



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2022

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

**Prepared By:
Finance Division**

CENTRAL CONTRA COSTA SANITARY DISTRICT
Annual Comprehensive Financial Report
Table of Contents
For the Year Ended June 30, 2022

INTRODUCTORY SECTION:

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

FINANCIAL SECTION:

Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements	
Statement of Net Position.....	12-13
Statement of Revenues, Expenses and Changes in Net Position.....	15
Statement of Cash Flows.....	16-17
Notes to Financial Statements - <i>The accompanying notes are an integral part of the basic financial statements</i>	19-45
Required Supplementary Information	
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan - Schedule of Proportionate Share of Net Pension Liability (Asset).....	48
Schedule of Contributions.....	49
Post-Retirement Health Care Defined Benefit Plan – Schedule of Changes in the Net OPEB Liability and Related Ratios....	50
Schedule of Contributions.....	51
Supplementary Information	
Combining Schedule of Net Position.....	54
Combining Schedule of Revenues, Expenses and Changes in Net Position - Enterprise Sub-Funds.....	55

STATISTICAL SECTION (Unaudited):

Changes in Net Position and Statement of Net Position - Last Ten Fiscal Years.....	S-1
Revenue by Type - Last Ten Fiscal Years.....	S-2
Operating Expenses by Type - Last Ten Fiscal Years.....	S-3
Major Revenue Base and Rates - Historical and Current Fees - Last Ten Fiscal Years.....	S-4
Assessed and Estimated Actual Valuation of Taxable Property - Last Ten Fiscal Years.....	S-5

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



INTRODUCTION

ANNUAL COMPREHENSIVE
FINANCIAL REPORT





CENTRAL SAN

CENTRAL CONTRA COSTA SANITARY DISTRICT

5019 IMHOFF PLACE, MARTINEZ, CA 94553-4392

December 8, 2022

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

California Government Code section 26909 requires an audit to be completed and filed with the California State Controller's Office within twelve months after the close of the fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2022 (FY 2021-22).

Management of Central Contra Costa Sanitary District (the District) assumes full responsibility for the completeness and reliability of the information in these financial statements, based upon a comprehensive system of internal controls that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The District's independent auditors, Maze & Associates, has issued an unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2022. 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 its District boundaries. The District also treats wastewater for approximately 135,000 residents of

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

The District is committed to protecting public health and preserving the environment at responsible rates, through conducting long-range financial planning and managing costs. The District has approximately 1,500 miles of sewer pipeline, ranging in size from 4 inches to 102 inches in diameter, and 19 sewage-pumping stations (three of which are privately owned) in the District's sewage collection system. The District is the sole provider of wastewater collection and treatment service within the District limits (see map of service area). The residential segment makes up the largest segment of the District's customer base representing approximately 84% of the Sewer Service Charge operating revenue. The District's treatment capacity has grown significantly from a modest 4.5 million gallons per day (mgd) in 1948 to 53.8 mgd currently. Bonds, certificates of participation, state/federal grants, and pay-as-you-go local revenue sources of the District have traditionally financed capital expenditures and capacity expansions. While pay-as-you go local revenue sources have been the primary financing mechanism for the District's capital program over the past decade, debt financing is expected to gradually increase. This is demonstrated by the issuance of \$50.6 million in certificates of participation in June 2021 and up to \$98.5 million in approved California Water Board State Revolving Fund loan proceeds over the next few years (from an approved loan of \$173 million). In addition to these approved debt issuances, the District's long-range financial plan also anticipates the use of additional debt financing for UV disinfection upgrades, solids handling, and nutrient removal infrastructure needs.

The District also operates a Recycled Water Program, in collaboration with Contra Costa Water District, that provides high-quality recycled water for landscape irrigation at schools, parks, playgrounds, median strips and playing fields, as well as dust control and industrial process uses. Due to strong customer demand, the District maintained operation of its Residential Recycled Water Fill Station, which allows residential customers to obtain a maximum of 300 gallons of recycled water per trip for use in hand watering lawns, landscaping, and gardens. The District also actively pursues new recycled water expansion opportunities to take advantage of the potential water supply that highly-treated wastewater represents, particularly given California's limited water supply. The District has been collaborating with public water agency partners to jointly invest in a project that will enable the District to comply with future nutrient discharge regulations while producing a new water supply to help ease the region's water shortage. The District recently executed a Memorandum of Understanding with East Bay Municipal Utility District (EBMUD) that will evaluate several potential recycled water projects together, including an option for potable reuse – introducing highly-treated recycled water into EBMUD's drinking water supply. The District continues to actively promote water recycling, with the position that it is good for the environment and provides an economic benefit to the District and the region.

In addition to its responsibility to collect and treat wastewater, the District also undertakes pollution prevention initiatives through the operation and maintenance of a permanent Household Hazardous Waste (HHW) Collection Facility in partnership with

Mountain View Sanitary District and other local governments. The HHW Collection Facility is located adjacent to the District's wastewater treatment plant and seeks to keep pollutants out of the sewer system, making this facility a vital part of our overall Pollution Prevention Program. Having completed its 25th year of operation, the HHW Facility served over 33,000 residential and small business customers. On average, over two million pounds of hazardous waste is collected and properly disposed of annually, collecting nearly 2.2 million pounds of waste in FY 2021-22. In conjunction with its HHW program, the District's Pharmaceutical Collection Program further encourages pollution prevention having approximately 5,400 pounds of expired or unwanted medications between its seven collection sites in FY 2021-22. Although this is a decline from the prior year's 5,600 pounds collected, the number of non-District collection sites has increased to over 40 sites, which improves access to proper pharmaceutical disposal in the District's service area.

Organization, Accounting and Budgetary Controls

A five-member Board of Directors governs the District. The Board sets policies, appoints officers, and hires and oversees the District's General Manager, Secretary of the District, and District Counsel. The Board positions are non-partisan and serve staggered four-year terms. The District transitioned from an "at-large" election system to an area-based "by-division" election system under the California Voting Rights Act in 2020. Two Board members to be elected in November 2022 will be the first to represent their respective division as part of the by-district election system (Divisions 2 and 3). Thereafter, the remaining three Board members shall be elected on a by-division basis in November 2024 (Divisions 1, 4 and 5) completing Central San's transition to a by-district election system. The Board appoints the General Manager, who in accordance with policies established by the Board, manages District affairs. The District employed 278 permanent regular full-time employees at fiscal year-end out of 291 authorized permanent regular full-time positions for that fiscal year. These employees are organized into three departments steered by an Executive Governance unit. Department Directors oversee and are responsible for the budgets and expenses of each department and their underlying divisions. The three departments are: Administration, Engineering and Technical Services, and Operations.

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

- **Running Expense** - accounts for the general operations of the District. Substantially all operating revenues and expenses are accounted for in this fund (also referred to as the Operations & Maintenance or "O&M" Fund).
- **Sewer Construction** - accounts for non-operating revenues that are to be used for acquisition or construction of plant, property, and equipment (also referred to as the Capital Fund).

- **Self-Insurance** - accounts for interest earnings on cash balances in this sub-fund and cash allocations from other funds, as well as costs of insurance premiums and claims not covered by the District's insurance policies.
- **Debt Service** – accounts for activity associated with the payment of the District's long term bonds and loans.

Each year, the Board adopts the following four budgets: Operations and Maintenance, Capital Improvement (i.e. Sewer Construction), Self-Insurance, and Debt-Service. The Board and Finance Committee review interim financial reports on a quarterly basis for fiduciary purposes, with management receiving more detailed monthly budget-to-actual results for budget monitoring purposes. District management is accountable for monitoring variances and adhering to overall budget constraints. The Board has delegated various contracting and spending authority to the General Manager, as specified by an adopted Board policy. Additional limited contracting and spending authority is further delegated to certain staff classifications as specified by internal signature limits. The District also has several documented financial policies (i.e., debt management, investments, fiscal reserves, pension and OPEB funding, etc.) that are periodically reviewed and updated to ensure their consistency with best practices as well as changes in laws and regulations.

ASSESSING THE DISTRICT'S ECONOMIC CONDITION

Local Economy and Outlook

According to the State of California's Legislative Analyst's Office (LAO), despite the strong rebound from the global pandemic observed in the prior year, significant rate hikes by the Federal Reserve to curb growing inflation in calendar year 2022 have led to weaknesses in certain parts of the State's economy, particularly housing and financial markets. Many economists expect this weakness to continue over the next year and have downgraded their outlook for the economy. State tax collections in recent months have been weaker than estimated by the State's FY 2021-22 budget. Estimated income tax payments for 2022 so far have been notably weaker than 2021, likely due to falling stock prices, and reduced capital gains taxes. The LAO's FY 2023-24 fiscal outlook anticipates a \$25 billion budget deficit mainly attributable to lower revenue estimates from FY 2021-22 through FY 2023-24 by \$41 billion, offset by reductions in spending. Their outlook projects annual deficits declining from \$17 billion to \$8 billion over the next several years. These estimates incorporate a risk of recession but do not reflect a recession scenario, which if it does occur, could lead to revenues coming in \$30 to \$50 billion below the outlook projections. The State currently has roughly enough in reserves (\$23 billion) to cover the budget deficit, but not if a recession occurs. The LAO is recommending a pause in budget allocations to one-time and temporary programs to reduce spending. A key assumption in the multiyear outlook is that estimated revenues are expected to decline in the short-term, then stabilize and remain largely flat between FY 2023-2024 and FY 2024-25, and then grow again in FY 2025-26 through 2026-27 after the effects of inflation and corresponding Federal Reserve rate hikes subside.

According to the California Employment Development Department (EDD), the Contra Costa County workforce increased by approximately 1.33% from October 2021 to October 2022. During this same timeframe, unemployment in Contra Costa County decreased from 5.1% to 3.2%, remaining slightly below California as a whole, which decreased from 6.1% to 4.0%. Though this downward trend is positive news, as mentioned above, the economic effects from inflation could lead to an increase in job loss and unemployment.

Long-Term Financial Planning

The District has an excellent reputation in providing public service, which includes transparent and accessible governance, financial reporting and management, sewage collection and treatment, workforce safety, capital improvements and replacements, innovative use of technology, and customer service. This positive reputation and long-term outlook has served the District well. The Board of Directors approved a four-year sewer service charge rate adjustment schedule in April 2019 spanning July 2019 through June 2023. The four-year sewer service charge rate increases ranged from 4.75% to 5.25% annually, subject to a Board review for continued necessity prior to the start of each fiscal year. The planned increases are a critical component of implementing the treatment plant and collection system capital improvement projects specified in the District's 20-year Master Plan adopted in 2017.

As noted previously, in conjunction with the approved sewer service charge rates, the District's latest 10-year financial plan anticipates some use of additional debt financing to address major capital spending projects including upgrades to the UV disinfection system, solids handling, and nutrient removal infrastructure needs. Despite this long-term ramping up in projected capital financing needs, the FY 2022-23 capital budget is decreasing by approximately \$17.0 million (15.7%) from the prior year's adopted budget, largely attributable to project construction delays related to pandemic related global materials supply chains. In total, capital budget carryovers (unused spending authority carried forward to a subsequent year) into FY 2022-23 are approximately \$67.0 million, which Management and the Board are taking into consideration while forecasting sewer service charge revenue needs for FY 2023-24 and beyond. Staff anticipates the completion of a revised 10-year Capital Improvement Program incorporating these significant effects in time for the upcoming Financial Planning workshop anticipated to occur in January 2023.

District management analyzes and updates a strategic plan every two years, with the seven goals in effect during FY 2021-22 being:

1. **Customer and Community** - Provide exceptional customer service and maintain an excellent reputation,
2. **Environmental Stewardship** - Meet regulatory requirements and promote sustainability,
3. **Fiscal Responsibility** - Manage finances wisely and prudently,
4. **Workforce Development** - Recruit, empower, and engage a highly trained and safe workforce,

5. **Infrastructure Reliability** - Maintain facilities and equipment to be dependable, resilient, and long-lasting,
6. **Innovation and Optimization** - Explore new technologies for continuous improvement, and
7. **Agility and Adaptability** - Preserve business continuity during pandemic events or major natural disasters.

Strategies to achieve each of these seven goals are developed, as well as metrics to evaluate success. Performance on achievement of the goals in the plan is reported quarterly to the Board. The District updates a 10-year financial plan each year prior to the completion, presentation, and adoption of the annual budget. The main economic factors considered in this long-term forecasting exercise are: the impact of state legislation and mandates, regulatory compliance, GASB reporting requirements, negotiated labor contract terms (including projected changes in retirement and health care costs), energy costs and interpreting the energy market, interest rates, housing growth, and infrastructure renewal and replacement needs. The unfunded actuarial accrued liabilities (UAAL) for the District's pension and other post-employment benefit (OPEB) plans are also considered in the financial planning process. Pursuant to the most recently issued independent actuarial reports, the District had a strong fiduciary net position in both plans of approximately 111.3% for its pension plan as of the December 31, 2021 measurement date and 85.4% for its OPEB plan as of the June 30, 2022 measurement date. Due to a significant recent downturn in the markets since the December 31, 2021 measurement date, the District assumes the funded status of the pension plan is likely to fall below 100% in the next actuarial, which will also be taken into account when developing future sewer service charge rates for FY 2023-24 and beyond.

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

Relevant Financial Policies

Investment policies for the District's assets, the OPEB Trust, and the Pension Prefunding Trust are reviewed and approved annually by the Board. During FY 2021-22 the District Board directed an additional \$1,250,000 be contributed to the OPEB Trust as a mechanism to hedge against potential future employer OPEB contribution rate volatility. The Pension Prefunding Trust was utilized in June 2021 to pay off the balance of the pension plan's UAAL. Section 53646 of the *California Government Code* governs the District's investment practices, with changes in legislation being considered in the Board's annual review of District investment policies. Additionally, the Board receives quarterly financial statements that include District investment portfolio reports. The OPEB Trust and the Section 115 Pension Prefunding Trusts are governed by separate investment policies. Since 2008, the OPEB Trust has been invested with a moderate investment strategy, reflecting the relatively long-term horizon for use of the funds. The Section 115 Pension Prefunding trust funds are invested using a moderately conservative strategy, reflecting its relatively shorter-term needs. These two irrevocable

trusts are managed by an outside investment advisor subject to investment policies adopted by the Board. The Board Finance Committee reviews the OPEB Trust and Section 115 Pension Trust performance on a quarterly basis.

Major Initiatives

The District's vision statement in effect during FY 2021-22 was *to be an innovative industry leader in environmental stewardship and sustainability, while delivering exceptional service at responsible rates*. The Board and Management strives to achieve this vision through the establishment of a Strategic Plan that establishes seven overarching goals (as outlined previously), each with their own specific underlying strategies, initiatives, and key success measures.

The District has received the Platinum award from the National Association of Clean Water Agencies (NACWA) for 25 straight years in recognition of 100% compliance with our National Pollutant Discharge Elimination System (NPDES) permit. It has also reduced the number of sanitary sewer overflows by more than 85% in the past 19 years by improved sewer cleaning and a robust sewer rehabilitation program.

As described previously, the District reviews and adopts a Strategic Plan every two years. In FY 2021-22, the District Board and Management developed a new Strategic Plan for FY 2022-23 and FY 2023-24, which was completed and adopted by the Board in the Spring of 2022, immediately prior to the adoption of the FY 2022-23 budget. The District continues to analyze current and future rates, costs, and cash flows to ensure consistency with cost of service studies (initially adopted in FY 2014-15 and then updated in FY 2018-19 for the four-year rate plan extending through FY 2022-23).

