



**WEST COUNTY WASTEWATER DISTRICT
RICHMOND, CALIFORNIA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

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

Prepared by:
Administrative Services Department

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WEST COUNTY WASTEWATER DISTRICT
Annual Comprehensive Financial Report
For the Years Ended June 30, 2023 and 2022

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Introductory Section

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WEST COUNTY
WASTEWATER

March 28, 2024

To the Honorable Board of Directors and
Community of the West County Wastewater District:

State statutes require an annual audit by an independent certified public accountant. This report is published to fulfill that requirement for the year ended June 30, 2023.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. The cost of internal control should not exceed anticipated benefits; therefore the objective is to provide reasonable, rather absolute, assurance that the financial statements are free of any material misstatement.

Maze & Associates, Certified Public Accountants, have issued an opinion on the West County Wastewater District's (District) financial statements for the year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE DISTRICT

West County Wastewater District (WCW), formerly the San Pablo Sanitary District was organized on December 19, 1921 and reorganized under the Sanitary District Act of 1923. In 1978, WCW changed its name to West Contra Costa County Sanitary District and in 1992 changed the name again to West County Wastewater District. WCW has existed for 102 years to protect public health and the environment by safely and responsibly collecting and treating wastewater - keeping our community safe, while helping to make our planet better for future generations.

WCW is an independent Special District and is not financially responsible for any other governmental entity nor is a component unity of another governmental entity.

WCW prepares a Two-Year Comprehensive Budget that is approved by the Board of Directors.

WCW is located in the western section of Contra Costa County approximately 20 miles northeast of San Francisco and 12 miles north of Oakland. WCW's service area encompasses 16.9 square miles all within Contra Costa County. Roughly 6.9 square miles (or 40% of the total) lie within the boundaries of the City of Richmond, 2.5 square miles (or 15% of the total) lie within the City of San Pablo, 0.4 square miles (or 2% of the total) within the City of Pinole and the remaining 7.2 square miles (or 43% of the total) are within unincorporated areas of Contra Costa County. WCW's service area is fairly hilly, typical of the California coastal region. The population of WCW is approximately 104,000. WCW contains approximately 35,000 parcels. WCW is governed by a five member Board of Directors elected by division for four-year staggered terms. The President is elected by members of the Board, each December, customarily for a one-year term of the office. WCW's daily functions are administered by a General Manager who serves at the pleasure of the Board of Directors.

WCW's operation includes sewage collection, treatment, disposal, and reuse. WCW also provides contract services to neighboring communities to maintain various local government facilities. Since February 1977, WCW participates in the West County Agency (WCA), a joint powers authority, with the City of Richmond, and the Richmond Municipal Sewer District for the purpose of constructing and maintaining effluent and sludge disposal facilities.

The US Environmental Protection Agency, the California Regional Water Control Board, the California Health Services Department, as well as other regulatory agencies provide the permits and standards that WCW must meet in order to treat, collection, recycle, reuse, and dispose of wastewater.

LOCAL ECONOMY

According to the State of California's Legislative Analyst's Office's (LAO), continued inflation and associated Federal Reserve interventions, mainly rising interest rates are putting the economic conditions at risk. However, unemployment in Contra Costa County was 4.1% in June 2023 compared to 3.2% in June 2022.

WCW's Board of Directors maintains sound fiscal policies and closely monitors expenses. In FY 2022 WCW's Board of Directors approved a five year sewer rate plan that increased the Environmental Quality (Sewer Service) Charge by 5.5%. For FY 2023, the sewer service charge for a single family residence is \$750. The sewer service charges are approximately 90% of the WCW revenues, the five year rate plan adds stability into the long term financial planning of WCW.

LONG TERM PLANNING

WCW has experienced increased operational costs that have significantly increased over the last several years, this is due to the temporary dewatering services at the Treatment plant. It is anticipated that these costs will decrease once the Clean and Green project is completed in Fiscal Year 2025. The Clean and Green Project was a major initiative that WCW embarked on for long term planning.

Sewer service charge revenues are the main source of revenue for WCW. WCW funds capital replacement costs through operating revenues and an issuance of debt. WCW has established various reserves including; Insurance Funds Reserve, State Revolving Loan Fund Reserve, and Operating and Capital Reserves. WCW's Board of Directors reviews reserve levels annually as part of the budget process to determine whether the levels established provide for the financial security required of a fiscally responsible local government.

In addition to the sewer service charge, other sources of revenues include; fees for new connections, permits and inspections, land leases, contract services, property taxes, and investment interest, any of which may be used to fund capital asset additions and replacements. WCW has secured low interest loans and grants from the State Water Resources Control Board and issued its inaugural 2021 Wastewater Revenue Bonds to fund the District's largest ever project, the \$80 million Clean and Green project and the for sewer line replacement.

RELEVANT FINANCIAL POLICIES

A utility or other enterprise government agency is a self-supporting operation of commercial nature and the appropriate level of revenues and expenses is largely determined by the demand for service. Depending on the timing and level of demand for service, the expenses will vary. Accordingly WCW budgetary controls are established at the levels of total estimated expenses.

MAJOR INITIATIVES

In FY 2023 WCW continues on the Clean and Green project that was initiated in FY 2022 to develop a Comprehensive Sustainability and Energy Upgrades. This project plan is one of the largest infrastructure projects in WCW's history and will realize significant operational savings once complete. WCW's conduit financing agency, the West County Facilities Financing Authority issued debt in September 2021 to fund the Clean and Green project.

Over the past two years, WCW has been significantly investing in the infrastructure of the District. As shown in the Audited financials with the increase in construction in progress and increase in capital assets. WCW is tackling deferred maintenance and ensuring operational efficiencies where applicable.

AWARDS AND ACKNOWLEDGEMENT

We believe that our current annual comprehensive financial report continues to meet the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting certificate of Achievements Program's requirement and we are submitting this document to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the members of the Administrative Services Department. Management wishes to express its appreciation to all staff that assisted and contributed to the preparation of this report, especially, Yukiko Schroth and Maria Bagley.

Respectfully submitted,

A handwritten signature in black ink that reads "Justin Lovell". The signature is written in a cursive style with a large initial "J" and "L".

Justin Lovell
Director of Administrative Services

WEST COUNTY WASTEWATER DISTRICT

Mission Statement, Vision Statement, Core Values and Strategic Goals

Mission Statement

The Mission Statement defines the District's purpose. It describes what we do, who we are doing it for, and how we do it. It is a path forward toward reaching our vision. It is the foundation of how our organization operates.

Our Mission: Protect public health through safe, responsible wastewater collection and treatment, recovering the water for reuse and promoting environmental stewardship for our community.

Vision

The Vision Statement is the aspirational description of how we see the future of our organization. It harnesses the Board of Directors' foresight into a single statement and inspires staff to be part of something bigger than themselves.

Our Vision: Create a holistic plan for environmental stewardship through efficient wastewater management, extensive community engagement, inspirational leadership and integrated partnerships

Core Values

The District's Core Values describe our organization's culture. They are the tenets that describe the way the District will achieve its vision and mission. Our philosophical approach is people over process:

- ***Service*** - Delivering value with humility, agility and reliability
- ***Trust*** - Starts with truth and ends with truth
- ***Collaboration*** - More than the sum of our parts
- ***Leadership*** - Be an example that inspires others
- ***Accountability*** - If it is to be, it's up to me
- ***Sustainability*** - Securing what we have for what will be

Strategic Goals

Strategic goals are informed by the vision and mission of the District. They define the direction provided by the Board to staff in order to move the District forward. Each strategic goal is a broad statement of what the District hopes to achieve over the next five years. It is more qualitative than quantitative in nature.

