONS

Single Employer
Last 10 fiscal years*

Fiscal Year Ended June 30,	2019	2018	2017
Actuarially determined contribution	\$7,524,000	\$7,866,000	\$7,866,000
Contributions in relation to the actuarially determined contribution	7,280,240	10,433,327	10,433,327
Contribution deficiency (excess)	\$243,760	(\$2,567,327)	(\$2,567,327)
Covered payroll	\$38,479,260	\$36,638,935	\$35,178,106
Contributions as a percentage of covered payroll	18.92%	28.48%	29.66%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Valuation Date	7/1/2016
Actuarial Cost Method:	Entry Age Normal, Level Dollar
Amortization Method:	Level dollar over closed 17 year period
Asset Valuation Method:	Investment gains and losses spread over 5-year rolling
Actuarial Assumptions:	
Discount Rate	6.25%
General Inflation	3.00%
Medical Trend	Pre-Medicare - 7.0% for 2017/18, decreasing to 5.0% for 2021/22 and later Medicare - 7.2% for 2017/18, decreasing to 5.0% for 2021/22 and later
Dental Trend	3.75%
Mortality Rate	CCCERA 2012-2014 Experience Study
Mortality Improvement	Mortality improvement projected generationally with Scale MP-15

* Fiscal year 2017 was the first year of implementation, therefore only three years are shown.

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SUPPLEMENTARY INFORMATION

CENTRAL CONTRA COSTA SANITARY DISTRICT
 COMBINING SCHEDULE OF NET POSITION
 ENTERPRISE SUB-FUNDS
 JUNE 30, 2019

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$27,150,115	\$23,115,187	\$7,383,481			\$57,648,783
Short term investments	20,000,000	33,000,000				53,000,000
Accounts receivable	16,696,326	8,039,736				24,736,062
Employee computer loans receivable	15,736					15,736
Parts and supplies	2,185,998					2,185,998
Prepaid expenses	1,401,010					1,401,010
Total current assets	<u>67,449,185</u>	<u>64,154,923</u>	<u>7,383,481</u>		-	<u>138,987,589</u>
NON-CURRENT ASSETS:						
Restricted cash and equivalents	8,520,816			\$17,135		8,537,951
Assessment Districts receivable		1,214,665				1,214,665
CAPITAL ASSETS						
Nondepreciable	68,187,758					68,187,758
Depreciable, net of accumulated depreciation	609,205,177					609,205,177
Total capital assets, net	<u>677,392,935</u>					<u>677,392,935</u>
Total non-current assets	<u>685,913,751</u>	<u>1,214,665</u>		<u>17,135</u>		<u>687,145,551</u>
TOTAL ASSETS	<u>753,362,936</u>	<u>65,369,588</u>	<u>7,383,481</u>	<u>17,135</u>		<u>826,133,140</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	46,715,613					46,715,613
OPEB related	2,836,089					2,836,089
Total deferred outflows	<u>49,551,702</u>					<u>49,551,702</u>
LIABILITIES						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	3,126,190	6,783,894	46,662			9,956,746
Interest payable				288,505		288,505
Refunding Water Revenue Bonds - current portion				2,145,000		2,145,000
Accrued compensated absences - current portion	504,700					504,700
Liability for uninsured claims			1,157,797			1,157,797
Refundable deposits	181,011	170,786				351,797
Total current liabilities	<u>3,811,901</u>	<u>6,954,680</u>	<u>1,204,459</u>	<u>2,433,505</u>		<u>14,404,545</u>
NON-CURRENT LIABILITIES:						
Refunding Water Revenue Bonds, noncurrent portion				19,661,631		19,661,631
Accrued compensated absences, noncurrent portion	4,542,903					4,542,903
Net pension liability	90,430,104					90,430,104
Net OPEB liability	11,912,761					11,912,761
Total noncurrent liabilities	<u>106,885,768</u>			<u>19,661,631</u>		<u>126,547,399</u>
TOTAL LIABILITIES	<u>110,697,669</u>	<u>6,954,680</u>	<u>1,204,459</u>	<u>22,095,136</u>		<u>140,951,944</u>
DEFERRED INFLOWS OF RESOURCES						
Pension related	23,736,976					23,736,976
OPEB related	6,864,360					6,864,360
Total deferred inflows	<u>30,601,336</u>					<u>30,601,336</u>
NET POSITION						
Net investment in capital assets	677,392,935			(21,806,631)		655,586,304
Restricted for debt service				(271,370)		(271,370)
Unrestricted	(15,777,302)	58,414,908	6,179,022			48,816,628
TOTAL NET POSITION	<u>\$661,615,633</u>	<u>\$58,414,908</u>	<u>\$6,179,022</u>	<u>(\$22,078,001)</u>		<u>\$704,131,562</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, 2019