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the District for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. This was the 22nd consecutive year that the District has achieved this prestigious award. In order to receive the award, a government must publish an

easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. Management is confident the current ACFR continues to meet the program's requirements and intends to submit it to the GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,


Philip Leiber, CPA
Director of Finance & Administration


T. Kevin Mizuno, CPA
Finance Manager

**CENTRAL CONTRA COSTA SANITARY DISTRICT
BOARD OF DIRECTORS
June 30, 2022**

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

MISSION, VISION, & VALUES

OUR MISSION

To protect public health and the environment

OUR VISION

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

OUR VALUES

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

● CUSTOMER SERVICE

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

● EMPLOYEES

We empower our employees to do their best work.

● INTEGRITY

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

● INNOVATION

We continuously improve and optimize our operations.

● ENVIRONMENTAL SUSTAINABILITY

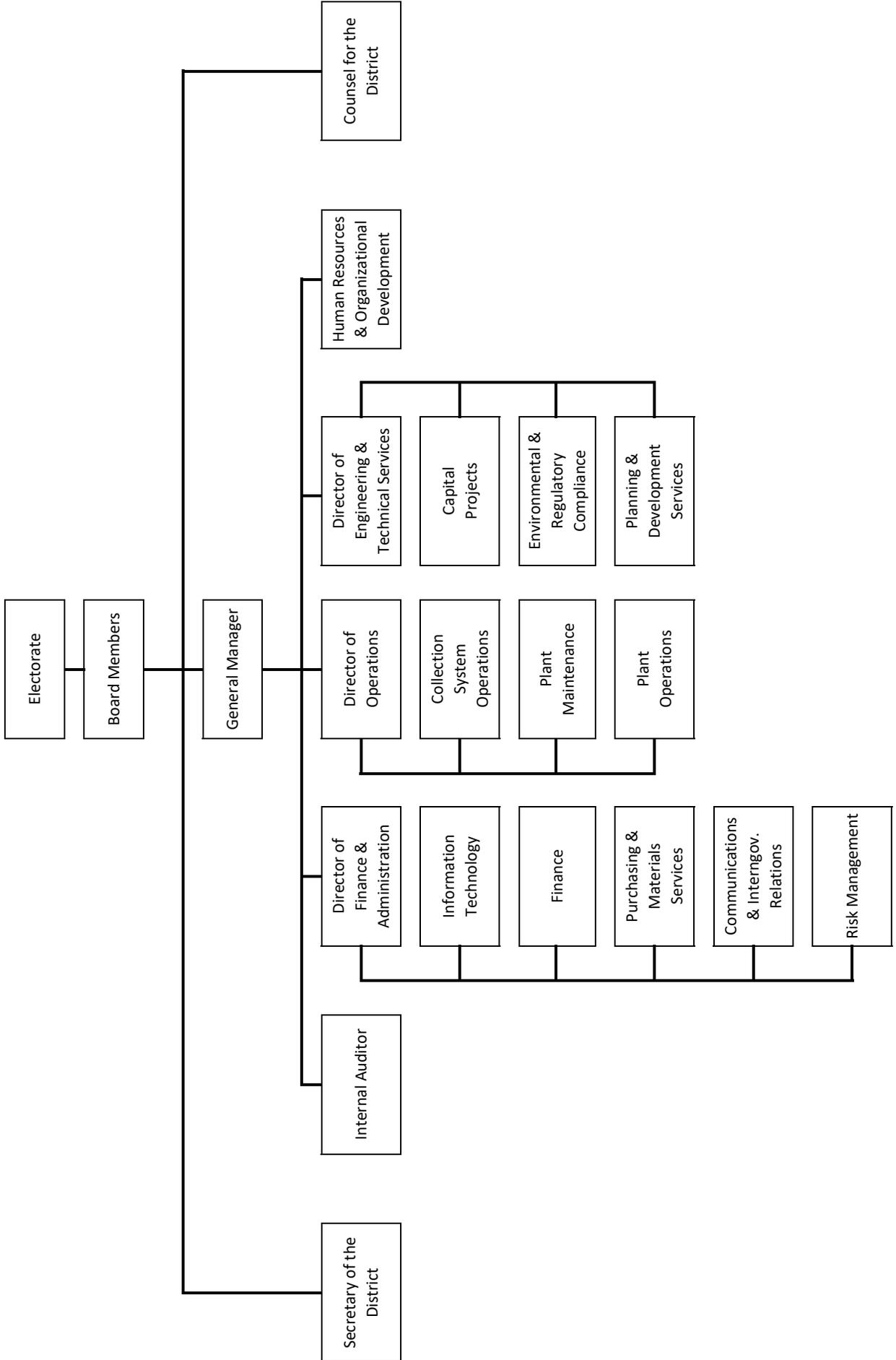
We conduct our business to safeguard and improve our planet.

● DIVERSITY, EQUITY, AND INCLUSION

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



CENTRAL CONTRA COSTA SANITARY DISTRICT
Organizational Chart - Composite

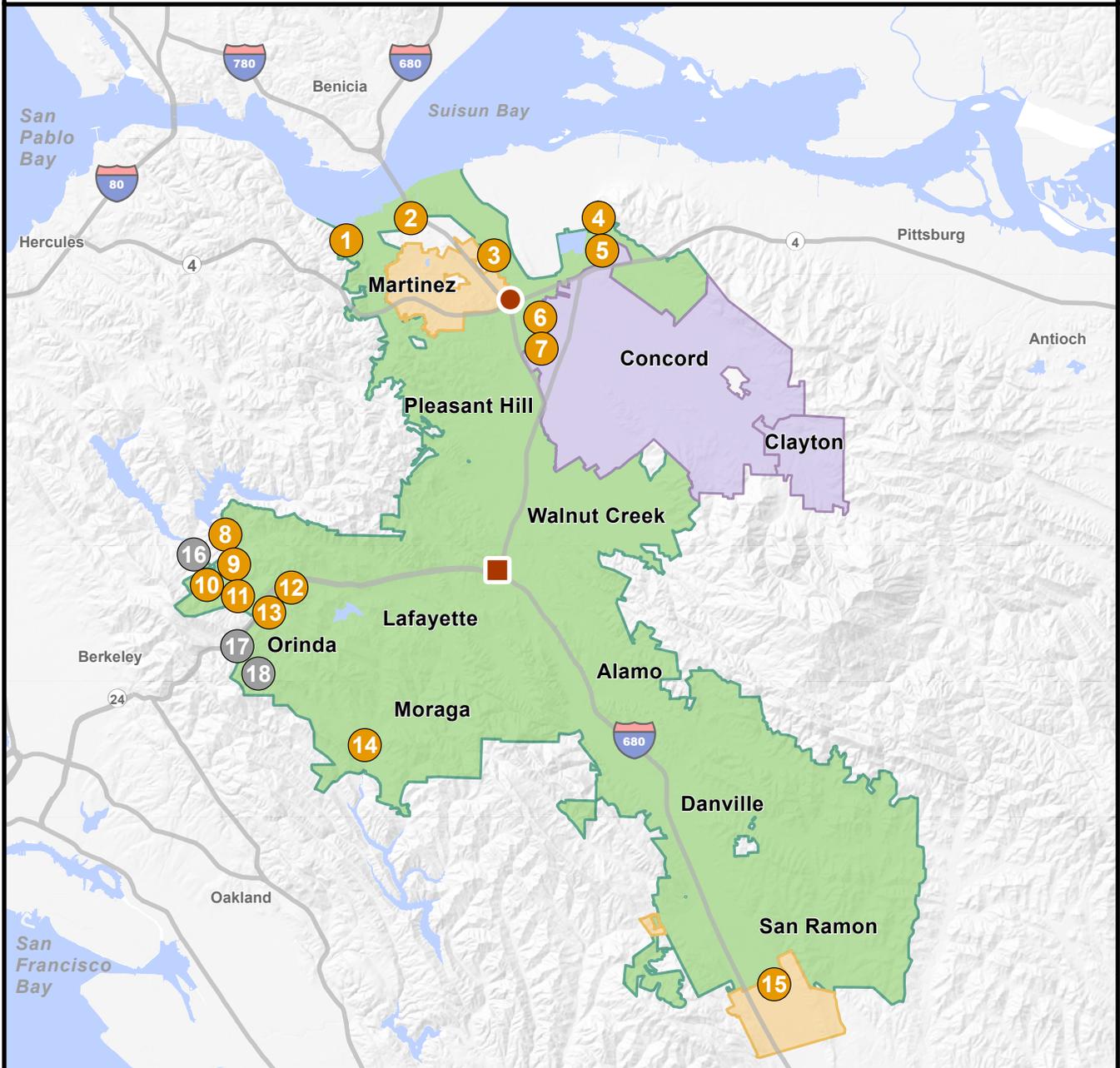




Central Contra Costa Sanitary District Service Area

June 30, 2022

Date: 11/16/2022



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 352,832 people
- Wastewater treatment and HHW collection for 134,497 residents in Concord and Clayton by contract
- HHW disposal services only

Pump and Lift Stations

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

- Pump or Lift Station
- Privately Owned Pump Station





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Central Contra Costa Sanitary District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



FINANCIALS

ANNUAL COMPREHENSIVE
FINANCIAL REPORT





INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the business-type activities of the Central Contra Costa Sanitary District (District), California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2022, and the change in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management's for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 87 – *Leases*, which became effective during the year ended June 30, 2022. See Note 12 to the financial statements.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Maze + Associates

Pleasant Hill, California
December 8, 2022

This Page Left Intentionally Blank



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, 2022 (2021-22). This information is presented in conjunction with the audited financial statements, which follow this report.

FINANCIAL HIGHLIGHTS

The District's 2021-22 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 \$64.8 million or 7.8% in 2021-22. This increase is primarily due to the District's prior year actuarially determined net pension liability of \$48.9 million transforming into a net pension asset of \$53.5 million. This is attributable to the District paying off the actuarially-determined Unfunded Actuarially Accrued Liability (UAAL) of \$70.8 million in June 2021 in addition to higher than actuarially projected market returns on pension plan assets for the year ended December 31, 2021, which is the measurement date used for the GASB 68 valuation.
- Total revenues, excluding capital contributions, increased by \$28.2 million or 24.1% in 2021-22. This increase is directly attributable to the portion of sewer service charges revenue allocated to operations increasing from 44.0% in prior year to 66.9% in 2021-22, an increase of \$29.4 million. The change in allocation was directed by the Board after 2021 Wastewater Certificates of Participation (2021 COPs) were issued generating \$58.0 million in proceeds to help fund capital projects in lieu of sewer service charges. Another factor contributing to revenue growth from sewer service charges and property taxes was new development in the District's service territory increasing its customer base. Lastly, growth in residential and commercial property values in the service area drove an increase in property taxes of \$722,594 or 3.5%.
- Total 2021-22 expenses decreased by \$1.3 million or 1.2%. This decrease is largely attributable to a reduction in pension related expenses following the payoff of the UAAL balance in June 2021.
- Capital Contributions decreased in 2021-22 by \$22.5 million or 48.2%. The decrease is mainly due to a reduced allocation of sewer service charges allocated to finance capital projects by the Board following the issuance of the 2021 Wastewater Certificates of Participation 2021 COPs in June 2021, as noted previously. To a lesser extent, the reduction was also caused by a decrease in contributions from the City of Concord for its flow-based proportionate share of treatment plant and other eligible capital project costs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

STATEMENT OF NET POSITION

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

Table 1 – Condensed Statement of Net Position

	Year Ending June 30			2022 vs. 2021		2022 vs. 2020	
	2022	2021	2020	\$ Increase (Decrease)	% Increase (Decrease)	\$ Increase (Decrease)	% Increase (Decrease)
Assets							
Current assets	\$174,679,739	\$136,391,239	\$164,102,632	\$ 38,288,500	28.1%	\$ 10,577,107	6.4%
Capital assets, net	812,744,909	760,567,573	711,564,564	52,177,336	6.9%	101,180,345	14.2%
Other non-current assets	59,093,444	36,572,236	11,478,481	22,521,208	61.6%	47,614,963	414.8%
Total assets	1,046,518,092	933,531,048	887,145,677	112,987,044	12.1%	159,372,415	18.0%
Deferred outflows							
Pension related	122,427,550	95,805,386	26,670,166	26,622,164	27.8%	95,757,384	359.0%
OPEB related	8,302,309	4,117,730	2,176,533	4,184,579	101.6%	6,125,776	281.4%
Total deferred outflows	130,729,859	99,923,116	28,846,699	30,806,743	30.8%	101,883,160	353.2%
Liabilities							
Current liabilities	27,956,046	28,102,111	15,854,317	(146,065)	-0.5%	12,101,729	76.3%
Long-term liabilities	72,665,537	119,474,622	97,013,922	(46,809,085)	-39.2%	(24,348,385)	-25.1%
Total liabilities	100,621,583	147,576,733	112,868,239	(46,955,150)	-31.8%	(12,246,656)	-10.9%
Deferred inflows							
Pension related	179,778,943	48,100,435	30,761,867	131,678,508	273.8%	149,017,076	484.4%
OPEB related	2,087,946	12,287,769	4,601,542	(10,199,823)	-83.0%	(2,513,596)	-54.6%
Lease related	4,514,638	-	-	4,514,638	100.0%	4,514,638	100.0%
Total deferred inflows	186,381,527	60,388,204	35,363,409	125,993,323	208.6%	151,018,118	427.0%
Net position							
Net investment in capital assets	747,646,783	684,834,242	692,117,172	62,812,541	9.2%	55,529,611	8.0%
Restricted	14	34,929,105	2,639	(34,929,091)	-100.0%	(2,625)	-99.5%
Unrestricted	142,598,044	105,725,880	75,640,917	36,872,164	34.9%	66,957,127	-88.5%
Total net position	\$890,244,841	\$825,489,227	\$767,760,728	\$ 64,755,614	7.8%	\$122,484,113	16.0%

The total net position of the District increased from \$767.8 million in 2019-20 to \$825.5 million in 2020-21 and increased to \$890.2 million in 2021-22. The District's total assets have increased by \$112.1 million or 12.0% compared to 2020-21, and \$159.4 million or 18.0% compared to 2019-20. Total liabilities decreased \$47.0 million or 31.8% compared to 2020-21 and decreased \$12.2 million or 10.9% compared to 2019-20. The increase in net position over the three-year period totals \$122.5 million, or 16.0%, resulting largely from, as mentioned earlier, the prior year actuarially determined net pension liability of \$48.9 million flipping to a net pension asset of \$53.5 million.

As a public utility relying heavily on a complex infrastructure network, unsurprisingly, the largest portion of the District's net position by far (84.0%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, intangible assets, and sewer line infrastructure), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide wastewater treatment, collection, and other services to its customers; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the funds needed to repay this debt must be provided from other sources, since the capital assets themselves cannot generally be used to discharge these liabilities. The balance of \$142.4 million in unrestricted net position increased by \$36.9 million from 2020-21 and increased by \$67.0 million from 2019-20. As noted previously, this increase was primarily a result of the District fully funding its pension UAAL in June 2021 along with higher than actuarially projected investment returns on pension assets during the measurement period, resulting in a net pension asset for the current year.