The District Goals are supported by Objectives (steps toward the overarching Strategic Goal) and Milestones (measurable accomplishments). Below is the list of Strategic Goals established by the Board of Directors:

- 1. Adopt infrastructure maintenance and modernization strategies that maximize performance, reduce risk and ensure reliable service in collaboration with local, regional and national partners to further the mission of the District.***

- 2. Be an environmental steward in our community through a commitment to reducing carbon emissions, maximizing resource recovery, minimizing our environmental footprint and making significant strides toward becoming a carbon-neutral enterprise.*
- 3. Promote financial policies and practices that support sustainability, integrity, innovation and responsible resource allocation for the organization.*
- 4. Identify and leverage information and data management systems to ensure responsible infrastructure management and promote an effective and innovative organization.*
- 5. Recruit, develop, inspire and retain employees who embrace West County Wastewater's identity, values and culture, while also providing a working environment that supports and rewards their efforts.*
- 6. Engage with our community, enhancing the image of West County Wastewater and building awareness of our role in keeping our community healthy.*

WEST COUNTY WASTEATER DISTRICT Principal Officials and Management

BOARD OF DIRECTORS

Cheryl Sudduth
President

David Alvarado
Vice President

Annie King-Meredith
Director

Harry Wiener
Director

Cheryl Sudduth
Director

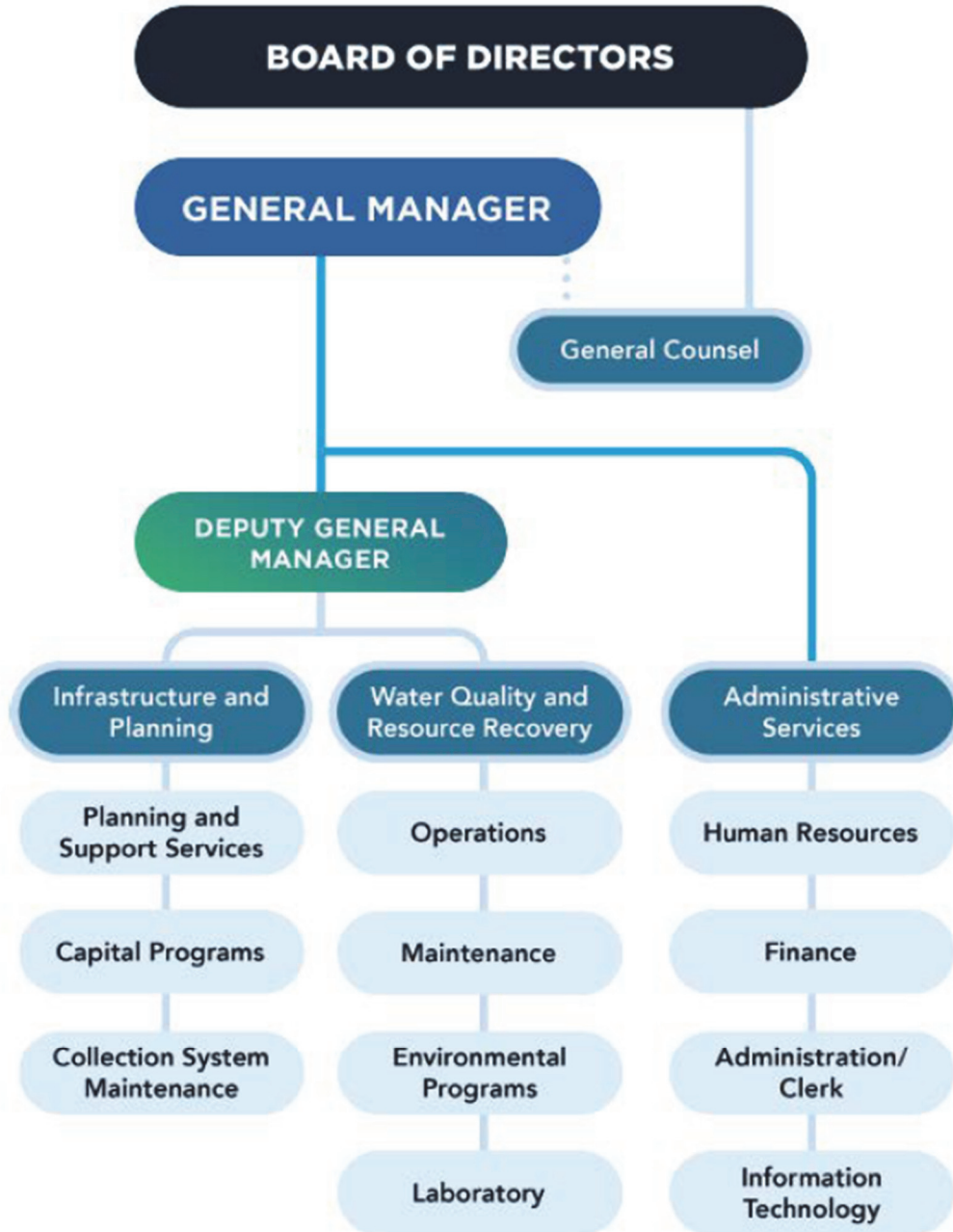
General Counsel

Nicole Witt, Partner
Hanson Bridgett LLP

Management

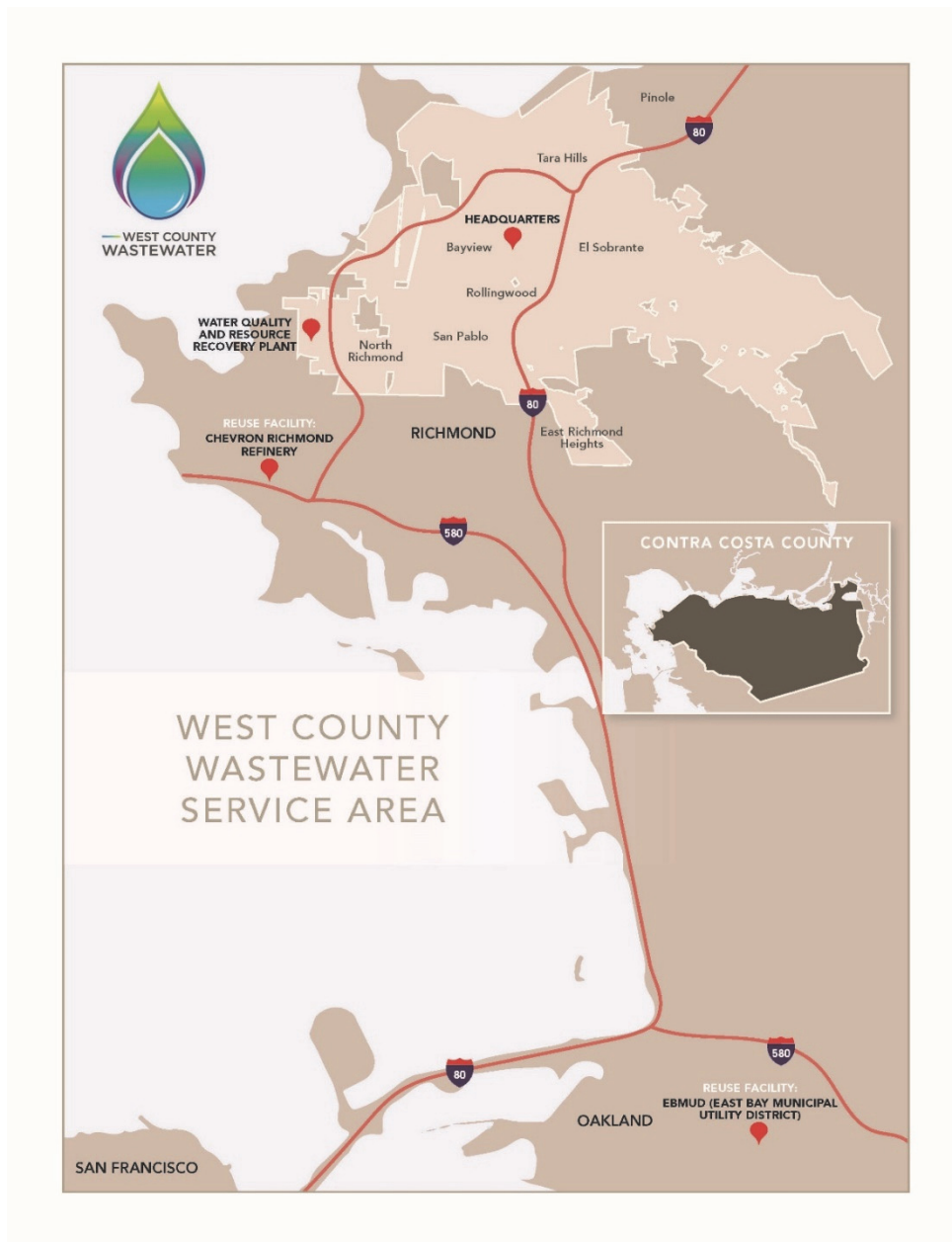
Andrew Clough, General Manager
Justin Lovell, Director of Administrative Services
Michael Savannah, Director of Infrastructure & Planning Department
Aaron Winer, Director of Water Quality & Resource Recovery Department

WEST COUNTY WASTEWATER DISTRICT Organizational Structure Chart



WEST COUNTY WASTEWATER DISTRICT District Map

The District is located in the western section of Contra Costa County, approximately 20 miles northeast of San Francisco and 12 miles north of Oakland. The District's service area encompasses 16.9 square miles. Roughly 6.9 square miles lie within the boundaries of the City of Richmond, 2.5 square miles lie within the City of San Pablo, 0.4 square miles lie within the City of Pinole and the remaining 7.2 square miles are within the unincorporated areas of Contra Costa County. The District's service area is fairly hilly, typical of the California coastal region.