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
OPERATING REVENUES						
Sewer service charges (SSC)	\$68,656,908					\$68,656,908
Service charges - City of Concord	15,205,292					15,205,292
Other services charges	1,126,239					1,126,239
Miscellaneous charges	689,727					689,727
Total operating revenues	85,678,166					85,678,166
OPERATING EXPENSES						
Sewage collection and pumping stations	17,213,848					17,213,848
Sewage treatment	26,342,221					26,342,221
Engineering	16,334,241					16,334,241
Recycled water	1,189,921					1,189,921
Administrative and general	24,262,569		\$1,125,404		(\$865,465)	24,522,508
Pension expense	(2,928,146)					(2,928,146)
OPEB expense	(30,379,022)					(30,379,022)
Depreciation	20,983,353					20,983,353
Total operating expenses	73,018,985		1,125,404		(865,465)	73,278,924
OPERATING INCOME (LOSS)	12,659,181		(1,125,404)		865,465	12,399,242
NONOPERATING REVENUES (EXPENSES)						
Taxes		\$14,749,226		\$3,502,568		18,251,794
Permit and inspection fees	2,362,622	286,086				2,648,708
Interest earnings	1,279,132	1,121,528	170,867	2,437		2,573,964
Interest expense				(1,025,006)		(1,025,006)
Other income (expense), net	1,388,847	35,673	865,465		(865,465)	1,424,520
Total nonoperating revenues	5,030,601	16,192,513	1,036,332	2,479,999	(865,465)	23,873,980
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	17,689,782	16,192,513	(89,072)	2,479,999		36,273,222
CAPITAL CONTRIBUTIONS AND TRANSFERS						
City of Concord contributions to capital costs		7,973,516				7,973,516
Customer contributions to capital cost (SSC)		28,588,625				28,588,625
Contributed sewer lines	2,179,641					2,179,641
Capital contributions - connection fees		8,145,068				8,145,068
Transfers In (Out)	43,387,573	(43,491,116)	(11,953)	115,496		
Total capital contributions and transfers	45,567,214	1,216,093	(11,953)	115,496		46,886,850
CHANGE IN NET POSITION	63,256,996	17,408,606	(101,025)	2,595,495		83,160,072
NET POSITION, BEGINNING OF YEAR	598,358,637	41,006,302	6,280,047	(24,673,496)		620,971,490
NET POSITION, END OF YEAR	\$661,615,633	\$58,414,908	\$6,179,022	(\$22,078,001)		\$704,131,562

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STATISTICS



**Central Contra Costa Sanitary District
Statistical Section
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These schedules contain trend information to help the reader understand how the District's financial performance has changed over time.

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

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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.

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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.

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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.