REVIEW OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

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

	Year Ending June 30			2022 vs. 2021		2022 vs. 2020	
	2022	2021	2020	\$ Increase (Decrease)	% Increase (Decrease)	\$ Increase (Decrease)	% Increase (Decrease)
Revenues:							
Operating revenues							
Sewer service charges	\$ 116,767,447	\$ 87,327,907	\$ 85,332,494	\$ 29,439,540	33.7%	\$ 31,434,953	36.8%
Other	2,164,237	1,914,654	1,890,285	249,583	13.0%	273,952	14.5%
Total operating revenue	118,931,684	89,242,561	87,222,779	29,689,123	33.3%	31,708,905	36.4%
Non-operating revenues							
Property taxes	21,239,420	20,516,826	18,876,886	722,594	3.5%	2,362,534	12.5%
Permit and inspection fees	2,308,395	2,440,187	2,251,245	(131,792)	-5.4%	57,150	2.5%
Investment earnings	772,909	1,678,028	2,310,269	(905,119)	-53.9%	(1,537,360)	-66.5%
Other	2,053,331	3,193,569	1,219,811	(1,140,238)	-35.7%	833,520	68.3%
Total non-operating revenue	26,374,055	27,828,610	24,658,211	(1,454,555)	-5.2%	1,715,844	7.0%
Total revenues	145,305,739	117,071,171	111,880,990	28,234,568	24.1%	33,424,749	29.9%
Expenses							
Operating expense other than depreciation	79,894,599	83,913,477	79,462,379	(4,018,878)	-4.8%	432,220	0.5%
Depreciation	22,853,140	21,531,302	21,253,062	1,321,838	6.1%	1,600,078	7.5%
Non-operating expenses	1,950,841	542,226	604,851	1,408,615	259.8%	1,345,990	222.5%
Total expenses	104,698,580	105,987,005	101,320,292	(1,288,425)	-1.2%	3,378,288	3.3%
Income before capital contributions	40,607,159	11,084,166	10,560,698	29,522,993	266.4%	30,046,461	284.5%
Capital contributions	24,148,455	46,644,333	53,068,468	(22,495,878)	-48.2%	(28,920,013)	-54.5%
Increase in net position	64,755,614	57,728,499	63,629,166	7,027,115	12.2%	1,126,448	1.8%
Beginning net position	825,489,227	767,760,728	704,131,562	57,728,499	7.5%	121,357,665	17.2%
Ending net position	\$890,244,841	\$825,489,227	\$767,760,728	\$ 64,755,614	7.8%	\$122,484,113	16.0%

Revenue

Total operating revenues increased from \$87.2 million in 2019-20 to \$89.2 million in 2020-21 and increased to \$118.9 million in 2021-22. Operating revenues increased by \$29.7 million or 33.3% compared to 2020-21 and increased by \$31.7 million or 36.4% comparing 2021-22 to 2019-20. This increase in operating revenues is primarily attributable to a large increase in the proportion of sewer service charges allocated by the Board to fund operating and maintenance costs in conjunction with the issuance of the 2021 COPs to finance the bulk of 2021-22 capital project expenditures.

Total non-operating revenue increased from \$24.7 million in 2019-20 to \$27.8 million in 2020-21 and decreased to \$26.4 million in 2021-22. Total non-operating revenues in 2021-22 decreased compared to 2020-21 by \$1.5 million or 5.2% and increased by \$1.7 million or 7.0% comparing 2021-22 to 2019-20.

Total revenues increased from \$111.9 million in 2019-20 to \$117.1 million in 2020-21 and increased to \$145.3 million in 2021-22. The change in total revenue represented an increase of \$28.2 million or 24.1% comparing 2021-22 to 2020-21 and an increase of \$33.4 million or 29.9% comparing 2021-22 to 2019-20. As described previously, revenue attributable to sewer service charges and secured property taxes grew over the prior year due to continued property value growth and development increasing the District's

regional customer base. Total approved annual sewer service charge rate increased by 4.9% (to \$660) for single family homes and 4.9% (to \$625) for multi-family homes. Property tax revenue increased by \$722,594 or 3.5% from 2020-21 to 2021-22, and \$2.4 million or 12.5% comparing 2021-22 to 2019-20 due to an increase in assessed property values, a healthy real estate market, and development of residential and commercial real estate in the District’s service territory.

Expenses

Total expenses increased from \$101.3 million in 2019-20 to \$106.0 million in 2020-21 and decreased to \$104.7 million in 2021-22. In 2021-22, total expenses decreased by \$1.3 million or 1.2% compared to 2020-21. Comparing 2021-22 to 2019-20, total expenses were \$3.4 million or 3.3% higher. As noted previously, this decrease from prior year is largely attributable to savings arising from the payoff of the outstanding pension UAAL balance in June 2021. This was made possible through the issuance of the 2021 COPs to finance the bulk of capital project outlays in 2021-22, which unencumbered sewer service charges to be utilized for operational purposes such as the UAAL payoff. The pension UAAL payoff was executed in June 2021, which ultimately resulted in the replacement of mandatory pension UAAL contributions to the District’s pension administrator with low-interest (0.38% true interest rate) COPs debt service.

Total income before capital contributions went from \$10.6 million in 2019-20, to \$11.1 million in 2020-21, and increased to \$40.4 million in 2021-22. The significant increase from 2020-21 to 2021-22 is attributable to a larger portion of the sewer service charges being allocated to operations, as mentioned previously.

Total capital contributions in 2021-22 were \$24.1 million compared to \$46.6 million in 2020-21 and \$53.1 million in 2019-20. As mentioned previously, this decrease was mainly derived from a decrease in the allocation of sewer service charges to the capital program following the issuance of the 2021 COPs and payoff of the pension UAAL in June 2021.

CAPITAL ASSETS

Net capital assets for fiscal years 2021-22, 2020-21 and 2019-20 totaled \$812.7 million, \$760.6 million, and \$711.6 million, respectively. Net capital assets include the District’s entire major infrastructure including wastewater treatment facilities, sewers, land, buildings, pumping stations, vehicles, intangible assets and furniture and equipment exceeding the District’s capitalization policy limit of \$5,000, less depreciation. As of June 30, 2022, the District’s investment in capital assets totaled \$812.7 million, an increase of \$52.2 million or 6.9% over the net capital asset balance of \$760.6 million at June 30, 2021. Net capital assets increased by \$100.2 million or 14.2% comparing 2021-22 to 2019-20. A comparison of the District’s capital assets, net of depreciation, over the past three fiscal years is presented below:

Table 3 – Net Capital Assets

	Year Ending June 30			2022 vs. 2021		2022 vs. 2020	
	2022	2021	2020	\$ Increase (Decrease)	% Increase (Decrease)	\$ Increase (Decrease)	% Increase (Decrease)
	Structures, buildings, and equipment	\$ 694,343,750	\$ 631,932,004	\$ 613,794,504	\$62,411,746	9.9%	\$80,549,246
Land and rights of way	22,582,507	22,290,077	22,290,077	292,430	1.3%	292,430	1.3%
Construction in progress	95,818,652	106,345,492	75,479,983	(10,526,840)	-9.9%	20,338,669	26.9%
Total	812,744,909	760,567,573	711,564,564	52,177,336	6.9%	101,180,345	14.2%

The increase in capital assets, net of depreciation, of \$52.2 million from 2020-21 to 2021-22 and \$101.2 million from 2019-20 to 2021-22 is a result of an expanding capital improvement program over these years to address expanded capacity to meet increased development, address more stringent regulations regarding PFAS and other issues, improve the sustainability of operations and technology, and reduce the District’s environmental footprint. In this timeframe, spending has exceeded annual depreciation and being largely financed by pay-as-you-go resources (i.e., new revenue and reserves) rather than debt. This year’s major addition to construction-in-progress includes the following:

<u>Project Description</u>	<u>Capital Outlay</u>
Filter Plant & Clearwell Improvements Ph. 1A (7361)	\$ 15,563,494
Moraga/Crossroads Pump Station Project (8436)	13,820,107
Influent Pump Electrical Improvements (7328)	5,077,346
Electric Blower Improvements (100015)	4,979,230
Contractor Staging Improvements (7375)	3,851,630
Walnut Creek Sewer Renovation Ph. 15 (8465)	3,594,771
No. Orinda Sewer Renovation Ph. 8 (8463)	3,453,302
So. Orinda Sewer Renovation Ph. 8 (8461)	3,195,000
Solids Handling Facility Improvements (7348)	2,747,846
Danville Sewer Renovation Ph. 4 (8466)	1,374,509
Total	<u>\$ 57,657,235</u>

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

DEBT ADMINISTRATION

Total debt obligations, excluding liabilities related to pension, OPEB and compensated absences liabilities, for fiscal years 2021-22, 2020-21 and 2019-20 totaled \$64.1 million, \$75.7 million, and \$19.4 million, respectively. As of June 30, 2022, the District’s outstanding debt totaled \$64.1 million, which is a decrease of \$11.6 million or 15.3% over the debt balance of \$75.7 million at June 30, 2021. Debt increased by \$44.7 million or 229.7% comparing 2021-22 to 2019-20. The increase in debt obligations is due to the issuance of the 2021 COPs with a par value of \$50.57 million, generating \$58.0 million in proceeds. The primary source of funds pledged to and securing the repayment of debt issuances for the capital improvement program is property taxes. Refer to Note 6 for additional information on the District’s outstanding debt obligations.

ECONOMIC FACTORS, NEXT YEAR’S BUDGET, AND RATES

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

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

- Interest rate and/or investment return, which directly impacts investment earnings, borrowing costs, and which has an adverse relationship to employer pension and OPEB contribution requirements.
- Inflation, as measured using the consumer price index (CPI). The CPI for the San Francisco-Oakland-Hayward area directly impacts the cost of living adjustments provided in the employee MOUs. Higher than anticipated inflation may also adversely impact spending for contracted services, energy, chemicals, and other materials/supplies necessary for wastewater collection and treatment services.
- Changes in assessed property values, which affect the District's non-operating ad valorem secured property tax revenue. When the housing market grows, overall assessed property values increase, thereby increasing the District's property tax revenues. Conversely, any decline in the housing market 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 2021, the District's Board of Directors adopted an operating and maintenance budget of \$91.0 million and sewer construction capital improvement budget of \$108.0 million for the fiscal year ending June 30, 2022. 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. With the expiration of this 4-year rate schedule, any subsequent sewer service charges rate increases will undergo public hearings, customer outreach, a cost-of-service study, and Board approval as specified by California Proposition 218.

While the Board-approved customer relief measures effectively froze sewer service charge rates in the fiscal year ended June 30, 2021, sewer service charge rates for the fiscal year ending June 30, 2022 returned back to the rates previously adopted by the Board in 2019. Accordingly, next fiscal year sewer service charges will include the 4.54% rate increase previously approved and scheduled for 2022-23. While forgone for one year due to unprecedented challenges faced during the pandemic, these approved rate increases are critical to meet the needs of a significantly expanded capital improvement program in the next few years. As designed in the District's financial model, steady but controlled sewer service charge rate increases help prevent spikes in revenue needs from customers in future years when annual capital spending is expected to significantly, but temporarily, outpace annual revenues. This pay-as-you-go approach, paired with necessary debt financing, is designed with the intent of achieving rate stability and avoid volatility, benefiting both the District and its customers. Primary drivers for the expansion of the capital improvement program include the need to enhance and modernize the District's ageing infrastructure to meet new regulatory requirements and ensure the sustainability of its infrastructure as the region's population grows driving an increased demand for service capacity.

FINANCIAL CONTACT

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

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents (Note 2)	\$19,368,680
Restricted cash and cash equivalents (Notes 1F and 2)	41,968
Short term investments (Note 2)	123,540,000
Accounts receivable, net (Note 3)	26,137,486
Employee computer loans receivable (Note 3)	10,212
Interest receivable	289,240
Current portion of lease receivable (Note 12)	502,430
Supplies & material inventory	4,127,524
Prepaid expenses	662,199
	<u>174,679,739</u>
Total current assets	<u>174,679,739</u>

NON-CURRENT ASSETS

Assessment District receivable (Note 4)	1,416,297
Non-current portion of lease receivable (Note 12)	4,133,358
Net Pension Asset (Note 9)	53,543,789
Capital assets:	
Nondepreciable (Note 5)	118,401,159
Depreciable, net of accumulated depreciation (Note 5)	694,343,750
	<u>812,744,909</u>
Total capital assets, net	<u>812,744,909</u>
Total non-current assets	<u>871,838,353</u>

TOTAL ASSETS 1,046,518,092

DEFERRED OUTFLOWS OF RESOURCES

Pension related (Note 9)	122,427,550
OPEB related (Note 10)	8,302,309
	<u>130,729,859</u>
Total deferred outflows of resources	<u>130,729,859</u>

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$10,952,960
Salaries & benefits payable	2,179,678
Interest payable	1,327,197
Current portion of lease payable (Note 12)	179,721
Current portion of long-term obligations (Note 6)	10,750,000
Accrued compensated absences - current portion (Note 1J)	627,288
Provision for uninsured claims (Note 7)	1,504,476
Refundable deposits	434,726
	<u>27,956,046</u>
Total current liabilities	<u>27,956,046</u>

NON-CURRENT LIABILITIES

Non-current portion of long-term obligations (Note 6)	53,360,320
Accrued compensated absences, noncurrent portion (Note 1J)	5,645,587
Non-current portion of lease payable (Note 12)	808,085
Net OPEB liability (Note 10)	12,851,545
	<u>72,665,537</u>
Total non-current liabilities	<u>72,665,537</u>
TOTAL LIABILITIES	<u>100,621,583</u>

DEFERRED INFLOWS OF RESOURCES

Pension related (Note 9)	179,778,943
OPEB related (Note 10)	2,087,946
Lease receivable (Note 12)	4,514,638
	<u>186,381,527</u>
Total deferred inflows of resources	<u>186,381,527</u>

NET POSITION (Note 11)

Net investment in capital assets	747,646,783
Restricted for debt service	14
Unrestricted	142,598,044
	<u>890,244,841</u>
TOTAL NET POSITION	<u>\$890,244,841</u>

See accompanying notes to financial statements

This Page Left Intentionally Blank

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

OPERATING REVENUES

Sewer service charges (SSC)	\$100,680,646
Service charges - City of Concord (Note 8)	16,086,801
Miscellaneous charges	<u>2,164,237</u>
Total operating revenues	<u>118,931,684</u>

OPERATING EXPENSES

Salaries & benefits	55,911,207
Contracted services	9,623,004
Utilities & fuel	6,524,066
Chemicals	1,820,344
General supplies	2,627,899
Other operating expenses	2,257,107
Loss (gain) on sale of asset	939,343
Depreciation expense	22,516,574
Amortization expense	<u>528,195</u>
Total operating expenses	<u>102,747,739</u>

OPERATING (LOSSES)	<u>16,183,945</u>
--------------------	-------------------

NONOPERATING REVENUES (EXPENSES)

Property taxes	21,239,420
Permit and inspection fees	2,308,395
Grants	996,177
Interest earnings	772,909
Interest expense	(1,950,841)
Other income (expense), net	<u>1,057,154</u>
Total nonoperating revenues (expenses), net	<u>24,423,214</u>