Government Finance Officers Association

Certificate of
Achievement
for Excellence
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Reporting

Presented to

**West County Wastewater District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Financial Section

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
West County Wastewater District
Richmond, California

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

The financial statements of the District as of and for the year ended June 30, 2022, were audited by other auditors whose report dated February 10, 2023, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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.

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
March 28, 2024

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WEST COUNTY WASTEWATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Years Ending June 30, 2023 and 2022

Management's Discussion and Analysis ("MD&A") is designed to focus on the current and prior year's activities, resulting changes, and currently known facts. It should be read in conjunction with the District's basic financial statements. The MD&A also provides information about the economic factors affecting the District and financial contact information.

FINANCIAL HIGHLIGHTS

- The District's overall financial net position decreased during fiscal year 2023. The District had a net position balance of \$110.2 million on June 30, 2023. Total net position is comprised of net invested in capital assets of \$93.3 million, restricted for debt service of \$2.6 million, and unrestricted net position of \$14.2 million. Net position decreased by \$3.8 million for fiscal year 2023.
- The District's total operating revenues for fiscal year 2023 were \$29.6 million and total operating expenses were \$24.7 million, resulting in operating income of \$4.9 million before depreciation. After depreciation expenses of \$5.7 million, the operating loss is \$790,473, compared to an operating loss of \$1.8 million for fiscal year 2022.
- The District's non-operating revenues for fiscal year 2023 were \$6 million, consisting of property taxes, redevelopment allocation, rental income, and investment earnings compared to \$2 million for fiscal year 2022. The primary factor behind the increase in revenue was investment earnings. Non-operating expenses for fiscal year 2023 were \$2.1 million compared to \$2.2 million for fiscal year 2022.
- Capital contributions were \$0.8 million for fiscal year 2023, made up of sewer connection fees. This compares to capital contributions of \$0.6 million.

USING THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

The comprehensive annual financial report consists of this MD&A, a series of basic financial statements (described below) and notes to those statements. These statements are organized so the reader can understand the District as a financial whole. The statements provide an increasingly detailed look at specific financial activities. The basic financial statements also include notes that explain the information in the financial statements and provide more detailed data.

BASIC FINANCIAL STATEMENTS

The District consists exclusively of one Enterprise (Business type) Fund. Enterprise funds use the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Statement of Net Position: The Statement of Net Position is designed to report the available assets, deferred outflows, liabilities, deferred inflows, and net position for the District. Net Position is reported in three broad categories within the Statement of Net Position:

- Net investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

WEST COUNTY WASTEWATER DISTRICT
Management’s Discussion and Analysis
For the Fiscal Years Ending June 30, 2023 and 2022

- **Restricted:** This component of Net Position consists of restricted assets; when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.
- **Unrestricted:** Consists of Net Position that does not meet the definition of “Net Investment in Capital Assets,” or “Restricted.”

Statement of Revenues, Expenses and Changes in Net Position: This statement is similar to an Income Statement and includes Operating Revenues and Expenses, and Non-Operating Revenue and Expenses. The focus of this Statement is the “Change in Net Position”, which is similar to Net Income or Loss.

Statement of Cash Flows: This statement discloses net cash provided by, or used for, operating activities, non-capital financing activities, and from capital and related financing activities.

SUMMARY OF THE STATEMENT OF NET POSITION

The following table reflects the condensed statement of Net Position for the current and two preceding fiscal years. The District is engaged only in Business-Type Activities.

TABLE 1
Statement of Net Position

	2023	2022	2021	% Increase (Decrease) 2023 vs. 2022	% Increase (Decrease) 2022 vs. 2021
Assets:					
Current Assets	\$ 36,237,912	\$ 42,588,170	\$ 41,156,758	-14.91%	3.48%
Capital Assets	149,621,822	132,552,894	122,124,432	12.88%	8.54%
Other Non-Current Assets	75,919,208	94,844,583			
Total Assets	261,778,942	269,985,647	163,281,190	-3.04%	65.35%
Deferred Outflows of Resources	8,818,322	4,717,872	3,914,008	86.91%	20.54%
Total Assets and Deferred Outflows of Resources	\$ 270,597,264	\$ 274,703,519	\$ 167,195,198	-1.49%	64.30%
Liabilities:					
Current Liabilities	\$ 11,704,671	\$ 7,278,426	\$ 9,659,518	60.81%	-24.65%
Non-Current Liabilities	145,085,901	140,382,629	46,068,787	3.35%	204.72%
Total Liabilities	156,790,572	147,661,055	55,728,305	6.18%	164.97%
Deferred Inflows of Resources	3,593,524	11,867,416	3,372,115	-69.72%	251.93%
Net Position:					
Net Investment in Capital Assets	93,322,986	83,563,169	88,702,556	11.68%	-5.79%
Restricted	2,648,186	2,389,010	2,284,343	10.85%	4.58%
Unrestricted	14,241,996	29,222,869	17,107,879	-51.26%	70.82%
Total Net Position	110,213,168	115,175,048	108,094,778	-4.31%	6.55%
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 270,597,264	\$ 274,703,519	\$ 167,195,198	-1.49%	64.30%

WEST COUNTY WASTEWATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Years Ending June 30, 2023 and 2022

Major Factors Affecting the Statement of Net Position

- As of June 30, 2023, 93.5% of current assets consist of cash and cash equivalents. Current assets decreased \$6.3 million from fiscal year 2022 to 2023, primarily due to Capital Program expenses.
- See Table 3 for a discussion of Capital Asset changes and Table 4 for a discussion of loan activity.
- Deferred outflows of resources increased by \$4.1 million from fiscal year 2022 to 2023, due to GASB 68 and 75 Deferred Outflows, discussed in Notes 8 and 9 in the Financial Statements.
- Current liabilities, consisting of accounts payable, accrued expenses, payroll-related liabilities, the current portion of loans, and interest payable, increased \$4.4 million from fiscal year 2022 to 2023, primarily due to capital asset spending and bonds payable.
- Non-current liabilities increased by \$4.7 million from fiscal year 2022 to 2023. The factors behind this increase are the net pension liability and compensated absences, offset by the reduction in the bonds and notes payable.
- The District had outstanding debt of \$129.2 million on June 30, 2023 and \$132.5 million on June 30, 2022. The decrease in debt is due to principal payments on debt. See Table 4 for a discussion of lease, loan and bond activity.
- Net Position invested in capital assets increased from fiscal year 2022 to 2023 by \$9.7 million, due to prior year restatement.

WEST COUNTY WASTEWATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Years Ending June 30, 2023 and 2022

SUMMARY OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Table 2 presents the revenues and expenses for the current and two preceding fiscal years.
The District is engaged only in Business-Type Activities.

TABLE 2
Statement of Revenues, Expenses, and Changes in Net Position

	2023	2022	2021	% Increase (Decrease) 2023 vs. 2022	% Increase (Decrease) 2022 vs. 2021
Revenues					
Operating revenues					
Sewer service charge	\$ 28,417,526	\$ 26,501,120	\$ 25,614,601	7.23%	3.46%
Inspection/permit fees	364,365	320,155	212,066	13.81%	50.97%
Contract services	281,985	74,234	67,537	279.86%	9.92%
Other revenue	632,045	1,102,724	253,064	-42.68%	335.75%
Total operating revenues	29,695,921	27,998,233	26,147,268	6.06%	7.08%
Non-operating revenues					
Property taxes	1,569,994	1,521,549	1,320,397	3.18%	15.23%
Redevelopment allocation	178,576	185,480	303,186	-3.72%	-38.82%
Rental income	582,072	672,829	523,390	-13.49%	28.55%
Investment earnings	3,605,274	(355,101)	(2,867)	-1115.28%	12285.80%
Total non-operating revenues	5,935,916	2,024,757	2,144,106	193.17%	-5.57%
Total revenues	35,631,837	30,022,990	28,291,374	18.68%	6.12%
Expenses					
Operating expenses	30,486,394	29,795,419	27,409,292	2.32%	8.71%
Non-operating expenses	2,128,557	(6,247,963)	380,297	-134.07%	-1742.92%
Total expenses	32,614,951	23,547,456	27,789,589	38.51%	-15.27%
Increase (decrease) before capital contributions	3,016,886	6,475,534	501,785	-53.41%	1190.50%
Capital contributions:					
Connection fees	802,652	599,269	1,176,339	33.94%	-49.06%
Total capital contributions	802,652	599,269	1,176,339	33.94%	-49.06%
Change in net position	3,819,538	7,074,803	1,678,124	-46.01%	321.59%
Net position, beginning	115,175,048	108,094,778	106,284,654	6.55%	1.70%
Prior period adjustments	(8,781,418)	5,467	132,000	-	-
Net position, ending	\$ 110,213,168	\$ 115,175,048	\$ 108,094,778	-4.31%	6.55%