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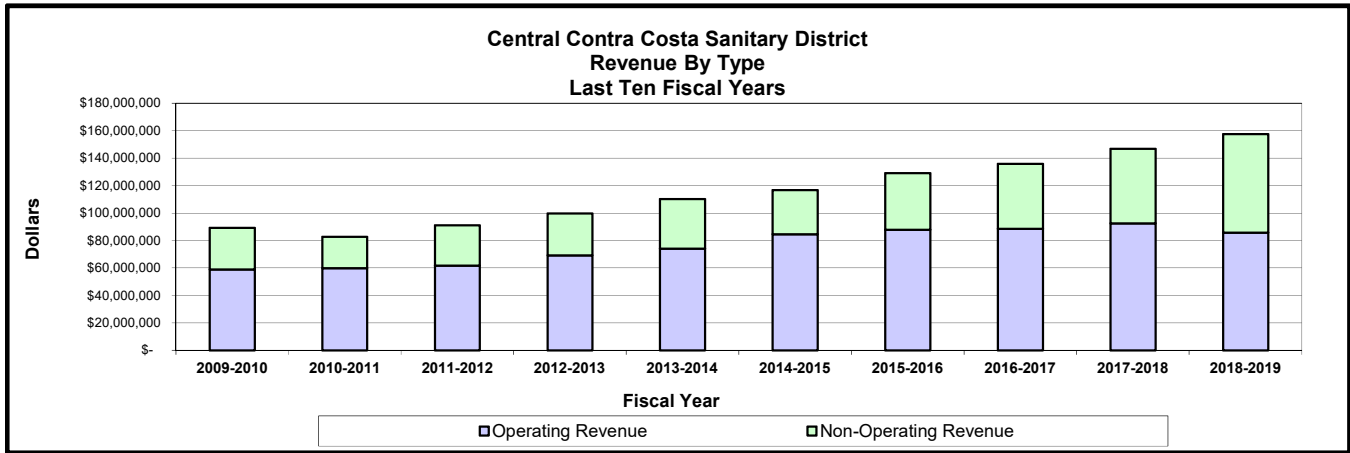
**Central Contra Costa Sanitary District
Changes in Net Position and Statement of Net Position
Last Ten Fiscal Years**

Changes in Net Position	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Operating Revenues:										
Sewer Service Charges (SSC)	\$48,692,520	\$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
City of Concord	8,664,668	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
Other Service Charges	824,022	913,017	915,485	1,076,401	1,035,134	1,006,197	963,014	1,029,500	1,078,594	1,126,239
Miscellaneous Charges	650,876	662,721	929,917	751,880	544,589	593,780	623,659	606,453	619,997	689,727
Total Operating Revenue	58,832,086	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
Operating Expenses:										
Salaries & Benefits	39,986,763	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
Chemicals, Utilities & Supplies	7,973,992	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
Professional & Outside Services	2,129,552	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
Hauling, Disposal, Repairs & Maintenance	3,808,635	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
Self-Insurance (net of transfers)	(688,859)	119,051	(65,688)	159,961	214,290	496,381	72,486	(300,108)	(332,483)	1,039,444
Pension/OPEB Expense	-	-	-	-	-	(3,012,757)	(9,778,389)	(4,080,558)	1,104,358	(33,307,168)
Depreciation	20,969,429	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
All Other	2,658,662	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
Total Operating Expenses	76,838,174	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
Operating Loss	(18,006,088)	(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
Non-Operating Revenues (Expenses):										
Property Taxes *	12,260,123	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
Connection & Other Fees	776,348	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
Interest Income	570,024	673,990	294,938	405,474	359,288	318,475	562,308	761,838	1,223,349	2,573,964
Interest Expense	(1,553,467)	(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)
All Other *	12,295	(523,209)	931,660	951,100	932,464	1,828,530	1,195,095	966,244	1,075,838	1,424,520
Total Non-Operating	12,065,323	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
Income Before Contributions and Transfers	(5,940,765)	(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
Customer Contributions**	6,793,040	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
Contributed Sewer Lines	1,840,259	533,616	792,011	939,628	1,462,316	794,218	1,774,168	2,899,042	2,003,614	2,179,641
Capital Contributions - Connection Fees	7,078,635	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
CHANGE IN NET POSITION	9,771,169	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
Total Net Position - Beginning	611,680,043	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
Prior Period Adjustment - GASB 68 and 71	-	-	-	-	-	(91,692,522)	-	-	-	-
Prior Period Adjustment - GASB 75	-	-	-	-	-	-	-	-	(41,552,816)	-
Total Net Position - Ending	\$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
Statement of Net Position	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Net Investment in Capital Assets	\$531,324,187	\$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
Restricted	4,565,970	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)
Unrestricted	85,561,055	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
Total Net Position	\$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

* 2009-2010 property taxes includes Prop 1A loan receivable revenue and offset of \$985,916. The revenue is offset by the provision for losses categorized in other.