INCOME BEFORE CAPITAL CONTRIBUTIONS	<u>40,607,159</u>
-------------------------------------	-------------------

CAPITAL CONTRIBUTIONS

Other government revenue - Concord (Note 8)	7,799,702
Customer contributions to capital	10,267,767
Capital contributions - connection fees	4,584,973
Non-exchange capital contributions/donations	<u>1,496,013</u>
Total capital contributions	<u>24,148,455</u>

CHANGE IN NET POSITION	64,755,614
------------------------	------------

NET POSITION, BEGINNING OF YEAR	<u>825,489,227</u>
---------------------------------	--------------------

NET POSITION, END OF YEAR	<u><u>\$890,244,841</u></u>
---------------------------	-----------------------------

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$118,944,502
Payments to suppliers	(25,220,586)
Payments to employees and related benefits	<u>(53,523,454)</u>
Net cash provided by operating activities	<u>40,200,462</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Receipt of taxes	21,239,420
Inspection/permit fees and other non-operating income	<u>3,365,549</u>
Net cash provided by noncapital financing activities	<u>24,604,969</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital contributions	19,563,482
Connection fees	4,584,973
Acquisition and construction of capital assets	(75,132,106)
Interest paid on long-term debt	(864,539)
Principal payments on long-term debt	<u>(11,623,011)</u>
Net cash used for capital and related financing activities	<u>(63,471,201)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Redemption of investments	30,000,000
Acquisition of investments	(97,000,000)
Interest received	<u>973,100</u>
Net cash provided by investing activities	<u>(66,026,900)</u>

NET INCREASE (DECREASE) IN CASH (64,692,670)

Cash, beginning of year 84,103,318

Cash, end of year \$19,410,648

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Reconciliation of operating (loss) to net cash provided by operating activities:	
Operating income (losses)	\$16,183,945
Adjustments to reconcile operating losses to cash flows from operating activities:	
Depreciation	22,516,574
Amortization	528,195
Changes in assets and liabilities:	
Receivables, net	952,161
Parts and supplies	(1,041,330)
Prepaid expenses	1,857,836
Accounts payable and accrued expenses	(4,208,797)
Accrued payroll and related expenses	1,178,783
Refundable deposits	157,469
Claims	49,411
Net pension liability	3,412,120
Net OPEB liability	(2,252,561)
Lease related	866,656
	<u>\$40,200,462</u>
SCHEDULE OF NON CASH ACTIVITY	
Change in fair value of investments	\$973,100
Capital contributions	24,148,455
	<u>\$25,121,555</u>
CASH AND CASH EQUIVALENTS, AS PRESENTED ON STATEMENT OF NET POSITION:	
Unrestricted cash and cash equivalents	\$19,368,680
Restricted cash and cash equivalents	41,968
	<u>\$19,410,648</u>

See accompanying notes to financial statements

This Page Left Intentionally Blank

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

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

A. *Reporting Entity*

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

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

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

B. *Basis of Accounting*

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

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

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

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

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

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

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

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

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

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

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

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

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 Year Ended June 30, 2022**

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

C. *Investments*

Investments held at June 30, 2022, with original maturities greater than one year, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

D. *Fair Value Measurements*

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

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

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

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

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

E. *Prepaid Expenses*

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

F. *Bank Escrow Deposit*

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

G. *Parts and Supplies*

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

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

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

H. Property, Plant, and Equipment

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

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

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

I. Property Taxes

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

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

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

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

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

J. 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.

K. 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.

L. Lease

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

M. New Governmental Accounting Standards Board Statement Pronouncement

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after June 15, 2021, or fiscal year 2021-22. As part of the implementation of this Statement, the District has accounted for both lessor and lessee transactions. See Note 12 for more information.

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

NOTE 2 – CASH AND INVESTMENTS

A. *Summary of Cash and Investments*

Cash and investments as of June 30, 2022, is classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$19,368,680
Short term investments	123,540,000
Restricted cash and cash equivalents	14
Total District Cash and Investments	142,908,694
Cash and Investments held with Pension Trust	41,954
Total Cash and Investments	\$142,950,648

B. *Policies and Practices*

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

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

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

C. General Authorizations

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

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

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

(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 Year Ended June 30, 2022**

NOTE 2 – CASH AND INVESTMENTS (Continued)

D. Fair Value Hierarchy

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

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2022:

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

U.S. Treasury Obligations totaling \$48.5 million classified in Level 2 of the fair value hierarchy, is valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

U.S. Federal Agency Securities totaling \$18.5 million classified in Level 2 of the fair value hierarchy, is valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investments by maturity, as of June 30, 2022:

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

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, 2022, these investments had weighted average maturity of 311 days.

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

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2022, 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	
<i>Rated P-1:</i>	
U.S. Federal Agency Securities - FHLB	\$18,500,000
<i>AAA Rated:</i>	
U.S. Treasury Obligations	48,500,000
Total Rated Investments	67,000,000
 <i>Not rated:</i>	
California Local Agency Investment Fund	64,000,000
Restricted Cash and Cash Equivalents	14
Cash and Investments held with Pension Trust	41,954
Cash in Bank	11,908,680
Total Cash and Investments	\$142,950,648

G. Concentration of Credit Risk

There are no covered investments that represent in excess of 5% of the District’s total investments as of June 30, 2022.

H. Custodial Credit Risk – Investments

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

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable for the year ended June 30, 2022, are comprised of the following:

City of Concord (see Note 8)	\$23,934,463
Household Hazardous Waste Partners	877,608
All Other	1,325,415
Total Accounts Receivable	<u><u>\$26,137,486</u></u>

Employee Computer Loans Receivable:

The District provides loans to its employees for the purchase of personal computers. These loans are payable through payroll deductions of \$100 per month until the loan is paid off. The interest rate associated with the loan is based on the most current Local Agency Investment Fund (LAIF) rate in effect at the time of loan execution. The maximum amount each employee may borrow is \$2,000. The loans receivable balance is as follows as of June 30, 2022:

Employee Computer Loans	\$10,684
Additions	12,990
Payments	(13,462)
Total Loan Receivable	<u><u>\$10,212</u></u>

NOTE 4 – ASSESSMENT DISTRICTS RECEIVABLE

The District established the Contractual Assessment District (CAD) program to help homeowners finance the cost of connecting to the District. The construction costs associated with the project within the program are capitalized and depreciated. Individual homeowners are assessed at an amount equal to their share of the construction costs and connection fee. The assessments, plus interest, are generally payable over 10 years. The CAD receivable balance at June 30, 2022, was \$738,052.

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, 2022, was \$429,201.

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

The total receivable balance at June 30, 2022, for CAD, AVAD and S2S was \$1,416,297, 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 Year Ended June 30, 2022

NOTE 5 – CAPITAL ASSETS

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

	Balance at 6/30/2021 (restated)	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2022
Capital assets not being depreciated:					
Land	\$17,320,570				\$17,320,570
Easements (intangible)	4,969,507			\$292,430	5,261,937
Construction in Progress	106,345,492	\$73,636,093		(84,162,933)	95,818,652
Total nondepreciated assets	<u>128,635,569</u>	<u>73,636,093</u>		<u>(83,870,503)</u>	<u>118,401,159</u>
Capital assets being depreciated:					
Sewage collection system	415,550,130		(\$151,800)	27,864,610	443,262,940
Contributed sewer lines	166,020,500	1,496,013		229,916	167,746,429
Outfall sewers	11,371,574			5,501,140	16,872,714
Sewage treatment plant	379,337,450		(930,600)	13,760,344	392,167,194
Recycled water infrastructure	27,372,848			1,811,025	29,183,873
Pumping stations	57,529,109		(3,050,000)	33,330,393	87,809,502
Buildings	44,738,877			80,940	44,819,817
Furniture and equipment	16,344,229		(95,662)	355,614	16,604,181
Motor vehicles	9,470,782		(553,214)	619,377	9,536,945
Enterprise software	3,365,658			317,144	3,682,802
Intangible right-to-use lease asset	1,165,199				1,165,199
Total depreciated assets	<u>1,132,266,356</u>	<u>1,496,013</u>	<u>(4,781,276)</u>	<u>83,870,503</u>	<u>1,212,851,596</u>
Less accumulated depreciation:					
Sewage collection system	88,208,487	5,809,516	880,437		94,898,440
Contributed sewer lines	67,885,601	2,196,000	31,514		70,113,115
Outfall sewers	4,221,718	187,227			4,408,945
Sewage treatment plant	246,686,019	8,369,194	(931,195)		254,124,018
Recycled water infrastructure	14,278,072	787,754			15,065,826
Pumping stations	41,033,139	2,421,213	(3,050,000)		40,404,352
Buildings	17,989,591	1,292,650			19,282,241
Furniture and equipment	12,517,312	872,673	(\$95,662)		13,294,323
Motor vehicles	5,507,799	564,490	(541,170)		5,531,119
Enterprise software	841,415	352,423			1,193,838
Intangible right-to-use lease asset		191,629			191,629
Total accumulated depreciation	<u>499,169,153</u>	<u>23,044,769</u>	<u>(3,706,076)</u>		<u>518,507,846</u>
Total capital assets being depreciated, net	<u>633,097,203</u>	<u>(21,548,756)</u>	<u>(1,075,200)</u>	<u>83,870,503</u>	<u>694,343,750</u>
Capital assets, net	<u>\$761,732,772</u>	<u>\$52,087,337</u>	<u>(\$1,075,200)</u>		<u>\$812,744,909</u>

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

NOTE 6 – LONG-TERM DEBT

A. Summary of Activity

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

	Original Issue Amount	Balance June 30, 2021	Retirements	Balance June 30, 2022	Amount due within one year
2018 Series A Wastewater Revenue Refunding Bonds 1.39-2.34%, due 9/1/2029	\$15,135,000	\$13,910,000	\$1,270,000	\$12,640,000	\$1,335,000
2018 Series B Wastewater Revenue Refunding Bonds 2.62-3.12%, due 9/1/2023	4,315,000	1,655,000	535,000	1,120,000	550,000
2021 Wastewater Revenue Certificates of Participation 0.05% - 0.62% due 9/1/2028	50,570,000	<u>50,570,000</u>	<u>8,645,000</u>	<u>41,925,000</u>	<u>8,865,000</u>
Total long-term debt		<u>66,135,000</u>	<u>10,450,000</u>	<u>55,685,000</u>	<u>10,750,000</u>
Add: Unamortized premium Revenue Bonds/Certificates		<u>9,598,331</u>	<u>1,173,011</u>	<u>8,425,320</u>	
Total Long-Term Debt, net		<u>75,733,331</u>	<u>\$11,623,011</u>	<u>64,110,320</u>	<u>\$10,750,000</u>
Less Current Portion		<u>(10,450,000)</u>		<u>(10,750,000)</u>	
Long Term Portion		<u>\$65,283,331</u>		<u>\$53,360,320</u>	

B. Debt Service Requirements

The debt service requirements are as follows:

Fiscal Year Ending June 30,	2018 Wastewater Revenue Refunding				2021 Wastewater Revenue		Total	
	Series A		Series B		Certificates of Participation		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$1,335,000	\$598,625	\$550,000	\$26,172	\$8,865,000	\$1,874,625	\$10,750,000	\$2,499,422
2024	1,395,000	530,375	570,000	8,892	5,125,000	1,524,875	7,090,000	2,064,142
2025	1,465,000	458,875	-	-	5,630,000	1,256,000	7,095,000	1,714,875
2026	1,535,000	383,875	-	-	6,165,000	961,125	7,700,000	1,345,000
2027	1,610,000	305,250	-	-	6,740,000	638,500	8,350,000	943,750
2028 - 2031	5,300,000	405,750	-	-	9,400,000	359,750	14,700,000	765,500
Total	<u>\$12,640,000</u>	<u>\$2,682,750</u>	<u>\$1,120,000</u>	<u>\$35,064</u>	<u>\$41,925,000</u>	<u>\$6,614,875</u>	<u>\$55,685,000</u>	<u>\$9,332,689</u>

CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 6 – LONG-TERM DEBT (Continued)

C. 2018 Series A and B Wastewater Revenue Refunding Bonds

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

The two bonds total \$19,450,000 and are secured by a pledge of tax and net revenues of the wastewater system. The outstanding bonds from direct borrowings related to business-type activities of \$19,450,000 contain a provision that in an event of default, the U.S. Bank National Association (Trustee) has the right to accelerate the total unpaid principal amounts of the bonds. The official statement contains an event of default clause that changes the timing of the repayments of outstanding amounts to become immediately due if the District is unable to make payment. Principal payments begin annually on September 1, 2020 and 2021 for the Series B and A Bonds, respectively, with semi-annual interest payments due on September 1 and March 1 of each year. Yields range from 1.39% to 2.34% and 2.62% to 3.12% for the Series A and Series B Bonds, respectively. The outstanding balance at June 30, 2022 amounted to \$13,760,000.

D. 2021 Wastewater Revenue Certificates of Participation

On June 1, 2021, the District issued new Wastewater Revenue Certificates of Participation. The 2021 Wastewater Revenue Certificates of Participation was issued for \$50,570,000. The Certificates were issued to finance certain improvements to the Wastewater System which is owned and operated by the District. The repayment of the Certificates will come from the revenues derived from operation of the Wastewater System, tax revenues, consisting of the ad valorem property taxes received by the District. The first principal payment is due on March 1, 2022 and then September 1 of each year thereafter. Yield ranges from 0.05% to 0.62% for the Certificates. The outstanding balance at June 30, 2022 amounted to \$41,925,000.

E. Compensated Absences

The liability for vested vacation, compensatory time, and sick pay is recorded as an expense when earned. Employees hired after May 1, 1985 have a vested interest in up to 40 percent of their sick time, based upon length of employment with the District. The time may be applied towards pension service time and/or cashed out upon retirement.

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

NOTE 6 – LONG-TERM DEBT (Continued)

The changes in compensated absences were as follows for fiscal year ended June 30, 2022:

Beginning Balance	\$5,094,092
Additions	1,364,591
Payments	(185,808)
Ending Balance	<u>\$6,272,875</u>
Current Portion	<u>\$627,288</u>

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

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss including torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. To manage these risks, the District joined with other entities to form the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool currently operating as a common risk management and insurance program for the member entities. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost. Through CSRMA, the District purchases property insurance and workers' compensation insurance. The District also commenced an Enterprise Risk Management program during the fiscal year ended June 30, 2021, where the primary risks facing the agency are identified, monitored and reported on to the Board.

A. Insurance Coverage

The District's insurance coverage as of June 30, 2022 is as follows:

Type of Coverage	Insurer	Limits	Self Insured Deductible Per Occurrence
All-Risk Property:			
Special Form Property	Alliant Property Insurance Program	\$647,243,248	\$250,000
Crime	National Union Fire Ins. Company	1,000,000	2,500
Liability:			
Fiduciary Liability Insurance	Hudson Insurance Company	1,000,000	-
Pollution- General Liability	Aspen Specialty Ins. Company	1,000,000	5,000 - 50,000
Commercial Environment Excess	Aspen Specialty Ins. Company	1,000,000	5,000 - 50,000
Excess Liability	Safety National Casualty Company	10,000,000	500,000
Excess Following Form Liability Policy	Allied World Assurance Company (U.S.), Inc.	5,000,000	-
Excess Following Form Liability Policy	Hallmark Specialty	5,000,000	-
Employment Practice Liability	Indian Harbor Insurance Company	500,000	35,000
Workers' Compensation:			
Excess Workers' Compensation	Safety National Casualty Corporation	Statutory	-

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

NOTE 7 – RISK MANAGEMENT (Continued)

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, 2022 to be \$1,504,476.