WEST COUNTY WASTEWATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Years Ending June 30, 2023 and 2022

Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Position:

- Total operating revenues for fiscal year 2023 were \$29.7 million, with total operating expenses at \$30.5 million, resulting in an operating loss of \$0.8 million. This contrasts with fiscal year 2022, where total operating revenues were \$28 million and total operating expenses were \$29.8 million, resulting in an operating loss of \$1.8 million.
- Sewer Service Charge revenue increased by \$1.9 million from the fiscal year 2022 to 2023, primarily driven by a 5.5% rate increase in fiscal year 2023.
- Operating expenses increased by \$0.6 million from fiscal year 2022 to 2023, primarily due to increases in sewage collection costs, driven by inflation.
- Non-operating revenues increased by \$3.9 million from fiscal year 2022 to 2023, reflecting the increase in investment earnings over the same period.
- The District's non-operating expenses of (\$6.3) million for fiscal year 2022, consisted primarily of loan proceeds received in fiscal year 2022 for capital facilities placed in service in prior fiscal years.
- Capital contributions, sewer connection fees, were \$0.8 million, compared to \$0.6 million for fiscal year 2022.

SUMMARY OF CAPITAL ASSETS

Table 3 presents a summary of the District's capital assets as of June 30, 2023 and 2022. Note 4 of the financial statement provides more detailed information about capital asset activity.

TABLE 3
Summary of Capital Assets

	2023	2022	% Increase (Decrease) 2023 vs. 2022
Land	\$ 2,451,806	\$ 2,451,806	0.00%
Construction in process	30,908,623	16,507,914	87.24%
Sewage collection and treatment facilities	202,912,905	194,835,488	4.15%
Equipment	6,866,392	6,559,039	4.69%
Vehicles	3,793,624	3,793,624	0.00%
Intangible right-to-use lease asset	9,580	9,580	0
Subtotal	246,942,930	224,157,451	7.45%
Less accumulated depreciation	(97,321,108)	(91,604,557)	5.90%
Total capital assets, net	\$ 149,621,822	\$ 132,552,894	8.54%

WEST COUNTY WASTEWATER DISTRICT
Management’s Discussion and Analysis
For the Fiscal Years Ending June 30, 2023 and 2022

Capital Asset Highlights:

Capital Assets increased by a net \$8.8 million from fiscal year 2022 to 2023, driven by an 87% increase in construction in progress. This includes the \$80 million Clean and Green project, started in fiscal year 2022, involves various energy efficiency and sustainability projects, including the replacement of influent pumps, installation of a carbon reduction system, upgrades to primary sludge pumps, and the implementation of high-efficiency aeration blowers, among others. Additionally, ongoing projects entail the replacement of sections within the sewer collection system.

SUMMARY OF DEBT OUTSTANDING

Table 4 presents a summary of the District’s loans payable as of June 30, 2023, 2022, and 2021. Note 6 of the basic financial statement provides more detailed information about loan activity.

TABLE 4
Debt Outstanding

	2023	2022	% Increase (Decrease) 2023 vs. 2022
Current portion	\$ 3,705,443	\$ 2,173,676	70.47%
Non-current portion	125,484,154	130,376,685	-3.75%
Loans Payable	\$ 129,189,597	\$ 132,550,361	-4.86%

Debt Highlights:

Loans payable experienced a net decrease of \$3.4 million from fiscal year 2022 to 2023 due to loan repayments.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

- In June 2021, the Board of Directors approved a five-year Sewer Use Charge rate plan, which includes annual 5.5% increases in sewer service charges for fiscal years beginning July 1, 2021 through June 30, 2025. Additionally, a 3% increase is scheduled for July 1, 2025 through June 30, 2026, to fund capital improvement costs outlined in the 2021 10-Year Capital Improvement Plan. The sewer rates will increase by 5.5% in fiscal year 2024.
- The district's first principal payment for the 2021 Wastewater Revenue Bond is scheduled in fiscal year 2024.
- WCW is committed to expending resources needed to treat wastewater to meet the environmental quality required by its permit. WCW continues to identify areas to reduce spending and achieve efficiencies through its Strategic Plan and biennial budget process.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Justin Lovell, Director of Administrative Services, West County Wastewater District, 2910 Hilltop Drive, Richmond, CA 94806-1974 or jlovell@wcwd.org or (510) 222-6700.

Basic Financial Statements

WEST COUNTY WASTEWATER DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and investments (Note 3)	\$ 33,872,082	\$ 40,883,614
Accrued interest receivable	279,610	62,308
Accounts receivable, net (Note 4)	960,158	669,320
Lease receivable - current (Note 15)	534,129	561,690
Material and supplies inventory	139,350	136,199
Prepaid items and deposits	452,583	275,039
Total current assets	36,237,912	42,588,170
NON-CURRENT ASSETS		
Restricted cash held with Trustee (Note 3)	73,940,383	93,212,628
Net OPEB Asset (Note 8)	1,549,000	668,000
Lease receivable - long term (Note 15)	429,825	963,955
Capital assets, non-depreciable (Note 4)	33,360,429	18,959,720
Capital assets, depreciable, net (Note 4)	116,261,393	113,593,174
Total non-current assets	225,541,030	227,397,477
TOTAL ASSETS	261,778,942	269,985,647
DEFERRED OUTFLOWS OF RESOURCES		
Other post-employment benefits (Note 8)	897,000	1,386,000
Pension (Note 9)	7,921,322	3,331,872
TOTAL DEFERRED OUTFLOWS	8,818,322	4,717,872
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	6,657,317	3,696,211
Accrued salaries and benefits	629,528	412,524
Accrued interest payable	329,845	660,741
Current portion of long-term liabilities		
Compensated absences (Note 6)	382,538	335,337
Lease liability (Note 7)	1,848	1,785
Loans payable (Note 7)	2,108,595	2,171,828
Bonds payable (Note 7)	1,595,000	-
Total current liabilities	11,704,671	7,278,426
NON-CURRENT LIABILITIES		
Compensated absences (Note 6)	1,530,151	1,341,346
Lease liability (Note 7)	5,427	7,275
Loans payable (Note 7)	33,549,148	35,657,742
Bonds payable, net of premium (Note 7)	91,929,579	94,711,731
Net pension liability (Note 9)	18,071,596	8,664,535
Total non-current liabilities	145,085,901	140,382,629
TOTAL LIABILITIES	156,790,572	147,661,055
DEFERRED INFLOWS OF RESOURCES		
Leases (Note 15)	917,907	1,492,479
Other post-employment benefits (Note 8)	1,558,000	2,186,000
Pension (Note 9)	1,117,617	8,188,937
TOTAL DEFERRED INFLOWS OF RESOURCES	3,593,524	11,867,416
NET POSITION (Note 10)		
Net investment in capital assets	93,322,986	83,563,169
Restricted for capital projects	2,648,186	2,389,010
Unrestricted	14,241,996	29,222,869
TOTAL NET POSITION	\$ 110,213,168	\$ 115,175,048

See accompanying notes to financial statements

WEST COUNTY WASTEWATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Sewer service charge	\$ 28,417,526	\$ 26,501,120
Inspection/permit fees	364,365	320,155
Contract services	281,985	74,234
Other revenue	632,045	1,102,724
Total operating revenues	<u>29,695,921</u>	<u>27,998,233</u>
OPERATING EXPENSES		
Sewage collection	5,767,155	5,586,282
Sewage treatment	11,401,577	12,408,672
Administration	4,838,762	6,473,292
Contract services	46,368	40,552
West County Agency	2,715,981	304,712
Total operating expenses	<u>24,769,843</u>	<u>24,813,510</u>
Operating income before depreciation	4,926,078	3,184,723
Depreciation (Note 5)	<u>(5,716,551)</u>	<u>(4,981,909)</u>
OPERATING INCOME	<u>(790,473)</u>	<u>(1,797,186)</u>
NONOPERATING REVENUES (EXPENSES)		
Property taxes	1,569,994	1,521,549
Redevelopment allocation	178,576	185,480
Rental income	582,072	672,829
Investment earnings	3,605,274	(355,101)
Interest expense	(2,141,309)	(2,216,142)
Bond proceeds, net of issuance cost	-	8,443,865
Loss on sale/disposition of capital assets	-	20,240
Other non-operating revenue (expenses)	12,752	-
Total nonoperating revenues (expenses), net	<u>3,807,359</u>	<u>8,272,720</u>
Net income (loss) before capital contributions	<u>3,016,886</u>	<u>6,475,534</u>
CAPITAL CONTRIBUTIONS		
Connection fees	802,652	599,269
Total capital contributions	<u>802,652</u>	<u>599,269</u>
CHANGES IN NET POSITION	<u>3,819,538</u>	<u>7,074,803</u>
NET POSITION, BEGINNING - AS PREVIOUSLY STATED	115,175,048	108,094,778
PRIOR PERIOD ADJUSTMENTS (Note 14)	(8,781,418)	5,467
NET POSITION, BEGINNING - AS RESTATED	<u>106,393,630</u>	<u>108,100,245</u>
NET POSITION, END OF YEAR	<u>\$ 110,213,168</u>	<u>\$ 115,175,048</u>