** 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
2009-2010	\$48,692,520	\$8,664,668	\$824,022	\$650,876	\$58,832,086
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

Non-Operating Revenue

Fiscal Year	Property Taxes *1	Customer Contributions *2	Connections & Other Fees *3	Interest	All Other	Total Non-Operating & Contributions
2009-2010	\$12,260,123	\$8,633,299	\$7,854,983	\$570,024	\$998,211	\$30,316,640
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

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

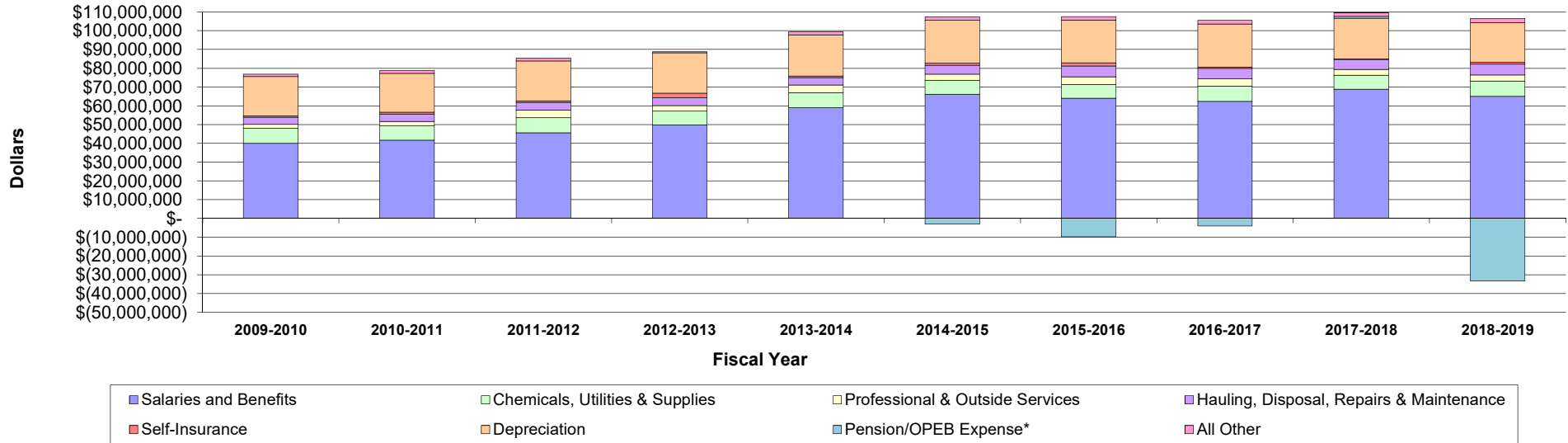
*1 2009-2010 property taxes include Prop 1A loan receivable revenue of \$985,916.

*2 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.

*3 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
2009-2010	\$39,986,763	\$7,973,992	\$2,129,552	\$3,808,635	\$746,612	\$20,969,429	-	\$1,223,191	\$76,838,174	\$2,539,383
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

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	
2009-2010	\$292	\$19	\$311	\$5,298
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

Fiscal Year	Multi-Family Annual Sewer Service Charge (SSC) *1			Pump Zone Fee *3
	Operations	Capital	Total	
2009-2010	\$292	\$19	\$311	\$1,651
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

*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>
2009-2010	\$68,640,287,188	\$1,723,710,536	\$70,363,997,724	-0.4%
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%

**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>
2009-2010	\$11,253,233 **	100%	-9.9%	\$50,896,210	100%	0.3%
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%

* 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.