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

For fiscal years ended June 30, 2022, 2021, and 2020, settlements have not exceeded insurance coverage. Changes in the District’s estimated liability for retained losses are summarized as follows as of June 30:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning balance	\$1,455,065	\$1,221,293	\$1,157,797
Provisions for claims incurred in the current year and changes in the liability for retained-losses incurred in prior years	202,162	596,645	257,075
Claims paid and/or adjustments	<u>(152,751)</u>	<u>(362,873)</u>	<u>(193,579)</u>
Ending balance	<u><u>\$1,504,476</u></u>	<u><u>\$1,455,065</u></u>	<u><u>\$1,221,293</u></u>

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

NOTE 8 – AGREEMENT WITH THE CITY OF CONCORD

In 1974, the District and the City of Concord (the City) entered into a cost-sharing agreement under which the District became responsible for providing sewage treatment facilities and services to the City. Under this agreement, the City pays a service charge for its share of operating, maintenance and administrative costs and makes a contribution for its share of facilities capital costs expended. Service charges and contributions to capital costs from the City totaled \$16,086,801 and \$7,799,702 respectively, for the year ended June 30, 2022, for a total of \$23,934,463.

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

NOTE 9 – PENSION PLANS

A. Contra Costa County Employees’ Retirement Association Pension Plan

Plan Descriptions – Substantially all District permanent employees are required to participate in the Contra Costa County Employees’ Retirement Association (CCCERA), a cost-sharing multiple employer public defined benefit retirement plan (Plan), governed by the County Employee’s Retirement Law of 1937, as amended, and the California Public Employees’ Pension Reform Act of 2013 (PEPRA). The latest available actuarial and financial information for the Plan is for the year ended December 31, 2021. CCCERA issues a publicly available financial report that includes financial statements and supplemental information of the Plan. That report is available by writing to Contra Costa County Employees’ Retirement Association, 1200 Concord Ave., Suite 300, Concord, CA 94523 or on their website at www.cccera.org.

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

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

The Plans’ provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Membership date		
Benefit vesting schedule	10 years service	5 years service
Benefit payments	monthly for life	monthly for life
Leave cash out pensionable?	Yes	No
Benefit % per year of service	2%	2%
Final pensionable salary formula	Highest 12 consecutive months	Annual average of highest 36 consecutive months
Annual benefit cap	Hired before 1/1/1996 - None Hired 1/1/1996 - 12/31/2012 - \$290,000	\$153,671
Minimum Retirement age (with benefit reductions)	50	52
Normal retirement age (unreduced benefits)	55	62
Required employee contribution rates	8.47%-15.98%	11.52%
Required employer contribution rates	17.12%	11.40%

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, 2022, the District’s contributions to the Plan were \$7,001,200.

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

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

NOTE 9 – PENSION PLANS (Continued)

The District's net pension asset for the Plan is measured as the proportionate share of the net pension liability. The net pension asset of the Plan is measured as of December 31, 2021, and the total pension liability for the Plan used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021 using standard update procedures. The District's proportion of the net pension asset 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, 2020, 2021 and 2022 were as follows:

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability (Asset)	Proportionate share of Net Pension Liability (Asset)	Covered Payroll	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan Fiduciary Net Pension as a percentage of the Total Pension Liability
2020	7.420%	\$64,117,450	\$36,087,017	177.67%	85.05%
2021	10.594%	48,886,895	37,131,965	131.66%	89.10%
2022	(22.039%)	(53,543,789)	37,667,972	(142.15%)	111.27%

For the year ended June 30, 2022, the District recognized pension expense of \$17,732,375. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$2,879,688	
Differences between expected and actual experience	11,308,988	(\$1,212,926)
Changes of assumptions or other inputs	37,852,446	(4,649,486)
Change in proportion and differences between employer contributions and proportionate share of contributions	70,386,428	(2,449,209)
Net difference between projected and actual earnings on pension plan investments		(171,467,322)
Total	<u>\$122,427,550</u>	<u>(\$179,778,943)</u>

The \$2,879,688 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, 2023.

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
2023	\$878,508
2024	(32,884,877)
2025	(11,371,838)
2026	(16,852,874)
Total	<u>(\$60,231,081)</u>

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

NOTE 9 – PENSION PLANS (Continued)

Actuarial Assumptions – The total pension liability in the December 31, 2021 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	December 31, 2020
Measurement Date	December 31, 2021
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation Rate	2.50%
Payroll Growth	2.75% (1)
Projected Salary Increase	3.50% - 14.00%
Cost of Living Adjustments	2.75%
Investment Rate of Return	6.75%
Mortality	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table

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

Discount Rate – The discount rate used to measure the Total Pension Liability (TPL) was 6.75% as of December 31, 2021. The projection of cash flows used to determine the discount rate assumed employer and employee contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer and employee contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of December 31, 2021.

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

NOTE 9 – PENSION PLANS (Continued)

The long-term expected rate of return on pension plan investments was determined in 2022 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	10%	5.40%
Small Cap U.S. Equity	3%	6.17%
Developed International Equity	10%	6.13%
Emerging Markets Equity	9%	8.17%
Core Fixed	4%	0.39%
Short-Term Credit	14%	-0.14%
Cash and Equivalents	3%	-0.73%
Private Equity	15%	10.83%
Private Credit	13%	5.93%
Infrastructure	3%	6.30%
Value Add Real Estate	5%	7.20%
Opportunistic Real Estate	5%	8.50%
Risk Parity	3%	3.80%
Hedge Funds	3%	2.40%
Total	<u>100%</u>	

A change in the discount rate would affect the measurement of the Total Pension Liability (TPL). A lower discount rate results in a higher TPL and higher discount rates results in a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the Net Pension Asset (NPA) can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the NPA to a one percent decrease and a one percent increase in the discount rate at June 30, 2022:

	<u>Miscellaneous</u>
1% Decrease	5.75%
Net Pension Liability (Asset)	\$10,374,707
Current Discount Rate	6.75%
Net Pension Liability (Asset)	(\$53,543,789)
1% Increase	7.75%
Net Pension Liability (Asset)	(\$105,897,202)

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

NOTE 9 – PENSION PLANS (Continued)

B. 457 (b) Deferred Compensation Plan

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

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

C. 401 (a) Money Purchase Plan

The District also contributes to a money purchase plan created in accordance with Internal Revenue Code section 401(a). The plan was established by the District's Board of Directors and any amendments to the plan must be authorized by the Board. Contributions to the plan are made in accordance with a memorandum of understanding stating that in lieu of making payments to Social Security, the District contributes to the 401(a) Plan an amount equal to that which would have been contributed to Social Security on behalf of its employees as long as the District is not required to participate in Social Security. The District contributed \$2,675,230 to the Plan during the years ended June 30, 2022. In addition to contributions made by the District as described previously, commencing this fiscal year, unrepresented employees elected to make mandatory irrevocable contributions to the plan.

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

NOTE 10 – 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 Year Ended June 30, 2022**

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, 2022:

Active employees	267
Inactive employees or beneficiaries currently receiving benefit payments	275
Inactive employees entitled to but not yet receiving benefit payments	0
Total	542

B. Net OPEB Liability

Actuarial Methods and Assumptions – The District’s net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2020 that was rolled forward using standard update procedures to determine the \$87,991,154 total OPEB liability as of June 30, 2022, based on the following actuarial methods and assumptions:

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

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

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

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

Asset Class Component	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	48.0%	4.56%
Fixed Income	45.0%	0.78%
Real Estate Investment Trust	2.0%	4.06%
Cash	5.0%	-0.50%
Total	100.0%	

Discount Rate – The discount rate used to measure the total OPEB liability was 5.50%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2021	\$85,326,987	\$84,607,283	\$719,704
Changes Recognized for the Measurement Period:			
Service Cost	2,150,741		2,150,741
Interest on the total OPEB liability	4,696,247		4,696,247
Changes in benefit terms			
Differences between expected and actual experience			
Changes of assumptions			
Contributions from the employer		5,168,000	(5,168,000)
Contributions from the employee			
Net investment income		(10,230,951)	10,230,951
Benefit payments	(4,182,821)	(4,182,821)	
Administrative expenses		(221,902)	221,902
Net changes	2,664,167	(9,467,674)	12,131,841
Balance at June 30, 2022	\$87,991,154	\$75,139,609	\$12,851,545

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, 2022, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.50%) or 1-percentage-point higher (6.50%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1% (4.50%)	Discount Rate (5.50%)	Discount Rate +1% (6.50%)
\$24,846,072	\$12,851,545	\$3,075,161

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
\$1,279,082	\$12,851,545	\$27,261,199

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

NOTE 11 – NET POSITION

Net Position

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

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

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

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

NOTE 12 – LEASES

The provisions of GASB Statement 87 were implemented during fiscal year 2022. As part of the implementation, the District has accounted for certain lessor and lessee transactions that required the restatement of the beginning balances. As of July 1, 2021, leases receivable and deferred inflows were restated and increased by \$5,092,905 to account for the lessor transactions. Beginning balances for capital assets and lease liabilities were also increased by \$1,165,199 for lessee transactions. The net effect for the above restatements is zero.

A. Lease Receivable

The District has entered into 10 multi-year leases agreements as the lessor for various parcels of land. The terms of these leases are between one and ten years and the District will receive monthly payments from each lessee. The District recognized \$578,266 in lease revenue and \$238,843 in interest revenue during the current fiscal year related to these leases. As of June 30, 2022, the District receivable for lease payments was \$4,635,788. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$4,514,638.

	Balance June 30, 2021 (as restated)	Additions	Retirements	Balance June 30, 2022
Leases Receivable	\$5,092,905	-	\$457,117	\$4,635,788
Land				

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

NOTE 12 – LEASES (Continued)

B. Lease Payable

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

Leases Payable	Balance June 30, 2021 (as restated)	Additions	Retirements	Balance June 30, 2022
	Land			\$827,341
Equipment	337,858	-	112,609	225,249
Total	<u>\$1,165,199</u>	<u>-</u>	<u>\$177,393</u>	<u>\$987,806</u>

The District has entered into three multi-year lease agreements as lessee for the use of land and office equipment. An initial lease liability was recorded in the amount of \$1,165,199 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$987,806. The District is required to make monthly principal and interest payments of \$15,347. The leases have a weighted average interest rate of 0.83%. The value of the right-to-use asset as of the end of the current fiscal year was \$1,165,199 and had accumulated amortization of \$191,629.

The future principal and interest lease payments as of June 30, 2022, were as follows:

For the Year Ended June 30	Principal	Interest	Total
2023	\$179,721	\$7,666	\$187,387
2024	182,246	6,719	188,965
2025	72,805	5,869	78,674
2026	75,900	5,134	81,035
2027	79,097	4,368	83,466
2028-2032	398,037	9,295	407,330
	<u>\$987,806</u>	<u>\$39,051</u>	<u>\$1,026,857</u>

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 \$42,848,558 as of June 30, 2022.

This Page Left Intentionally Blank

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL CONTRA COSTA SANITARY DISTRICT
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2022
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
Last 10 Fiscal Years¹

Measurement date	December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	22.04%	10.59%	7.42%	6.33%	7.86%	6.27%	6.09%	7.49%
Proportionate share of the net pension liability (asset)	(\$53,543,789)	\$48,886,895	\$64,117,450	\$90,430,104	\$63,806,000	\$87,847,116	\$91,746,888	\$89,535,510
Covered Payroll ²	\$37,667,972	\$37,131,965	\$36,087,019	\$33,793,159	\$33,306,738	\$31,584,169	\$29,061,743	\$29,647,993
Proportionate share of the net pension liability as a percentage of covered payroll	-142.15%	131.66%	177.67%	267.60%	191.57%	278.14%	315.70%	302.00%
Fiduciary net position as a percentage of the total pension liability	111.27%	89.10%	85.05%	77.86%	83.58%	76.44%	74.14%	73.86%

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

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

CENTRAL CONTRA COSTA SANITARY DISTRICT
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2022
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$7,001,200	\$70,944,418	\$18,046,778	\$17,520,615	\$17,880,152	\$18,043,391	\$22,752,611	\$24,451,234
Contributions in relation to the actuarially determined contributions	7,001,200	70,944,418	18,046,778	17,520,615	17,880,152	18,043,391	22,752,611	24,451,234
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered payroll	\$40,916,867	\$41,625,151	\$40,356,579	\$38,479,260	\$36,638,935	\$35,178,106	\$32,675,243	\$30,093,339
Contributions as a percentage of covered-employee payroll	17.11%	170.43%***	44.72%	45.53%	48.80%	51.29%	69.63%	81.25%

Notes to Schedule

Measurement Date: 12/31/2021

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	3.50% - 14.00%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Retirement age	50 years Classic, 52 years PEPRA
Mortality	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table

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

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

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

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

Single Employer
Last 10 fiscal years*

Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability						
Service Cost	\$2,150,741	\$2,249,861	\$2,184,331	\$2,447,310	\$2,370,276	\$2,295,667
Interest	4,696,247	4,616,239	4,482,146	6,596,612	6,396,063	6,203,230
Changes in benefit terms				(27,603,524)		
Differences between expected and actual experience		3,219,980		(7,346,935)		
Changes of assumptions		(464,535)		3,495,645		
Benefit payments	(4,182,821)	(4,654,246)	(4,145,654)	(5,697,440)	(5,571,750)	(5,404,627)
Net change in total OPEB liability	<u>2,664,167</u>	<u>4,967,299</u>	<u>2,520,823</u>	<u>(28,108,332)</u>	<u>3,194,589</u>	<u>3,094,270</u>
Total OPEB liability - beginning	<u>85,326,987</u>	<u>80,359,688</u>	<u>77,838,865</u>	<u>105,947,197</u>	<u>102,752,608</u>	<u>99,658,338</u>
Total OPEB liability - ending (a)	<u><u>\$87,991,154</u></u>	<u><u>\$85,326,987</u></u>	<u><u>\$80,359,688</u></u>	<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	\$5,168,000	\$4,654,246	\$5,395,654	\$7,280,240	\$9,649,750	\$10,433,327
Contributions - employee						
Adjustment to Beginning Balance		(138,800)				
Net investment income	(10,230,951)	14,958,207	2,994,909	4,920,923	3,354,822	4,735,576
Administrative expense	(221,902)	(200,304)	(182,833)	(174,362)	(164,446)	(5,404,627)
Benefit payments	(4,182,821)	(4,654,246)	(4,145,654)	(5,697,440)	(5,571,750)	(139,063)
Net change in plan fiduciary net position	<u>(9,467,674)</u>	<u>14,619,103</u>	<u>4,062,076</u>	<u>6,329,361</u>	<u>7,268,376</u>	<u>9,625,213</u>
Plan fiduciary net position - beginning	<u>84,607,283</u>	<u>69,988,180</u>	<u>65,926,104</u>	<u>59,596,743</u>	<u>52,328,367</u>	<u>42,703,154</u>
Plan fiduciary net position - ending (b)	<u><u>\$75,139,609</u></u>	<u><u>\$84,607,283</u></u>	<u><u>\$69,988,180</u></u>	<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>\$12,851,545</u></u>	<u><u>\$719,704</u></u>	<u><u>\$10,371,508</u></u>	<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	85.39%	99.16%	87.09%	84.70%	56.25%	50.93%
Covered payroll	<u><u>\$40,961,867</u></u>	<u><u>\$41,625,151</u></u>	<u><u>\$40,356,579</u></u>	<u><u>\$38,479,260</u></u>	<u><u>\$36,638,935</u></u>	<u><u>\$35,178,106</u></u>
Net OPEB liability as a percentage of covered-employee payroll	<u><u>31.37%</u></u>	<u><u>1.73%</u></u>	<u><u>25.70%</u></u>	<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.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
 POST-RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN
 SCHEDULE OF CONTRIBUTIONS
 Single Employer
 Last 10 fiscal years***

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$3,324,000	\$3,917,000	\$3,906,000	\$7,524,000	\$7,866,000	\$7,866,000
Contributions in relation to the actuarially determined contribution	5,168,000	4,654,246	5,395,654	7,280,240	10,433,327	10,433,327
Contribution deficiency (excess)	<u>(\$1,844,000)</u>	<u>(\$737,246)</u>	<u>(\$1,489,654)</u>	<u>\$243,760</u>	<u>(\$2,567,327)</u>	<u>(\$2,567,327)</u>
Covered payroll	<u>\$40,961,867</u>	<u>\$41,625,151</u>	<u>\$40,356,579</u>	<u>\$38,479,260</u>	<u>\$36,638,935</u>	<u>\$35,178,106</u>
Contributions as a percentage of covered payroll	12.62%	11.18%	13.37%	18.92%	28.48%	29.66%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

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

* Fiscal year 2017 was the first year of implementation.