See accompanying notes to financial statements

WEST COUNTY WASTEWATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and others	\$ 29,987,155	\$ 25,705,721
Cash paid to employees for salaries and wages	(702,823)	(6,061,415)
Cash paid to vendors and suppliers for materials and services	(9,979,334)	(18,133,190)
Cash Flows from Operating Activities	19,304,998	1,511,116
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Property taxes	1,569,994	1,521,549
Redevelopment allocation	178,576	185,480
Cash Flows from Non-capital Financing Activities	1,748,570	1,707,029
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Net acquisition and construction of capital assets	(22,784,097)	(15,401,430)
Cash proceeds from disposal of capital asset	-	20,240
Proceeds from capital contributions	802,652	599,269
Proceeds from bond issuance	-	103,155,596
Principal paid	2,171,828	4,407,693
Interest paid	(2,472,205)	(1,772,055)
Cash Flows (used for) Capital and Related Financing Activities	(22,281,822)	91,009,313
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities of investment securities	(28,443,495)	
Interest earnings	3,387,972	(387,102)
Cash Flows from Investing Activities	(25,055,523)	(387,102)
NET CASH FLOWS	(26,283,777)	93,840,356
Cash, beginning of year	134,096,242	40,255,886
Cash, end of year	\$ 107,812,465	\$ 134,096,242

(Continued)

WEST COUNTY WASTEWATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (790,473)	\$ (1,797,186)
Depreciation	5,716,551	4,981,909
Rental income	582,072	672,829
Effect on GASB 68 on net pension liability	11,888,931	1,111,144
Effect on GASB 75 on net OPEB liability	(1,020,000)	(731,000)
(Increase) decrease in assets		
Accounts receivable	(290,838)	(145,566)
Inventory	(3,151)	(6,620)
Lease-related assets	561,691	(1,534,586)
Prepays	(177,544)	(57,807)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	2,961,106	(2,819,775)
Accrued salaries and wages	217,004	125,023
Lease-related liabilities	(576,357)	1,501,539
Compensated absences	236,006	211,212
	<u>\$ 19,304,998</u>	<u>\$ 1,511,116</u>
Net cash provided by operating activities		
RECONCILIATION OF CASH AND INVESTMENTS		
Unrestricted	\$ 33,872,082	\$ 40,883,614
Restricted	73,940,383	93,212,628
	<u>\$ 107,812,465</u>	<u>\$ 134,096,242</u>

See accompanying notes to financial statements

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**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 1 – REPORTING ENTITY

The West County Wastewater District (the District) is a sanitary district formed December 19, 1921 and operates pursuant to the provision of Section 6400 et. seq. of the State of California Health and Safety Code. The District is governed by an elected five-member Board of Directors that exercise the powers allowed by state statutes.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity*. The basic financial statements include the financial activities of the District and the West County Facilities Financing Authority (the Authority).

The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the District. *Blended component units* are component units that are so intertwined with the primary government that they are, in substance, the same as the primary government and are presented as part of the primary government. All other component units that don't fall under the blended category should be discretely presented. A *discretely presented component unit* is reported in a separate column(s) from the financial data of the primary government.

The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, by and between the District and the California Statewide Communities Development Authority (CSCDA). It was created by the District in 2021 with the primary purpose of issuing bonded obligations to provide financing for public capital improvements jointly owned and operated by the District or CSCDA. Despite being legally separate, the District is solely responsible for the financial burden of the debt issued by the Authority. Accordingly, the balances and transactions of this component unit were reported within the funds of the District as a blended component unit.

West County Agency (the Agency) is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, by and between the District, the City of Richmond, and the Richmond Municipal Sewer District. It was created with the primary purpose to plan, acquire, construct, manage, maintain, operate, and control certain joint sewerage facilities. The board members are appointed by the member agencies and serve at the pleasure of the appointing agency. While the District maintains operational responsibility for the Agency, it remains a legally separate entity, and the financial statements are available at the District's website at www.wcwwd.org.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The District's financial statements are prepared in conformity with U.S. GAAP. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses and recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. Current assets and current liabilities are those amounts expected to be received in cash, consumed, utilized, or paid within the next fiscal year.

The financial statements (i.e. the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows) report information on all activities of the primary government. The District accounts for its operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

In accordance with U.S. GAAP, the Statements of Net Position reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate element represents a consumption of net assets that applies to a future period and therefore will not be recognized as an expense until then. Alameda CTC reports deferred outflows from pension and other post-employment benefit activities.

In addition to liabilities, the Statement of Net Position and Governmental Funds Balance Sheet reports have a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and therefore will not be recognized as revenue until then. Alameda CTC reports deferred inflows from pension, other post-employment benefit activities and project revenues.

Cash and Cash Equivalents

Cash and equivalents include all highly liquid investments with maturity of 90 days or less and are carried at cost, which approximates fair value.

Investments

Investments are reported at fair value. Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (continued)

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, are recorded at fair value in the Statement of Net Position and categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Receivables

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management’s assessment of the collectability of existing accounts.

Materials and Supplies Inventory

Inventories consist of expendable material and supplies and are valued at cost using a first-in, first-out basis.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year end are recorded as prepaid items.

Capital Assets

Capital assets are valued at historical cost, or estimated historical cost, if actual historical cost was not available. Donated capital assets are valued at their estimate acquisition value of the date donated. The District policy has set the capitalization threshold for reporting capital assets at \$5,000, each of which must have an estimated useful life in excess of one year. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Sewage collection and treatment facilities	30 – 70 years
Equipment	4 – 10 years
Vehicles	3 – 15 years

Major outlays for capital assets are capitalized as construction in progress, and repairs and maintenance costs are expensed.

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

West County Wastewater District as Lessee: The District is a lessee for an equipment lease. The District recognizes a lease liability and an intangible right-to-use asset (lease asset) in its financial statements. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses its estimated state revolving fund loan borrowing rate as the discount rate for leases.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as intangible right-to-use asset and lease liability is reported with long-term liabilities on the statement of net position.

West County Wastewater District as Lessor: The District is a lessor for two ground/property leases. The lessees retain the option to terminate the lease agreement by providing a thirty-day written notice to the District. The District recognizes a lease receivable and a deferred inflows of resources.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The District uses the California Local Agency Investment Fund (LAIF) rates as the discount rate for leases with adjustment for applicable lease terms.

Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The District has a policy whereby an employee can accumulate unused sick leave, compensatory time and vacation. Employees are paid for unused vacation and compensatory time upon termination. Immediately prior to retirement, employees with a satisfactory record of service who otherwise qualify for retirement may be granted time off from the job, with full compensation, for a period of time not to exceed the amount of their accumulated sick leave time, or 60 work days, whichever is shorter. Management estimates that most employees will use sick leave or work until qualified for retirement and has accrued for 100% of accumulated sick leave balances, in addition to full accrual of accumulated compensatory time and vacation leave.

Net Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plan and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the plans (see Note 7). For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for OPEB reporting:

<u>PARS</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Valuation Date	June 30, 2021	June 30, 2021
Measurement date	June 30, 2023	June 30, 2022
Measurement period	July 1, 2022 - June 30, 2023	July 1, 2021 - June 30, 2022

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans (see Note 9). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

<u>CalPERS</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Valuation Date	June 30, 2021	June 30, 2020
Measurement date	June 30, 2022	June 30, 2021
Measurement period	July 1, 2021 - June 30, 2022	July 1, 2020 - June 30, 2021

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Pension Liability (Continued)

Gains and losses related to changes in the total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pension and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Net Position

Net position represents the difference between all other elements in the Statement of Net Position and should be displayed in the following three components:

Net Investment in Capital Assets - This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of debt that is attributable to the acquisition, construction, or improvement of those assets.

Restricted - This component consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.