** Actual amount received from the County. Net of Prop 1A loan to state of \$985,916.

*** 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	2009-2010			2010-2011			2011-2012			2012-2013			2013-2014		
	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.	\$8,664,668	1	14.73%	\$9,224,952	1	15.40%	\$10,647,389	1	17.28%	\$10,483,421	1	15.18%	\$11,625,864	1	15.71%
Contra Costa County General Services 3.	305,880	2	0.52%	301,430	2	0.50%	292,384	4	0.47%	321,803	4	0.47%	384,750	3	0.52%
First Walnut Creek Mutual	295,450	3	0.50%	295,450	3	0.49%	323,950	2	0.53%	352,450	2	0.51%	361,260	4	0.49%
Park Regency Apartments	277,412	4	0.47%	277,412	4	0.46%	304,172	3	0.49%	330,932	3	0.48%	303,750	5	0.41%
Second Walnut Creek Mutual Apts	233,250	5	0.40%	233,250	5	0.39%	255,750	5	0.42%	278,250	5	0.40%	211,866	6	0.29%
Sun Valley Mall	197,566	6	0.34%	193,957	6	0.32%	203,037	6	0.33%	174,038	7	0.25%	148,374	8	0.20%
Chevron Offices & Office Park 2.	165,561	7	0.28%	-	-	-	-	-	-	-	-	-	419,590	2	0.57%
Kaiser Foundation Hospital 3.	136,753	8	0.23%	-	-	-	-	-	-	-	-	-	-	-	
Branch Creek Vista Apartments	124,400	9	0.21%	124,400	7	0.21%	136,400	7	0.22%	148,400	9	0.21%	162,000	7	0.22%
Bay Landing Apartments	111,960	10	0.19%	111,960	8	0.19%	122,760	8	0.20%	133,560	10	0.19%	145,800	9	0.20%
St. Mary's College Contract	-	-	-	-	-	-	119,407	9	0.19%	158,480	8	0.23%	-	-	
John Muir Health 3.	-	-	-	-	-	-	-	-	-	176,381	6	0.26%	145,091	10	0.20%
Archstone Apartments	-	-	-	108,850	9-10	0.18%	119,350	10	0.19%	-	-	-	-	-	
Muirland @ Windemere Apartments	-	-	-	108,850	9-10	0.18%	119,350	10	0.19%	-	-	-	-	-	
Total	\$10,512,900		17.87%	\$10,980,511		18.33%	\$12,643,949		20.52%	\$12,557,715		18.18%	\$13,908,345		18.79%

Customer	2014-2015			2015-2016			2016-2017			2017-2018			2018-2019		
	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.	\$12,892,945	1	15.25%	\$13,913,960	1	15.86%	\$13,851,253	1	15.63%	\$14,973,623	1	16.19%	\$15,205,292	1	16.44%
First Walnut Creek Mutual	417,050	3	0.49%	439,850	3	0.50%	462,650	3	0.52%	487,350	3	0.53%	521,550	2	0.56%
Park Regency Apartments	391,588	4	0.46%	412,996	4	0.47%	434,404	4	0.49%	457,596	4	0.49%	489,708	3	0.53%
Sun Valley Mall	299,697	6	0.35%	283,613	6	0.32%	298,005	7	0.34%	354,208	6	0.38%	453,512	4	0.49%
John Muir Health 3.	-	-	-	218,919	7	0.25%	322,601	6	0.36%	278,589	7	0.30%	413,900	5	0.45%
Second Walnut Creek Mutual Apts	329,250	5	0.39%	347,250	5	0.40%	365,250	5	0.41%	387,750	5	0.42%	411,750	6	0.45%
Bishop Ranch City Center	-	-	-	-	-	-	-	-	-	-	-	-	315,106	7	0.34%
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%
Kaiser Foundation Hospital 3.	158,848	8	0.19%	186,232	10	0.21%	186,281	10	0.21%	-	-	-	244,180	9	0.26%
Branch Creek Vista Apartments	175,600	7	0.21%	-	-	194,800	9	0.22%	205,200	9	0.22%	219,600	10	0.24%	
Contra Costa County General Services 3.	451,567	2	0.53%	638,608	2	0.73%	547,943	2	0.62%	556,782	2	0.60%	-	-	
Willows Shopping Center 3.	-	-	-	206,210	9	0.24%	-	-	-	188,828	10	0.20%	-	-	
Bay Landing Apartments	158,040	9	0.19%	-	-	-	-	-	-	-	-	-	-	-	
Archstone Apartments	153,650	10	0.18%	-	-	-	-	-	-	-	-	-	-	-	
Muirland @ Windemere Apartments	153,650	10	0.18%	-	-	-	-	-	-	-	-	-	-	-	
Total	\$15,581,885		18.44%	\$16,862,681		19.22%	\$16,888,526		19.06%	\$18,137,692		19.61%	\$18,541,148		20.05%