This Page Left Intentionally Blank

SUPPLEMENTARY INFORMATION

CENTRAL CONTRA COSTA SANITARY DISTRICT
COMBINING SCHEDULE OF NET POSITION
ENTERPRISE SUB-FUNDS
JUNE 30, 2022

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$13,364,433	\$6,004,247				\$19,368,680
Restricted cash and equivalents	41,954			\$14		41,968
Short term investments	31,940,000	80,500,000	\$11,100,000			123,540,000
Accounts receivable	18,267,149	7,870,337				26,137,486
Employee computer loans receivable	10,212					10,212
Interest receivable	118,739	151,677	18,824			289,240
Current portion of lease receivable	502,430					502,430
Due from other funds	466,883				(\$466,883)	
Supplies & material inventory	4,127,524					4,127,524
Prepaid expenses	655,357	6,842				662,199
Total current assets	69,494,681	94,533,103	11,118,824	14		174,679,739
NON-CURRENT ASSETS:						
Assessment Districts receivable		1,416,297				1,416,297
Non-current portion of lease receivable	4,133,358					4,133,358
Net Pension Asset	53,543,789					53,543,789
CAPITAL ASSETS						
Nondepreciable	118,401,159					118,401,159
Depreciable, net of accumulated depreciation	694,343,750					694,343,750
Total capital assets, net	812,744,909					812,744,909
Total non-current assets	870,422,056	1,416,297				871,838,353
TOTAL ASSETS	939,916,737	95,949,400	11,118,824	14		1,046,518,092
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	122,427,550					122,427,550
OPEB related	8,302,309					8,302,309
Total deferred outflows	130,729,859					130,729,859
LIABILITIES						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	1,932,222	9,018,821	1,917			10,952,960
Salaries & benefits payable	2,119,705	59,973				2,179,678
Interest payable	61,344	344,917		920,936		1,327,197
Current portion of lease payable	179,721					179,721
Current portion of long-term obligations				10,750,000		10,750,000
Accrued compensated absences - current portion	627,288					627,288
Liability for uninsured claims			1,504,476			1,504,476
Refundable deposits	271,681	163,045				434,726
Due to other funds			466,883		(466,883)	
Total current liabilities	5,191,961	9,586,756	1,973,276	11,670,936		27,956,046
NON-CURRENT LIABILITIES:						
Non-current portion of long-term obligations				53,360,320		53,360,320
Accrued compensated absences, noncurrent portion	5,645,587					5,645,587
Non-current portion of lease payable	808,085					808,085
Net OPEB liability	12,851,545					12,851,545
Total noncurrent liabilities	19,305,217			53,360,320		72,665,537
TOTAL LIABILITIES	24,497,178	9,586,756	1,973,276	65,031,256		100,621,583
DEFERRED INFLOWS OF RESOURCES						
Pension related	179,778,943					179,778,943
OPEB related	2,087,946					2,087,946
Lease related	4,514,638					4,514,638
Total deferred inflows	186,381,527					186,381,527
NET POSITION						
Net investment in capital assets	811,757,103			(64,110,320)		747,646,783
Restricted for debt service				14		14
Unrestricted	48,010,788	86,362,644	9,145,548	(920,936)		142,598,044
TOTAL NET POSITION	\$859,767,891	\$86,362,644	\$9,145,548	(\$65,031,242)		\$890,244,841

CENTRAL CONTRA COSTA SANITARY DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 ENTERPRISE SUB-FUNDS
 FOR THE YEAR ENDING JUNE 30, 2022

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
OPERATING REVENUES						
Sewer service charges (SSC)	\$99,104,227		\$1,576,419			\$100,680,646
Service charges - City of Concord	16,086,801					16,086,801
Miscellaneous charges	2,164,237					2,164,237
Total operating revenues	117,355,265		1,576,419			118,931,684
OPERATING EXPENSES						
Salaries & benefits	55,911,207					55,911,207
Contracted services	9,186,464		434,339	\$2,201		9,623,004
Utilities & fuel	6,524,066					6,524,066
Chemicals	1,820,344					1,820,344
General supplies	2,627,899					2,627,899
Other operating expenses	1,064,709		1,205,964	9,183	(\$22,749)	2,257,107
Loss (gain) on sale of asset	1,075,200	(\$135,857)				939,343
Depreciation expense	22,516,574					22,516,574
Amortization expense	528,195					528,195
Total operating expenses	101,254,658	(135,857)	1,640,303	11,384	(22,749)	102,747,739
OPERATING INCOME (LOSS)	16,100,607	135,857	(63,884)	(11,384)	22,749	16,183,945
NONOPERATING REVENUES (EXPENSES)						
Property taxes		8,856,057		12,383,363		21,239,420
Permit and inspection fees	2,048,087	260,308				2,308,395
Grants	996,177					996,177
Interest earnings	376,720	342,006	33,830	20,353		772,909
Interest expense	(8,508)			(1,942,333)		(1,950,841)
Other income (expense), net	824,264	232,890	22,749		(22,749)	1,057,154
Total nonoperating revenues	4,236,740	9,691,261	56,579	10,461,383	(22,749)	24,423,214
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	20,337,347	9,827,118	(7,305)	10,449,999		40,607,159
CAPITAL CONTRIBUTIONS AND TRANSFERS						
Other government revenue - Concord		7,799,702				7,799,702
Customer contributions to capital		10,267,767				10,267,767
Capital contributions - connection fees		4,584,973				4,584,973
Non-exchange capital contributions/donations	1,496,013					1,496,013
Total capital contributions	1,496,013	22,652,442				24,148,455
Transfers In (Out)	70,936,093	(39,207,710)	2,700,000	(34,428,383)		
CHANGE IN NET POSITION	92,769,453	(6,728,150)	2,692,695	(23,978,384)		64,755,614
NET POSITION, BEGINNING OF YEAR	766,998,438	93,090,794	6,452,853	(41,052,858)		825,489,227
NET POSITION, END OF YEAR	\$859,767,891	\$86,362,644	\$9,145,548	(\$65,031,242)		\$890,244,841



STATISTICS

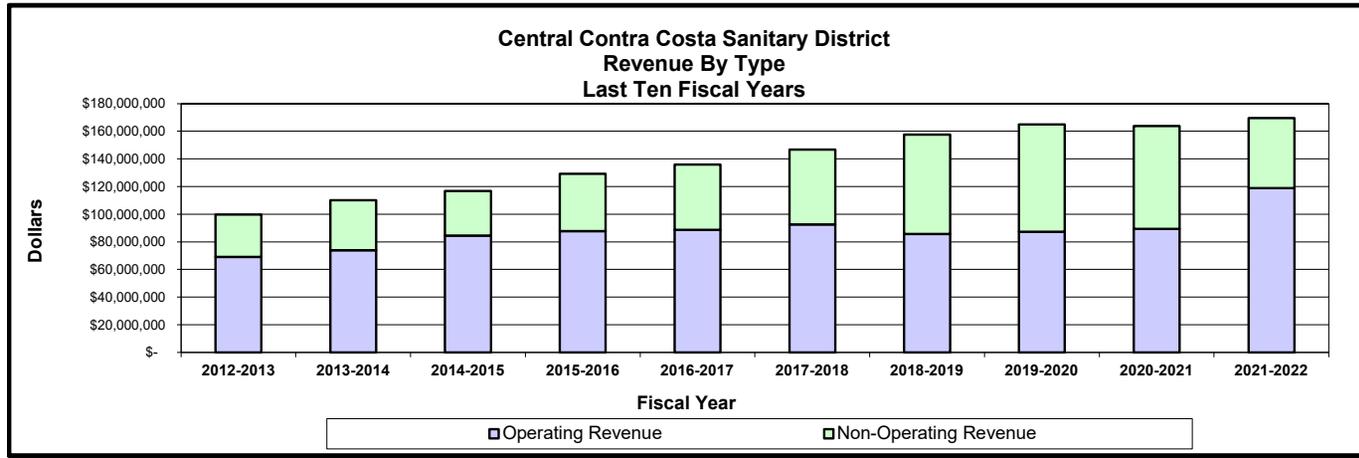
ANNUAL COMPREHENSIVE FINANCIAL REPORT



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

Changes in Net Position	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Operating Revenues:										
Sewer Service Charges (SSC)	\$56,770,984	\$60,796,421	\$70,023,512	\$72,233,903	\$73,138,235	\$75,824,221	\$68,656,908	\$70,408,903	\$72,325,340	\$100,680,646
City of Concord	10,483,421	11,625,864	12,892,945	13,913,960	13,851,253	14,973,623	15,205,292	14,923,591	15,002,567	16,086,801
Other Service Charges	1,076,401	1,035,134	1,006,197	963,014	1,029,500	1,078,594	1,126,239	1,176,242	1,171,378	-
Miscellaneous Charges	751,880	544,589	593,780	623,659	606,453	619,997	689,727	714,043	743,276	2,164,237
Total Operating Revenue	69,082,686	74,002,008	84,516,434	87,734,536	88,625,441	92,496,435	85,678,166	87,222,779	89,242,561	118,931,684
Operating Expenses:										
Salaries & Benefits	49,811,218	58,954,452	66,104,630	63,988,158	62,342,392	68,862,484	65,071,382	62,672,096	134,187,829	55,538,097
Chemicals, Utilities & Supplies	7,401,103	8,063,309	7,466,490	7,304,619	8,115,004	7,477,602	8,093,144	8,088,750	8,738,404	10,972,308
Professional & Outside Services	2,836,638	3,995,860	3,322,881	4,196,302	3,891,224	2,988,280	3,276,763	2,684,034	4,160,807	5,404,618
Hauling, Disposal, Repairs & Maintenance	4,239,421	4,041,355	4,758,260	5,780,533	5,662,086	5,461,011	5,755,590	5,435,406	5,751,355	3,781,839
Self-Insurance (net of transfers)	159,961	214,290	496,381	72,486	(300,108)	(332,483)	1,039,444	1,110,798	550,000	1,640,304
Pension/OPEB Expense	-	-	(3,012,757)	(9,778,389)	(4,080,558)	1,104,358	(33,307,168)	(2,386,849)	(70,933,999)	373,099
Depreciation	21,596,266	21,892,545	22,740,942	22,885,030	22,892,153	21,561,704	20,983,353	21,253,022	21,531,302	23,044,768
All Other	2,693,135	2,346,583	2,473,963	3,343,778	2,942,592	2,558,122	2,366,416	1,858,144	1,459,081	1,992,706
Total Operating Expenses	88,737,742	99,508,394	104,350,790	97,792,517	101,464,785	109,681,078	73,278,924	100,715,441	105,444,779	102,747,739
Operating Loss	(19,655,056)	(25,506,386)	(19,834,356)	(10,057,981)	(12,839,344)	(17,184,643)	12,399,242	(13,492,662)	(16,202,218)	16,183,945
Non-Operating Revenues (Expenses):										
Property Taxes	13,010,477	13,093,841	14,083,331	14,835,167	16,318,874	17,650,741	18,251,794	18,876,886	20,516,826	21,239,420
Connection & Other Fees	1,169,809	1,575,251	1,843,942	2,546,723	2,600,888	2,592,137	2,648,708	2,251,245	2,440,187	2,308,395
Interest Income	405,474	359,288	318,475	562,308	761,838	1,223,349	2,573,964	2,310,269	1,678,028	772,909
Interest Expense	(1,802,084)	(1,996,689)	(1,523,127)	(1,427,641)	(1,313,398)	(1,230,680)	(1,025,006)	(604,851)	(542,226)	(1,950,841)
All Other *	951,100	932,464	1,828,530	1,195,095	966,244	1,075,838	1,424,520	1,219,811	3,193,569	2,053,331
Total Non-Operating	13,734,776	13,964,155	16,551,151	17,711,652	19,334,446	21,311,385	23,873,980	24,053,360	27,286,384	24,423,214
Income Before Contributions and Transfers	(5,920,280)	(11,542,231)	(3,283,205)	7,653,671	6,495,102	4,126,742	36,273,222	10,560,698	11,084,166	40,607,159
Customer Contributions*	8,001,147	10,486,067	6,769,623	11,991,752	16,628,105	20,425,514	36,562,141	44,222,958	40,220,549	18,067,469
Contributed Sewer Lines	939,628	1,462,316	794,218	1,774,168	2,899,042	2,003,614	2,179,641	1,761,808	923,468	1,496,013
Capital Contributions - Connection Fees	6,091,529	8,224,517	6,673,298	8,543,758	7,044,340	9,331,420	8,145,068	7,083,702	5,500,316	4,584,973
CHANGE IN NET POSITION	9,112,024	8,630,669	10,953,934	29,963,349	33,066,589	35,887,290	83,160,072	63,629,166	57,728,499	64,755,614
Total Net Position - Beginning	626,602,973	635,714,997	644,345,666	563,607,078	593,570,427	626,637,016	620,971,490	704,131,562	767,760,728	825,489,227
Prior Period Adjustment - GASB 68 and 71	-	-	(91,692,522)	-	-	-	-	-	-	-
Prior Period Adjustment - GASB 75	-	-	-	-	-	(41,552,816)	-	-	-	-
Total Net Position - Ending	\$635,714,997	\$644,345,666	\$563,607,078	\$593,570,427	\$626,637,016	\$620,971,490	\$704,131,562	\$767,760,728	\$825,489,227	\$890,244,841
Statement of Net Position										
Net Investment in Capital Assets	\$559,523,642	\$568,006,023	\$573,175,094	\$581,844,903	\$600,770,254	\$623,307,342	\$655,586,304	\$692,117,172	\$684,834,242	\$747,646,783
Restricted	4,730,837	4,809,248	4,288,008	4,363,251	4,449,437	4,421,504	(271,370)	2,639	34,929,105	14
Unrestricted	71,460,518	71,530,395	(13,856,024)	7,362,273	21,417,325	(6,757,356)	48,816,628	75,640,917	105,725,880	142,598,044
Total Net Position	\$635,714,997	\$644,345,666	\$563,607,078	\$593,570,427	\$626,637,016	\$620,971,490	\$704,131,562	\$767,760,728	\$825,489,227	\$890,244,841