Unrestricted - This component consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, the District policy is to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of the basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Sewer Use Charge Revenue

Sewer use charges determined by the District are included on property tax bills of the County of Contra Costa (the County). Sewer use charge revenue is recorded as revenue when received due to the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the County. The Teeter Plan authorizes the Auditor-Controller of the County to allocate 100% of the service charges billed, but not yet paid or collected to the District. Late payment fees and interest are collected by the County and not remitted to the District.

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sewer Use Charge Revenue (Continued)

The County remits sewer use charges and property tax revenue to the District in three installments as follows:

55%	remitted in December
40%	remitted in April
5%	remitted in June

Property Tax Revenue

Property taxes are levied on July 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County bills and collects property taxes and remits them to the District according to a payment schedule established by the County.

The County is permitted by State law to levy property taxes at 1% of full market value (at time of purchase) and can increase the property tax rate by no more than 2% per year. The District receives a share of this basic tax levy proportionate to what it received during the years 1976 – 1978. Property taxes are recognized in the fiscal year in which the taxes have been levied. The County remits property tax revenues to the District on the same schedule as sewer use charge revenues.

Subscription-Based Information Technology Arrangements

A Subscription-Based Information Technology Arrangements (SBITA) is defined as a contract that conveys control of the right to use another party’s information technology software, alone or in combination with tangible capital assets as specified in a contract for a period of time in an exchange or exchange-like transaction. The District recognizes SBITAs with an initial, individual value of \$100,000 or more. The District has no SBITAs as of June 30, 2023 that reached this threshold.

Subsequent Events

Management has evaluated subsequent events through the date of the audit opinion, which is the date on which the financial statements were available to be issued. No events came to management’s attention that would require additional adjustment or disclosure.

Prior Year Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District’s financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Reclassification

For the year ended June 30, 2023, certain classifications have been changed to improve financial statement presentation. For comparative purposes, prior year balances have been reclassified to confirm with the fiscal 2023 presentation.

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Pronouncements

For the year ended June 30, 2023, the District implemented the following GASB pronouncement:

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with such arrangements. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 15, 2021, or fiscal year 2022-23. The implementation of this Statement did not have a material effect on the financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements for a variety of topics. This Statement is effective for reporting periods beginning after June 15, 2022, or the fiscal year 2022-23. The implementation of this Statement did not have a material effect on the financial statements.

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement is effective for reporting periods beginning after June 15, 2022, or the fiscal year 2022-23. The implementation of this Statement did not have a material effect on the financial statements.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this Statement is to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. This Statement is effective for reporting periods beginning after June 15, 2022, or the fiscal year 2022-23. The implementation of this Statement did not have a material effect on the financial statements.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2022, or the fiscal year 2022-23. The implementation of this Statement did not have a material effect on the financial statements.

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Pronouncements

The following Governmental Accounting Standards Board Statements are effective in future years subsequent to the current financial reporting period:

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting for Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement is effective for reporting periods beginning after June 15, 2023, or the fiscal year 2023-24. The District has not yet determined the effect of this Statement on its financial statements.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement is effective for reporting periods beginning after December 15, 2023, or the fiscal year 2024-25. The District has not yet determined the effect of this Statement on its financial statements.

NOTE 3 – CASH AND INVESTMENTS

A summary of cash, deposits and investments is as follows:

Deposit or Investment	June 30, 2023	June 30, 2022
Cash on-hand or in banks	\$ 2,187,639	\$ 2,120,117
Local Agency Investment Fund	12,842,813	38,763,497
CAMP	15,811,388	-
CLASS	3,030,242	-
Total Cash and Investments	<u>33,872,082</u>	<u>40,883,614</u>
Restricted cash held with trustee	<u>73,940,383</u>	<u>93,212,628</u>
Total Cash and Investments	<u>\$ 107,812,465</u>	<u>\$ 134,096,242</u>

Cash Deposits

At June 30, 2023 and 2022, the carrying amount of the District’s demand deposits, including petty cash, were \$2,237,791 and \$2,120,117, respectively, and the financial institution balances were \$2,461,268 and \$2,674,868, respectively. The differences of \$223,477 at June 30, 2023 and \$554,752 at June 30, 2022 represent outstanding checks, deposits-in-transit, and/or other reconciling items.

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

Cash Deposits (Continued)

The California Government Code requires California banks and savings and loan associations to secure a district's deposits by pledging government securities with a value of 110% of a district's deposits. California law also allows financial institutions to secure a district's deposits by pledging first trust deed mortgage notes having a value of at least 150% of a district's total deposits. The District's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agency of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of the local government.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of the failure of the depository institution, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy requires that security transaction be conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2023 and 2022, none of the District's deposits and investments were exposed to disclosable custodial credit risk.

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investments

The District’s investments were in the Local Agency Investment Fund (LAIF), Investment in the California Asset Management Program, and Investment in the California Cooperative Liquid Asset Securities System (California CLASS) as follows:

	Measurement Input	Credit Rating	Fair Value	Maturity 12 months or Less
June 30, 2023	Uncategorized	N/A	\$ 12,842,813	\$ 12,842,813
June 30, 2022	Uncategorized	N/A	\$ 38,763,498	\$ 38,763,498

Cash balances are invested to the extent possible pursuant to the District’s approved Investment Policy and Guidelines and State Government Code. Investments are stated at the current fair value. Fair value information is provided as quoted on June 30, 2023 and 2022. The District does not plan to liquidate the investments before maturity and intends to hold the investments to maturity.

Authorized Deposits and Investments

The District is legally empowered by statute and resolution to invest in certificates-of-deposit and the California State Investment Pool – Local Agency Investment Fund (LAIF). The District’s investment policy identifies other investment types that are authorized for the District to invest in under California Government Code.

Investment in State Investment Pool

The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. 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.

The District’s investments with LAIF at June 30, 2023 and 2022 included a portion of the pool funds invested in structured notes and asset-backed securities.

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investment in State Investment Pool (Continued)

The District had \$12,842,813 and \$38,763,497 invested with LAIF at June 30, 2023 and 2022, respectively. The fair value factors of 0.984828499 and 0.987125414 were used to calculate the fair value of the investments in LAIF as of June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022 LAIF average day of Maturity was 260 days and 311 days, respectively.

Investment in the California Asset Management Program

The district is participant in the California Asset Management Program (CAMP) as permitted under California Government Code §53601(p). The pool is not registered with the Securities and Exchange Commission. The district's investment in the pool is reported in the accompanying financial statement at amounts based upon a net asset value of \$1.00 per share held by District. The balance available for withdrawal is based on accounting records maintained by CAMP, which is recorded on the amortized cost basis. On June 30, 2023, these investments matured in an average of 26 days and had an ending balance of \$15,811,388. Fiscal year 2023 was the first year of the District having the CAMP investment account.

Investment in the California Cooperative Liquid Asset Securities System (California CLASS)

The District is a participant in the Prime Fund of the California Cooperative Liquid Assets Securities System (California CLASS), a joint powers authority and public agency established by its members under the provisions of Section 6509.7 of the California Government Code. Members and participants are limited to California public agencies and certain nonprofit corporations whose membership is confined to public agencies or public officials. California CLASS is governed by a Board of Trustees of eligible participants of the program. The District reports its investment in California CLASS at the fair value amount provided by California CLASS, which is the same as the value of the pool shares. The balance in the Prime Fund is available for withdrawal on demand, and is based on the accounting records maintained by California CLASS. Included in California CLASS' investment portfolio are: United States Treasury Notes, Bills, Bonds or Certificates of Indebtedness; registered state warrants or treasury notes or bonds; California local agency bonds, notes, warrants or other indebtedness; federal agency or United States government sponsored enterprise obligations; bankers acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term notes; money market mutual funds; notes, bonds or other obligation secured by a first priority security interest in securities authorized under Government Code Section 53651; and mortgage passthrough securities, collateralized mortgage obligations, and other asset – backed securities. California CLASS' Prime Fund has a target portfolio duration of less than 60-120 days. On June 30, 2023, these investments matured in an average of 44 days. The investment in California CLASS, classified in Level 2 of the fair value hierarchy, is valued based on the fair value factor provided by the California CLASS, which is calculated as the average cost to net asset value per share of the Prime. At June 30, 2023, the fair value approximated the District's cost. Fiscal year 2023 was the first year of the District having the California CLASS investment account.

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 3 – CASH AND INVESTMENTS (Continued)

Fair Value Measurement Input

The District categorized its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs as noted in the above table.

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 fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District’s investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the table above.

Concentration of Credit Risk

The District’s investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District’s total investments except for those in LAIF, California CLASS and CAMP.