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. Charges included irrigation in years 2009-2010.

3. 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>
2009-10	4,077	\$8,664,668	\$3,628,949	\$12,293,617
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

**Central Contra Costa Sanitary District
Active Service Accounts and Fiscal Year Billings
Sewer Service Charges
Fiscal Year 2018-2019**

<u>User Group</u>	<u>No. of Accounts</u>	<u>2018-2019 Sewer Service Charge Billings</u>	<u>Residential Unit Equivalents</u>	<u>Percentage of Total</u>
Residential	114,101	\$77,787,351	137,191	80%
Mixed Use	428	6,322,681	11,151	7%
Office	964	2,498,062	4,406	3%
Hotel/Motel	23	1,374,546	2,424	1%
Food Service	163	1,113,313	1,964	1%
Businesses	175	871,268	1,537	1%
Recreation/Entertainment	251	846,826	1,494	1%
Automotive/Car Wash	387	705,933	1,245	1%
Market/Supermarket	135	711,653	1,255	1%
Industrial Permitted	242	715,534	1,262	1%
All Other User Groups	626	4,071,455	7,181	4%
Subtotal	117,495	\$97,018,622	171,110	100%
Partial Year Charges (Counter)		\$334,031		
Prior Year Adjustments		(107,120)		
Total FY 2018-2019 Sewer Service Charge Revenue		\$97,245,533		

**Summary Of Debt Service
Last Ten Fiscal Years**



Fiscal Year	Summary By Type Of Debt											
	Revenue Bonds (2019 & 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
2009-2010	\$2,390,000	\$1,514,871	\$3,904,871	\$148,523	\$38,596	\$187,119	\$2,538,523	\$1,553,467	\$4,091,990	\$54,125,000	\$1,335,968	\$55,460,968
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	3,765,511	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	(0)	29,095,000
2018-2019	-	1,025,006	1,025,006	-	-	-	-	1,025,006	1,025,006	21,806,631	-	21,806,631

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
2009-2010	\$4,091,990	\$58,832,086	\$55,868,745	\$30,316,640	\$33,279,981	8.13	\$10,707,584	\$22,572,397	5.52	7.32%	\$24.47	\$331.68
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	70,780,830	104,143,425	101.60	16,118,584	88,024,841	85.88	1.96%	5.98	127.15

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.

*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.

Source: Central Contra Costa Sanitary District Audited Financial Statements and Internal Accounting Records

**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>
2010	326,600	135,400	462,000	1.3%
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%