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
2012-2013	\$56,770,984	\$10,483,421	\$1,076,401	\$751,880	\$69,082,686
2013-2014	60,796,421	11,625,864	1,035,134	544,589	74,002,008
2014-2015	70,023,512	12,892,945	1,006,197	593,780	84,516,434
2015-2016	72,233,903	13,913,960	963,014	623,659	87,734,536
2016-2017	73,138,235	13,851,253	1,029,500	606,453	88,625,441
2017-2018	75,824,221	14,973,623	1,078,594	619,997	92,496,435
2018-2019	68,656,908	15,205,292	1,126,239	689,727	85,678,166
2019-2020	70,408,903	14,923,591	1,176,242	714,043	87,222,779
2020-2021	72,325,340	15,002,567	1,171,378	743,276	89,242,561
2021-2022	100,680,646	16,086,801	-	2,164,237	118,931,684

Non-Operating Revenue						
Fiscal Year	Property Taxes	Customer Contributions *1	Connections & Other Fees *2	Interest	All Other	Total Non-Operating & Contributions
2012-2013	\$13,010,477	\$8,940,775	\$7,261,338	\$405,474	\$951,100	\$30,569,164
2013-2014	13,093,841	11,948,383	9,799,768	359,288	932,464	36,133,744
2014-2015	14,083,331	7,563,841	8,517,240	318,475	1,828,530	32,311,417
2015-2016	14,835,167	13,765,920	11,090,481	562,308	1,195,095	41,448,971
2016-2017	16,318,874	19,527,147	9,645,228	761,838	966,244	47,219,331
2017-2018	17,650,741	22,429,128	11,923,557	1,223,349	1,075,838	54,302,613
2018-2019	18,251,794	38,741,782	10,793,776	2,573,964	1,424,520	71,785,836
2019-2020	18,876,886	45,984,766	9,334,947	2,310,269	1,219,811	77,726,679
2020-2021	20,516,826	41,144,017	7,940,503	1,678,028	3,193,569	74,472,943
2021-2022	21,239,420	19,563,482	6,893,368	772,909	2,053,331	50,522,510

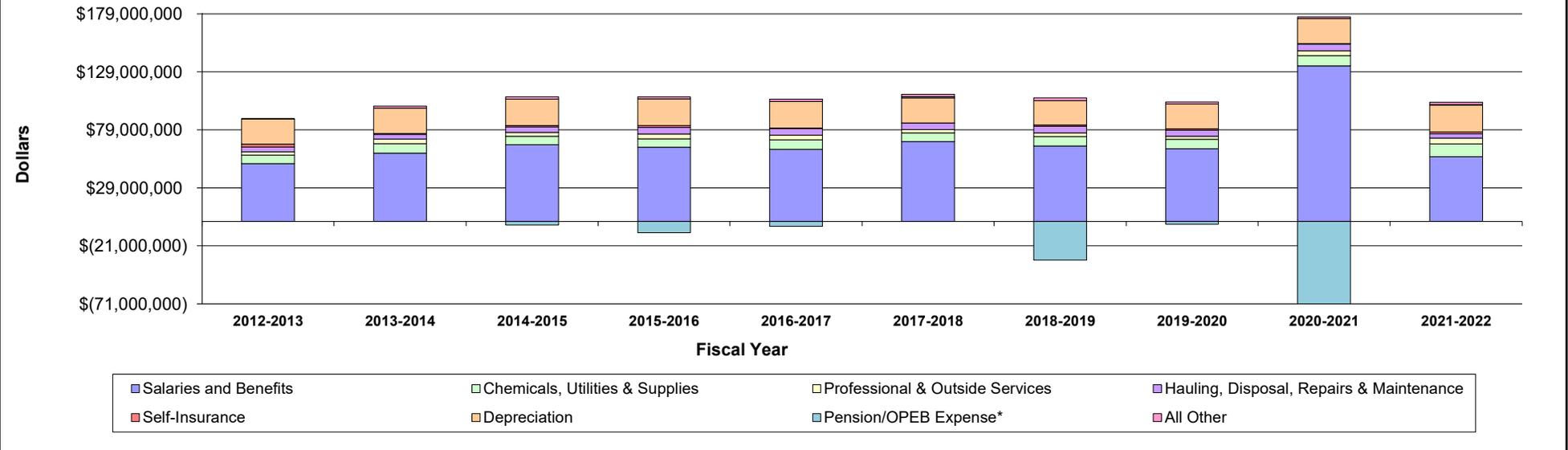
* Sewer Service Charge (SSC) represents the Running Expense Fund portion of SSC County collections along with District direct billings and counter collections.

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

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

Source: Central Contra Costa Sanitary District Audited Financial Statements

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



OPERATING EXPENSES

Fiscal Year	Salaries and Benefits	Chemicals, Utilities & Supplies	Professional & Outside Services	Hauling, Disposal, Repairs & Maintenance	Self-Insurance	Depreciation	Pension/OPEB Expense*	All Other	Total Operating Expenses	Non-Operating Expenses
2012-2013	\$49,811,218	\$7,401,103	\$2,836,638	\$4,239,421	\$2,380,466	\$21,596,266	-	\$472,630	\$88,737,742	\$1,802,084
2013-2014	58,954,453	8,063,310	3,995,861	4,041,356	858,738	21,892,545	-	1,702,131	99,508,394	1,996,689
2014-2015	66,104,630	7,466,490	3,322,881	4,758,260	1,146,381	22,740,942	(\$3,012,757)	1,823,963	104,350,790	1,523,127
2015-2016	63,988,158	7,304,619	4,196,302	5,780,533	1,572,486	22,885,030	(9,778,389)	1,843,778	97,792,517	1,427,641
2016-2017	62,342,392	8,115,004	3,891,224	5,662,086	619,892	22,892,153	(4,080,558)	2,022,592	101,464,785	1,313,398
2017-2018	68,862,484	7,477,602	2,988,280	5,461,011	252,517	21,561,704	1,104,358	1,973,122	109,681,078	1,230,680
2018-2019	65,071,382	8,093,144	3,276,763	5,755,590	1,039,444	20,983,353	(33,307,168)	2,366,416	73,278,924	1,025,006
2019-2020	62,672,096	8,088,750	2,684,034	5,435,406	1,110,798	21,253,062	(2,386,849)	1,858,144	100,715,441	604,851
2020-2021	134,187,829	8,738,404	4,160,807	5,751,355	550,000	21,531,302	(70,933,999)	1,459,081	105,444,779	542,226
2021-2022	55,911,196	10,972,308	5,031,519	3,781,839	1,640,304	23,044,768	373,099	1,992,706	102,747,739	1,950,841

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	Self-Insurance	Total	
2012-2013	\$344	\$27	-	\$371	\$5,797
2013-2014	365	40	-	405	5,930
2014-2015	416	23	-	439	5,995
2015-2016	422	49	-	471	6,005
2016-2017	432	71	-	503	5,948
2017-2018	447	83	-	530	6,300
2018-2019	400	167	-	567	6,700
2019-2020	408	190	-	598	6,589
2020-2021	277	352	-	629	6,803
2021-2022	\$442	\$209	\$10	\$660	\$6,803

Fiscal Year	Multi-Family Annual Sewer Service Charge (SSC) *1				Pump Zone Fee *3
	Operations	Capital	Self-Insurance	Total	
2012-2013	\$344	\$27	-	\$371	\$1,625
2013-2014	365	40	-	405	1,587
2014-2015	416	23	-	439	1,585
2015-2016	415	48	-	463	1,650
2016-2017	418	69	-	487	1,608
2017-2018	432	81	-	513	1,639
2018-2019	388	161	-	549	1,636
2019-2020	386	180	-	566	1,586
2020-2021	262	334	-	596	1,585
2021-2022	\$418	\$198	\$9	\$625	\$1,585

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

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

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

Source: Central Contra Costa Sanitary District Environmental Services Division

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

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2012-2013	\$67,538,246,870	\$1,604,518,295	\$69,142,765,165	0.1%
2013-2014	74,400,356,922	1,742,364,655	76,142,721,577	10.1%
2014-2015	80,431,132,956	1,739,342,301	82,170,475,257	7.9%
2015-2016	86,701,930,276	1,645,712,628	88,347,642,904	7.5%
2016-2017	92,006,863,080	1,704,263,642	93,711,126,722	6.1%
2017-2018	97,298,029,346	1,722,229,970	99,020,259,316	5.7%
2018-2019	102,984,718,407	1,801,374,862	104,786,093,269	5.8%
2019-2020	108,704,671,836	1,863,018,759	110,567,690,595	5.5%
2020-2021	110,795,231,142	1,848,644,910	112,643,876,052	1.9%
2021-2022	115,098,221,080	1,974,850,316	117,073,071,396	3.9%

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

<u>Fiscal Year</u>	<u>Property Tax* Levied & Collected</u>	<u>Collection Percentage</u>	<u>% Change</u>	<u>Sewer Service Charges* Levied & Collected</u>	<u>Collection Percentage</u>	<u>% Change</u>
2012-2013	\$13,185,988 **	100%	9.6%	\$60,068,807	100%	10.0%
2013-2014	13,108,176	100%	-0.6%	66,604,323	100%	10.9%
2014-2015	14,195,300	100%	8.3%	72,622,738	100%	9.0%
2015-2016	15,323,818	100%	7.9%	78,930,977	100%	8.7%
2016-2017	16,428,089	100%	7.2%	83,601,971	100%	5.9%
2017-2018	17,300,475	100%	5.3%	87,944,554	100%	5.2%
2018-2019	18,352,620	100%	6.1%	95,298,869	100%	8.4%
2019-2020	19,348,103	100%	5.4%	100,863,356	100%	5.8%
2020-2021	20,233,423	100%	4.6%	100,603,114	100%	-0.3%
2021-2022	22,323,425	100%	10.3%	108,725,443	100%	8.1%

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

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

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

Customer	2012-2013			2013-2014			2014-2015			2015-2016			2016-2017		
	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges
	City of Concord 1.	\$10,483,421	1	13.93%	\$11,625,864	1	14.02%	\$12,892,945	1	14.38%	\$13,913,960	1	14.18%	\$13,851,253	1
First Walnut Creek Mutual	352,450	2	0.47%	361,260	4	0.44%	417,050	3	0.47%	439,850	3	0.45%	462,650	3	0.45%
Park Regency Apartments	330,932	3	0.44%	303,750	5	0.37%	391,588	4	0.44%	412,996	4	0.42%	434,404	4	0.42%
Contra Costa County General Services 2.	321,803	4	0.43%	384,750	3	0.46%	451,567	2	0.50%	638,608	2	0.65%	547,943	2	0.53%
Second Walnut Creek Mutual Apts	278,250	5	0.37%	211,866	6	0.26%	329,250	5	0.37%	347,250	5	0.35%	365,250	5	0.35%
John Muir Health 2.	176,381	6	0.23%	145,091	10	0.18%	-	-	-	218,919	7	0.22%	322,601	6	0.31%
Sun Valley Mall	174,038	7	0.23%	148,374	8	0.18%	299,697	6	0.33%	283,613	6	0.29%	298,005	7	0.29%
St. Mary's College Contract	158,480	8	0.21%	-	-	-	-	-	-	-	-	-	-	-	-
Branch Creek Vista Apartments	148,400	9	0.20%	162,000	7	0.20%	175,600	7	0.20%	-	-	-	194,800	9	0.19%
Bay Landing Apartments	133,560	10	0.18%	145,800	9	0.18%	158,040	9	0.18%	-	-	-	-	-	-
Chevron Offices & Office Park	-	-	-	419,590	2	0.51%	-	-	-	-	-	-	-	-	-
Kaiser Foundation Hospital 2.	-	-	-	-	-	-	158,848	8	0.18%	186,232	10	0.19%	186,281	10	0.18%
Archstone Apartments	-	-	-	-	-	-	153,650	10	0.17%	-	-	-	-	-	-
Muirland @ Windemere Apartments	-	-	-	-	-	-	153,650	10	0.17%	-	-	-	-	-	-
Willows Shopping Center 2.	-	-	-	-	-	-	-	-	-	206,210	9	0.21%	-	-	-
San Ramon Unified School District	-	-	-	-	-	-	-	-	-	215,044	8	0.22%	225,339	8	0.22%
Total	\$ 12,557,715		16.69%	\$13,908,345		16.78%	\$ 15,581,885		17.37%	\$ 16,862,681		17.18%	\$ 16,888,526		16.30%

Customer	2017-2018			2018-2019			2019-2020			2020-2021			2021-2022		
	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges	Sewer Service Charges Collected	Rank	Percentage of Total Sewer Service Charges
	City of Concord 1.	\$14,973,623	1	13.46%	\$15,205,292	1	12.63%	\$14,923,591	1	11.52%	\$15,048,782	1	11.80%	\$16,134,761	1
First Walnut Creek Mutual	487,350	3	0.44%	521,550	2	0.43%	537,700	3	0.42%	537,700	3	0.42%	593,750	2	0.44%
Park Regency Apartments	457,596	4	0.41%	489,708	3	0.41%	504,872	4	0.39%	504,872	4	0.40%	557,500	3	0.41%
Second Walnut Creek Mutual Apts	387,750	5	0.35%	411,750	6	0.34%	424,500	5	0.33%	424,500	5	0.33%	468,750	4	0.35%
John Muir Health 2.	278,589	7	0.25%	413,900	5	0.34%	391,245	6	0.30%	362,718	6	0.28%	404,989	5	0.30%
Branch Creek Vista Apartments	205,200	9	0.18%	219,600	10	0.18%	226,400	10	0.17%	226,400	9	0.18%	250,000	6	0.19%
Bay Landing Apartments	-	-	-	-	-	-	-	-	-	-	-	-	225,000	7	0.17%
Kaiser Foundation Hospital 2.	-	-	-	244,180	9	0.20%	-	-	-	-	-	-	222,277	8	0.16%
Muirland @ Windemere Apartments	-	-	-	-	-	-	-	-	-	-	-	-	218,750	9	0.16%
Archstone Apartments	-	-	-	-	-	-	-	-	-	-	-	-	198,876	10	0.15%
Contra Costa County General Services 2.	556,782	2	0.50%	-	-	-	733,416	2	0.57%	740,223	2	0.58%	-	-	-
Sun Valley Mall	354,208	6	0.32%	453,512	4	0.38%	373,171	7	0.29%	339,061	7	0.27%	-	-	-
St. Mary's College Contract	-	-	-	-	-	-	-	-	-	242,777	8	0.19%	-	-	-
San Ramon Unified School District	247,766	8	0.22%	266,550	8	0.22%	283,631	9	0.22%	215,229	10	0.17%	-	-	-
Bishop Ranch City Center	-	-	-	315,106	7	0.26%	335,017	8	0.26%	-	-	-	-	-	-
Willows Shopping Center 2.	188,828	10	0.17%	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 18,137,692		16.31%	\$ 18,541,148		15.40%	\$ 18,733,543		14.46%	\$ 18,642,262		14.62%	\$ 19,274,654		14.30%

1. Contract with the City of Concord to treat and dispose of wastewater for the cities of Concord and Clayton. The City of Clayton contracts with the City of Concord for the maintenance, operation, and capital replacement/improvement of its sewage collection system, which runs through the City of Concord.
2. Kaiser, John Muir Health, Willows Shopping Center, and County hospital are permitted industries.
Source: Central Contra Costa Sanitary District Environmental Services Division