NOTE 4 – ACCOUNTS RECEIVABLE

At June 30, accounts receivable is comprised of the following:

	<u>2023</u>	<u>2022</u>
EBMUD	\$ 539,793	\$ 177,545
Internal Revenue Service	-	377,896
Chevron	338,507	60,610
Clean Water Program	18,429	49,530
Crockett Sanitary Department	17,783	15,634
Sampling	5,550	7,014
Permits and trucked waste	12,040	5,788
Republic Services	56,410	-
All other	3,783	7,440
Subtotal	<u>992,295</u>	<u>701,457</u>
Allowance for doubtful accounts	<u>(32,137)</u>	<u>(32,137)</u>
Net Accounts Receivable	<u>\$ 960,158</u>	<u>\$ 669,320</u>

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 5 – CAPITAL ASSETS

A summary of changes in capital assets and depreciation is as follows:

	Balance June 30, 2022	Additions	Deletions	Reclasses	Balance June 30, 2023
Non-depreciable assets:					
Land	\$ 2,451,806	\$ -	\$ -	\$ -	\$ 2,451,806
Construction-in-process	16,507,914	22,325,948	-	(7,925,239)	30,908,623
Total non-depreciable assets	18,959,720	22,325,948	-	(7,925,239)	33,360,429
Depreciable assets:					
Sewer collection & treatment facilities	194,835,488	152,178	-	7,925,239	202,912,905
Equipment	6,559,039	307,353	-	-	6,866,392
Vehicles	3,793,624	-	-	-	3,793,624
Intangible right-to-use lease asset	9,580	-	-	-	9,580
Total depreciable assets	205,197,731	459,531	-	7,925,239	213,582,501
Accumulated depreciation:					
Sewer collection & treatment facilities	(87,920,579)	(4,929,139)	-	-	(92,849,718)
Equipment	(3,091,113)	(467,877)	-	-	(3,558,990)
Vehicles	(592,226)	(317,619)	-	-	(909,845)
Intangible right-to-use lease asset	(639)	(1,916)	-	-	(2,555)
Total accumulated depreciation	(91,604,557)	(5,716,551)	-	-	(97,321,108)
Total depreciable assets, net	113,593,174	(5,257,020)	-	7,925,239	116,261,393
Total capital assets, net	\$ 132,552,894	\$ 17,068,928	\$ -	\$ -	\$ 149,621,822

	Balance June 30, 2021	Additions	Deletions	Reclasses	Balance June 30, 2022
Non-depreciable assets:					
Land	\$ 2,451,806	\$ -	\$ -	\$ -	\$ 2,451,806
Construction-in-process	13,838,564	15,245,434	(5,024)	(12,571,060)	16,507,914
Total non-depreciable assets	16,290,370	15,245,434	(5,024)	(12,571,060)	18,959,720
Depreciable assets:					
Sewer collection & treatment facilities	182,264,428	-	-	12,571,060	194,835,488
Equipment	6,274,453	284,586	-	-	6,559,039
Vehicles	3,793,624	-	-	-	3,793,624
Intangible right-to-use lease asset	-	9,580	-	-	9,580
Total depreciable assets	192,332,505	294,166	-	12,571,060	205,197,731
Accumulated depreciation:					
Sewer collection & treatment facilities	(83,348,634)	(4,571,945)	-	-	(87,920,579)
Equipment	(2,823,221)	(267,892)	-	-	(3,091,113)
Vehicles	(326,588)	(265,638)	-	-	(592,226)
Intangible right-to-use lease asset	-	(639)	-	-	(639)
Total accumulated depreciation	(86,498,443)	(5,106,114)	-	-	(91,604,557)
Total depreciable assets, net	105,834,062	(4,811,948)	-	12,571,060	113,593,174
Total capital assets, net	\$ 122,124,432	\$ 10,433,486	\$ (5,024)	\$ -	\$ 132,552,894

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 6 – ACCRUED COMPENSATED ABSENCES

The accrued liabilities for compensated absences for the fiscal years ending June 30, 2023 and 2022 were as follows:

Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion	Non-current Portion
\$ 1,676,683	\$ 276,215	\$ (40,209)	\$ 1,912,689	\$ 382,538	\$ 1,530,151

Balance at July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion	Non-current Portion
\$ 1,465,471	\$ 799,122	\$ (587,910)	\$ 1,676,683	\$ 335,337	\$ 1,341,346

NOTE 7 – LONG-TERM DEBT

Summary changes in long-term debt balances for the years ended June 30, 2023 and 2022 were as follows:

Description	Balance June 30, 2022	Additions	Payments	Balance June 30, 2023	Due within one year
Lease liability	\$ 9,060	\$ -	\$ (1,785)	\$ 7,275	\$ 1,848
Loans From Direct Borrowing:					
SRF Loan - Phase 1, Segment 1	1,094,526	-	(68,979)	1,025,547	70,289
SRF Loan - Phase 1, Segment 2	8,372,122	-	(437,708)	7,934,414	350,662
SRF Loan - Phase 1, Segment 3	12,025,073	-	(650,172)	11,374,901	662,525
SRF Loan - Recycled Water Upgrades	16,337,849	-	(1,014,968)	15,322,881	1,025,119
Debt Service:					
2021 Wastewater Revenue Bonds	79,575,000	-	-	79,575,000	1,595,000
Premium on 2021 Revenue Bonds	15,136,731	-	(1,187,152)	13,949,579	-
Total long-term debt	<u>\$ 132,550,361</u>	<u>\$ -</u>	<u>\$ (3,360,764)</u>	<u>\$ 129,189,597</u>	<u>\$ 3,705,443</u>

Description	Balance June 30, 2021	Additions	Payments	Balance June 30, 2022	Due within one year
Lease liability	\$ -	\$ 10,842	\$ (1,782)	\$ 9,060	\$ 1,785
Loans From Direct Borrowing:					
SRF Loan - Phase 1, Segment 1	1,162,219	-	(67,693)	1,094,526	68,979
SRF Loan - Phase 1, Segment 2	2,253,766	6,118,356	-	8,372,122	437,708
SRF Loan - Phase 1, Segment 3	12,663,122	-	(638,049)	12,025,073	650,172
SRF Loan - Recycled Water Upgrades	17,342,769	-	(1,004,920)	16,337,849	1,014,969
Debt Service:					
2021 Wastewater Revenue Bonds	-	79,575,000	-	79,575,000	-
Premium on 2021 Revenue Bonds	-	16,027,096	(890,365)	15,136,731	-
Total long-term debt	<u>\$ 33,421,876</u>	<u>\$ 101,731,294</u>	<u>\$ (2,602,809)</u>	<u>\$ 132,550,361</u>	<u>\$ 2,173,613</u>

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 7 – LONG-TERM DEBT (Continued)

Lessee Activities

The District has accrued liabilities for one equipment lease. The discount rate used in the calculation of the lease liability was 3.5%. The remaining liability for the lease is \$7,275 and \$9,060 as of June 30, 2023 and 2022, respectively. Right to use assets, net of amortization, for the lease is \$7,025 and \$8,941 as of June 30, 2023 and 2022, respectively. The District is required to make quarterly principal and interest payments of \$520. Final payment on this lease is expected in fiscal year 2027.

The District’s schedule of future payments included in the measurement of the lease liability is as follows:

For the Year Ended June 30	Principal	Interest	Total
2024	\$ 1,848	\$ 231	\$ 2,079
2025	1,914	165	2,079
2026	1,981	97	2,078
2027	1,532	27	1,559
Totals	\$ 7,275	\$ 520	\$ 7,795

SRF Loan Payable – Wastewater Facility and Collection System Rehabilitation Project Phase I, Segment 1

In 2015, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a 20-year State Revolving Fund (SRF) loan in an amount not-to-exceed \$1,654,505 with an interest rate of 1.90% per annum for capital projects. As of June 30, 2023 and 2022, this loan is outstanding in the amount of \$1,025,547 and \$1,094,526, respectively.

SRF Loan Payable - Wastewater Facility and Collection System Rehabilitation Project Phase I, Segment 2

In 2015, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a 20-year State Revolving Fund (SRF) loan in an amount not-to-exceed \$2,881,758 with an interest rate of 1.90% per annum for capital projects.

In 2016, Amendment 3 was issued, the amendment was executed in February 2021, increasing the total loan amount to \$8,918,272. As of June 30, 2023, and 2022, this loan is outstanding in the amount of \$7,934,414 and \$8,372,122, respectively.

SRF Loan Payable - Wastewater Facility and Collection System Rehabilitation Project Phase I, Segment 3

In fiscal year 2015, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a 20-year State Revolving Fund (SRF) loan in an amount not-to-exceed \$14,593,521 with an interest rate of 1.90% per annum for capital projects. As of June 30, 2023, and 2022, this loan is outstanding in the amount of \$11,374,901 and \$12,025,073, respectively.