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>2018*</u>			<u>2009*</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	1.82%	4,700	1	0.99%
Bay Alarm Co.	1,000-4,999	T-2	0.56%			
St. Mary's College	1,000-4,999	T-2	0.56%			
Bio-Rad Laboratories	1,000-4,999	T-2	0.56%	1,700	4	0.36%
Job Connections	1,000-4,999	T-2	0.56%			
John Muir Medical Center	1,000-4,999	T-2	0.56%	1,900	3	0.40%
Kaiser Permanente	1,000-4,999	T-2	0.56%			
La Raza Market	1,000-4,999	T-2	0.56%			
Martinez Medical Offices	1,000-4,999	T-2	0.56%			
USS-POSCO Industries	1,000-4,999	T-2	0.56%	975	8	0.20%
Kaiser Foundation Hospital	-	-	-	2,300	2	0.49%
John Muir/Mt. Diablo Medical Center	-	-	-	1,500	5	0.32%
24 Hour Fitness	-	-	-	1,300	6	0.27%
Doctors Medical Center	-	-	-	1,000	7	0.21%
Contra Costa Newspaper, Inc.	-	-	-	900	9	0.19%
Bank of the West	-	-	-	800	10	0.17%
All Others	511,900		93.14%	456,725		96.40%
Total	548,900		100.0%	473,800		100.0%

Source: * County of Contra Costa, California, Comprehensive Annual Financial Report for June 30, 2018, 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**
2009	1,037,890	\$56,296,792,000	\$54,242	10.8%
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%

* U.S. Department of Commerce, Bureau of Economic Analysis. Estimates for 2010-2016 reflect county population estimates available as of March 2018.

** 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

Department	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administration	45	44	39	39	44	46	49	43	43	41
Engineering	76	75	71	75	73	72	88	88	89	90
Operations										
Collection Systems	47	44	47	56	55	56	55	55	54	54
Plant	78	74	71	76	81	88	79	83	81	77
Pumping Station	10	8	7	8	8	8	7	7	7	12
Operations Total	<u>135</u>	<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>
District Total	<u><u>256</u></u>	<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>

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

District Total	<u><u>201</u></u>	<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>
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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)									
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	32.5	38.9	37.2	33.2	33.8	30.4	29.1	30.8	33.3	31.8
Wastewater Treated per day	Calendar	37.0	40.6	41.9	39.8	36.8	35.6	31.8	35.4	43.2	36.0
		Tons per Year									
Sludge to Furnace (Dry)*1	Fiscal	15,299	15,056	15,790	15,097	14,590	16,789	16,623	17,031	16,279	16,498
Ash to Reuse Site (Wet)*2	Fiscal	4,082	3,814	3,850	3,667	3,618	3,811	3,651	4,230	3,475	3,577

*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	1,500	1,526	1,526	1,519	1,519	1,519	1,535	1,535
Number of pumping stations (owned)	Calendar	17	16	16	16	16	16	16	16	15	15

Recycled Water											
Recycled Water Pipeline	Calendar	10.5 miles	10.5 miles	10.5 miles	10.5 miles	10.5 miles	13 miles	13 miles	13 miles	13 miles	13 miles
Recycled Water Produced per day	Calendar	1.6 mgd	1.5 mgd	1.6 mgd	1.6 mgd	1.6 mgd	1.6 mgd	1.6 mgd	1.5 mgd	1.58 mgd	1.47 mgd
Number of Recycled Water Customers	Calendar	30	33	35	35	35	37	43	52	52	52
Residential Recycled Water Fill Station Customers	Calendar	N/A	N/A	N/A	N/A	N/A	N/A	1,020	2,259	2,313	2,365

Household Hazardous Waste (HHW) - Inception 1997/1998											
Program Participation (Number of cars)	Fiscal	29,347	29,441	29,112	29,119	30,379	31,779	33,468	33,037	35,640	36,108
Percentage of Households in Service Area	Fiscal	15.0%	15.6%	15.4%	15.4%	15.9%	16.6%	16.8%	16.7%	18.1%	18.4%
Operating Cost per Car	Fiscal	\$76	\$82	\$87	\$93	\$83	\$78	\$72	\$80	\$77	\$78
Pounds of HHW per Car	Fiscal	65	68	67	68	66	63	64	65	64	61

Pharmaceutical Collection Program - Inception 2009											
Number of Collection Sites	Calendar	5	10	10	10	12	13	13	13	13	13
Pounds of Expired or Unwanted medications Collected	Calendar	4,747	8,960	9,434	12,240	12,428	14,041	15,366	16,485	17,337	17,178

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.