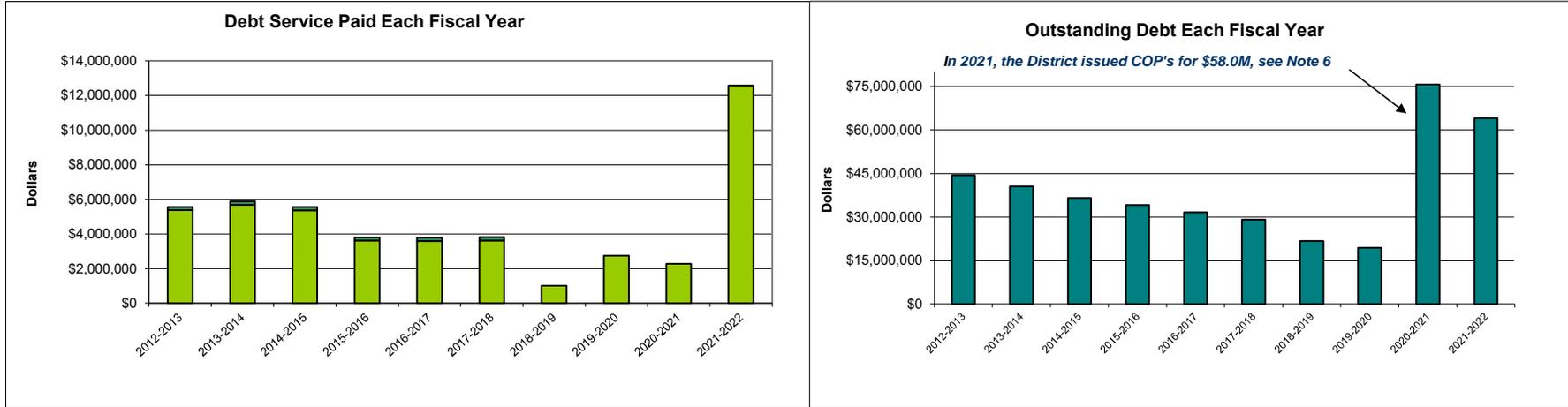
**Central Contra Costa Sanitary District
Payments Under the Concord Agreement
Last 10 Fiscal Years**

<u>Fiscal Year</u>	<u>Discharge Volume (mg)</u>	<u>Service Charges</u>	<u>Capital Contributions</u>	<u>Total</u>
2012-13	4,213	\$10,483,421	\$3,616,771	\$14,100,192
2013-14	3,914	11,625,864	3,820,858	15,446,722
2014-15	3,826	12,892,945	2,897,491	15,790,436
2015-16	3,878	13,913,960	3,671,892	17,585,852
2016-17	4,800	13,851,253	4,476,961	18,328,214
2017-18	4,265	14,973,623	6,364,725	21,338,348
2018-19	4,512	15,205,292	7,973,516	23,178,808
2019-20	4,383	14,923,591	11,393,000	26,316,591
2020-21	3,922	15,048,782	10,064,155	25,112,937
2021-22	3,973	16,134,761	7,799,702	23,934,463

**Central Contra Costa Sanitary District
Active Service Accounts and Fiscal Year Billings
Sewer Service Charges
Fiscal Year 2021-2022**

<u>User Group</u>	<u>No. of Parcels</u>	<u>2021-2022 Sewer Service Charge Billings</u>	<u>Residential Unit Equivalents</u>	<u>Percentage of Total</u>
Residential	115,512	\$93,180,965	141,183	84%
Office	1,076	2,978,664	4,513	3%
Mixed Use	232	2,420,806	3,668	2%
Food Service	259	2,248,513	3,407	2%
Hotel/Motel	23	1,063,997	1,612	1%
Market/Supermarket	53	1,042,407	1,579	1%
Businesses	414	1,014,399	1,537	1%
Industrial Permitted	14	902,026	1,367	1%
Automotive/Car Wash	252	780,511	1,183	1%
Schools	160	735,915	1,115	1%
Skilled Nursing	44	673,628	1,021	1%
Recreation/Entertainment	211	653,335	990	1%
All Other User Groups	532	2,580,047	3,909	2%
Subtotal	118,782	\$110,275,211	167,084	100%
Partial Year Charges (Counter)		\$421,920		
Prior Year Adjustments		251,282		
Total FY 2021-2022 Sewer Service Charge Revenue		\$110,948,413		

Summary Of Debt Service Last Ten Fiscal Years



Fiscal Year	Summary By Type Of Debt											
	Revenue Bonds (2018 & 2009) & COPs			Water Reclamation Loan			Total Debt Service Annual Expense			TOTAL DEBT SERVICE OUTSTANDING		
	Principal	Interest & Amortization	Total Debt Service	Principal	Interest & Amortization	Total Debt Service	Principal	Interest & Amortization	Total Debt Service	Rev. Bonds & COP's	Water Rec. Loan	Total Debt Outstanding
2012-2013	\$3,605,000	\$1,775,376	\$5,380,376	\$160,411	\$26,708	\$187,119	\$3,765,411	\$1,802,084	\$5,567,495	\$43,595,000	\$866,826	\$44,461,826
2013-2014	3,720,000	1,974,151	5,694,151	164,581	22,537	187,118	3,884,581	1,996,688	5,881,269	39,875,000	702,245	40,577,245
2014-2015	3,865,000	1,504,939	5,369,939	168,860	18,258	187,118	4,033,860	1,523,197	5,557,057	36,010,000	533,385	36,543,385
2015-2016	2,210,000	1,413,772	3,623,772	173,251	13,868	187,119	2,383,251	1,427,640	3,810,891	33,800,000	360,134	34,160,134
2016-2017	2,300,000	1,304,036	3,604,036	177,757	9,362	187,119	2,477,757	1,313,398	3,791,155	31,500,000	182,377	31,682,377
2017-2018	2,405,000	1,225,938	3,630,938	182,377	4,742	187,119	2,587,377	1,230,680	3,818,057	29,095,000	-	29,095,000
2018-2019	-	1,025,006	1,025,006	-	-	-	-	1,025,006	1,025,006	21,806,631	-	21,806,631
2019-2020	2,145,000	604,851	2,749,851	-	-	-	2,145,000	604,851	2,749,851	19,447,392	-	19,447,392
2020-2021	1,740,000	542,226	2,282,226	-	-	-	1,740,000	542,226	2,282,226	75,733,331	-	75,733,331
2021-2022	10,450,000	2,125,376	12,575,376	-	-	-	10,450,000	2,125,376	12,575,376	64,110,319	-	64,110,319

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
2012-2013	\$5,567,495	\$69,082,686	\$67,141,476	\$30,569,164	\$32,510,374	5.84	\$9,708,300	\$22,802,074	4.10	8.29%	\$33.78	\$269.73
2013-2014	5,881,269	74,002,008	77,615,849	36,133,744	32,519,903	5.53	12,045,375	20,474,528	3.48	7.58%	35.31	243.60
2014-2015	5,557,057	84,516,434	81,609,848	32,311,417	35,218,003	6.34	9,570,789	25,647,214	4.62	6.81%	33.01	217.10
2015-2016	3,810,891	87,734,536	74,907,487	41,448,971	54,276,020	14.24	12,215,650	42,060,370	11.04	5.09%	22.28	199.74
2016-2017	3,791,155	88,625,441	78,572,632	47,219,331	57,272,140	15.11	11,521,301	45,750,839	12.07	4.83%	22.36	186.85
2017-2018	3,818,057	92,496,435	88,119,374	51,841,253	56,218,314	14.72	15,696,145	40,522,169	10.61	4.33%	22.51	171.56
2018-2019	1,025,006	85,678,166	52,295,571	70,760,830	104,143,425	101.60	16,118,584	88,024,841	85.88	1.96%	5.98	127.15
2019-2020	2,749,851	87,222,779	79,462,379	77,121,828	84,882,228	30.87	18,476,702	63,795,526	23.20	3.46%	15.93	112.65
2020-2021	2,282,226	89,242,561	83,913,477	73,930,717	79,259,801	34.73	15,564,471	63,695,330	27.91	2.72%	13.32	441.92
2021-2022	12,575,376	118,931,684	80,231,165	50,522,510	89,223,029	7.10	12,384,675	76,838,354	6.11	15.67%	73.38	374.10

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

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

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

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

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

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

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

Debt Restrictions:

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

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

<u>As Of January 1</u>	<u>Inside District Boundaries</u>	<u>Concord/ Clayton</u>	<u>Total Served</u>	<u>% Change</u>
2012	326,900	134,200	461,100	1.3%
2013	332,600	134,900	467,500	1.4%
2014	335,009	135,856	470,865	0.7%
2015	339,029	137,357	476,386	1.2%
2016	340,667	140,916	481,583	1.1%
2017	344,591	139,654	484,245	0.6%
2018	348,333	140,590	488,923	1.0%
2019	352,733	141,542	494,275	1.1%
2020	342,149	141,480	483,629	-1.1%
2021	352,832	134,497	487,329	-1.4%

Source: Central Contra Costa Sanitary District Environmental Services Division

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

<u>Employers</u>	<u>2021*</u>			<u>2012*</u>		
	<u>Estimated Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>	<u>Estimated Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>
Chevron Corporation	10,000+	T-1	2.01%	1,329	3	0.28%
Kaiser Permanente	10,000+	T-1	2.01%	2,000	2	0.42%
Bio-Rad Laboratories	1,000-4,999	T-2	0.60%	900	9	0.19%
John Muir Medical Center	1,000-4,999	T-2	0.60%	2,200	1	0.46%
La Raza Market	1,000-4,999	T-2	0.60%	-		-
USS-POSCO Industries	1,000-4,999	T-2	0.60%	-		-
Target Corporation	-		-	1,262	4	0.26%
Walmart Stores, Inc.	-		-	1,150	5	0.24%
Doctors Medical Center	-		-	937	7	0.19%
Contra Costa Newspaper, Inc.	-		-	1,140	6	0.24%
Shell/Martinez Refinery	-		-	900	8	0.19%
Texaco Inc.	-		-	800	10	0.17%
All Others	466,700		93.58%	465,281		97.36%
Total	498,700		100.0%	477,899		100.0%

Source: * County of Contra Costa, California, Annual Comprehensive Financial Report for June 30, 2021, 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**
2012	1,079,093	\$66,772,041,000	\$61,878	9.0%
2013	1,095,310	67,290,115,000	61,435	7.4%
2014	1,110,971	71,164,468,000	64,056	6.2%
2015	1,126,027	77,914,957,000	69,195	5.0%
2016	1,138,645	82,204,425,000	72,195	4.4%
2017	1,147,439	87,810,279,000	76,527	3.8%
2018	1,150,215	94,900,003,000	82,506	2.7%
2019	1,153,526	98,423,318,000	85,324	7.9%
2020	1,152,333	106,318,748,000	92,264	5.3%
2021	1,161,413	115,342,618,000	99,312	6.4%

* U.S. Department of Commerce, Bureau of Economic Analysis. Estimates for 2020-2021 reflect county population estimates available as of November 2022.

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

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

Full-time Equivalent Positions Filled as of June 30

<u>Department</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Administration	39	44	46	49	43	43	41	44	51	50
Engineering	75	73	72	88	88	89	90	89	90	92
Operations										
Collection Systems	56	55	56	55	55	54	54	53	55	55
Plant	76	81	88	79	83	81	77	81	75	73
Pumping Station	8	8	8	7	7	7	12	7	7	6
Operations Total	<u>140</u>	<u>144</u>	<u>152</u>	<u>141</u>	<u>145</u>	<u>142</u>	<u>143</u>	<u>141</u>	<u>137</u>	<u>134</u>
District Total	<u><u>254</u></u>	<u><u>261</u></u>	<u><u>270</u></u>	<u><u>278</u></u>	<u><u>276</u></u>	<u><u>274</u></u>	<u><u>274</u></u>	<u><u>274</u></u>	<u><u>278</u></u>	<u><u>276</u></u>

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

District Total	<u><u>244</u></u>	<u><u>243</u></u>	<u><u>244</u></u>	<u><u>249</u></u>	<u><u>259</u></u>	<u><u>278</u></u>	<u><u>268</u></u>	<u><u>269</u></u>	<u><u>261</u></u>	<u><u>275</u></u>
-----------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------

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)									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Treatment Plant Permitted Capacity	Calendar	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8
Average Dry Weather Flow (ADWF)	Calendar	33.2	33.8	30.4	29.1	30.8	33.3	31.8	34.1	33.2	29.5
Wastewater Treated per day	Calendar	39.8	36.8	35.6	31.8	35.4	43.2	36.0	41.2	35.3	34.6
		Tons per Year									
Sludge to Furnace (Dry)*1	Fiscal	15,097	14,590	16,789	16,623	17,031	16,279	16,498	16,056	16,029	15,959
Ash to Reuse Site (Wet)*2	Fiscal	3,667	3,618	3,811	3,651	4,230	3,475	3,577	3,450	3,410	3,627

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

Recycled Water

Recycled Water Distribution Pipeline (miles)*3	Calendar	11.7	14.3	14.3	14.6	14.6	14.6	14.6	14.6	14.6	13.5
Average Recycled Water Produced (million gallons per day)	Calendar	1.7	1.7	1.6	1.7	1.5	1.6	1.6	1.6	1.4	1.5
Number of Recycled Water Customers Sites	Calendar	29	29	29	43	47	47	49	50	58	53
Commercial Truck Fill Use (million gallons per year)	Calendar	<0.1	<0.1	0.3	4.4	0.4	0.6	0.6	4.6	4.8	5.5
Commercial Truck Fill Customers	Calendar	2	1	11	37	26	14	13	12	6	9
Estimated Residential Fill Station Use (million gallons per year)	Calendar	N/A	N/A	N/A	11.8	6.5	2.5	2.3	1.3	1.0	5.1
Residential Fill Station Customer Visits	Calendar	N/A	N/A	N/A	55,552	28,598	11,633	9,780	5,671	4,635	22,208

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

Household Hazardous Waste (HHW) - Inception 1997/1998

Program Participation (Number of cars)	Fiscal	29,119	30,379	31,779	33,468	33,037	35,640	36,108	27,818	35,634	33,658
Percentage of Households in Service Area	Fiscal	15.4%	15.9%	16.6%	16.8%	16.7%	18.1%	18.4%	14.0%	17.9%	16.7%
Operating Cost per Car	Fiscal	\$93	\$83	\$78	\$72	\$80	\$77	\$78	\$100	\$95	\$88
Pounds of HHW per Car	Fiscal	68	66	63	64	65	64	61	61	76	65

Pharmaceutical Collection Program - Inception 2009

Number of Collection Sites	Calendar	10	12	13	13	13	13	13	12	12	8
Pounds of Expired or Unwanted medications Collected	Calendar	12,240	12,428	14,041	15,366	16,485	17,337	17,178	9,918	5,645	5,396

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:	276 full-time equivalent employees (291 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 (8-Collection Sites) Retail HHW Collection Program
Type Of Treatment:	Discharge - Secondary; Reclamation - Tertiary
Service Area:	146 square miles
Total Population Served:	484,795 (HHW service area 517,600)
Sewer Service Charge:	\$660 for single family homes and \$625 for multi-family homes.

Source: Central Contra Costa Sanitary District records