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 7 – LONG-TERM DEBT (Continued)

SRF Loan Payable - Recycled Water Reliability Upgrades

In fiscal year 2015, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a 20-year State Revolving Fund (SRF) loan in an amount not-to-exceed \$30,457,093 with an interest rate of 1.00% per annum for capital projects. As of June 30, 2023, and 2022, this loan is outstanding in the amount of \$15,322,881 and \$16,337,849, respectively.

Principal and interest payments on all loans are due and payable each year as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,108,595	\$ 539,591	\$ 2,648,186
2025	2,139,432	508,754	2,648,186
2026	2,170,762	477,423	2,648,185
2027	2,202,597	445,590	2,648,187
2028	2,234,939	413,246	2,648,185
2029-2033	11,678,350	1,562,580	13,240,930
2034-2038	11,209,173	673,859	11,883,032
2039-2042	1,913,895	91,765	2,005,660
Total	<u>\$ 35,657,743</u>	<u>\$ 4,712,808</u>	<u>\$ 40,370,551</u>

2021 Revenue Bonds

During the year 2021, the District issued \$79,575,000 in revenue bonds at a premium of \$16,027,096, of which \$1,187,152 and \$890,364 has been amortized as of June 30, 2023 and 2022, respectively. The bond proceeds will be used to finance capital improvements to the District’s wastewater system and will mature on June 1, 2051, bearing interest at 4.00% annually. The issuance included \$40.845 million in serial bonds, a \$17.475 million term bond due on June 1, 2046, and a \$21.255 million in term bond due at final maturity date. As of June 30, 2023, and 2022, this bond is outstanding in the amount of \$79,575,000.

Principal and interest payments on the Bond are due and payable each year as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,595,000	\$ 3,183,000	\$ 4,778,000
2025	1,655,000	3,119,200	4,774,200
2026	1,725,000	3,053,000	4,778,000
2027	1,790,000	2,984,000	4,774,000
2028	1,865,000	2,912,400	4,777,400
2029-2033	10,495,000	13,382,000	23,877,000
2034-2038	12,765,000	11,109,200	23,874,200
2039-2043	15,535,000	8,342,600	23,877,600
2044-2048	18,900,000	4,977,000	23,877,000
2049-2051	13,250,000	1,073,800	14,323,800
Total	<u>\$ 79,575,000</u>	<u>\$ 54,136,200</u>	<u>\$ 133,711,200</u>

**WEST COUNTY WASTEWATER DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Years Ended June 30, 2023 and 2022**

NOTE 8 – NET OTHER POST EMPLOYMENT BENEFITS

Plan Description

The District provides Other Post-Employment Benefits (OPEB) to employees who retire from the District and meet certain eligibility requirements. Eligibility is based upon active employee status of the District at the time of retirement, completion of at least five years of employment with the District, having achieved the age of 50 or older, eligibility to retire under CalPERS, and not receiving health care benefits from any other source other than Medicare or workers’ compensation. The maximum employer’s contribution is limited to \$1,500 per month, regardless of which coverage the retiree has selected. The contribution requirements of Plan members and the District are established, and may be amended by, the Board of Directors.

A minimum of ten years of CalPERS service is required to receive 50% of the defined benefit. Five of those ten years must be at the District. The benefit increases by 5% for every year above ten. At twenty years, the beneficiary is eligible for 100% of the benefit. An employee who performs twenty years of service solely with the District is eligible for 100% of the benefit, even if they do not retire within 120 days of separation from the District.

The District contracts with CalPERS to administer its retiree health benefits plan (an agent multiple-employer defined benefit plan). In 2009, the District created a trust with Public Agency Retirement Services (PARS) for the purpose of prefunding obligations for past services.

Employees Covered

The following current and former employees were covered by the benefit terms under the Plan:

Actuarial measurement date	June 30, 2023	June 30, 2022
Active employees	65	64
Inactive employees or beneficiaries currently receiving benefits	55	51
Inactive employees entitled to, but not yet receiving benefits	-	1
Total	120	116

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 8 – NET OTHER POST EMPLOYMENT BENEFITS (Continued)

Contributions

The District’s plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the District and the bargaining units. The annual contribution is based on the actuarially determined contribution. The District’s contributions were as follows:

	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2022
Cash contributions to the trust	\$ 425,000	\$ 983,000
Benefit payments	573,000	559,000
Benefit payments reimbursed by trust	-	(794,000)
Implicit subsidy	126,000	132,000
Administrative expenses paid	2,000	1,000
Total contributions	\$ 1,126,000	\$ 881,000

Net OPEB Liability (Asset)

	Fiscal Year Ended June 30	
Amounts in thousands (000s)	2023	2022
Total OPEB Liability (TOL)	\$ 12,734	\$ 12,119
Fiduciary Net Position (FNP)	14,283	12,787
Net OPEB Liability (NOL)	\$ (1,549)	\$ (668)
Funded status (FNP/TOL)	112.2%	105.5%

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 8 – NET OTHER POST EMPLOYMENT BENEFITS (Continued)

Net OPEB Liability (Asset) (Continued)

The District’s Net OPEB (Asset) was measured on June 30, 2023, using a measurement period of July 1, 2022 to June 30, 2023. Update procedures were used to roll forward the Total OPEB Asset from the valuation date (June 30, 2021) to the measurement date (June 30, 2023), based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Measurement Date	June 30, 2023
Actuarial valuation date	June 30, 2021
Contribution policy	District contributes full ADC
Discount rate	5.50% at June 30, 2023 5.50% at June 30, 2022
Expected long-term rate of return on investments	Expected District contributions projected to be sufficient to accumulate sufficient plan assets to pay all benefits from the trust.
General inflation	2.50% annually
Mortality, retirement, disability, termination	CalPERS 1997-2015 Experience Study
Mortality improvement	Mortality projected fully generational with Scale MP-2021
Salary increases	<ul style="list-style-type: none"> • Aggregate - 2.75% annually • Merit – CalPERS 1997-2015 Experience Study
Medical trend	<ul style="list-style-type: none"> • Non-Medicare – 6.75% for 2022, decreasing to an ultimate of 3.75% in 2076.
Participation at retirement	100%
Medical plan at retirement	<ul style="list-style-type: none"> • Pre-Medicare: <ul style="list-style-type: none"> Anthem Traditional – 10% Blue Shield Access+ – 10% Health Net SmartCare – 10% Kaiser – 70% • Post-Medicare: <ul style="list-style-type: none"> Kaiser – 50% UnitedHealthcare – 10% PERS Platinum – 40%

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 8 – NET OTHER POST EMPLOYMENT BENEFITS (Continued)

Changes since June 30, 2022 Measurement Date

	June 30, 2023 Measurement Date
Changes of assumptions	• None
Changes of benefit terms	• None

Changes in the OPEB Liability/(Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) = (a) - (b)
Balance at June 30, 2021 (Measurement Date)	\$ 13,103,000	\$ 14,455,000	\$ (1,352,000)
Changes Recognized for the Measurement Period:			
Service cost	643,000	-	643,000
Interest	737,000	-	737,000
Actual vs. expected experience	(847,000)	-	(847,000)
Assumption changes	(826,000)	-	(826,000)
Employer contributions	-	881,000	(881,000)
Employee contributions	-	78,000	(78,000)
Net investment income	-	(1,901,000)	1,901,000
Benefit payments to retirees	(691,000)	(691,000)	-
Administrative Expense	-	(35,000)	35,000
Net Changes	(984,000)	(1,668,000)	684,000
Balance at June 30, 2022 (Measurement Date)	12,119,000	12,787,000	(668,000)
Changes Recognized for the Measurement Period:			
Service cost	631,000	-	631,000
Interest	683,000	-	683,000
Actual vs. expected experience			
Assumption changes			
Employer contributions	-	1,126,000	(1,126,000)
Employee contributions	-	132,000	(132,000)
Net investment income	-	971,000	(971,000)
Benefit payments to retirees	(699,000)	(699,000)	-
Administrative Expense	-	(34,000)	34,000
Net Changes	615,000	1,496,000	(881,000)
Balance at June 30, 2023 (Measurement Date)	\$ 12,734,000	\$ 14,283,000	\$ (1,549,000)

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 8 – NET OTHER POST EMPLOYMENT BENEFITS (Continued)

Discount Rate

The discount rate used to measure the total OPEB (Asset) was 5.50 percent. 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.

Expected Long-Term Rate of Return

	Target Allocation PARS-Moderate	Expected Real Rate of Return
Asset Class Component		
- Global Equity	50%	4.56%
- Fixed Income	45%	0.78%
- Cash	5%	(0.50%)
Assumed long-term rate of inflation		2.50%
Expected long-term net rate of return, rounded		5.50%

Sensitivity of the Net OPEB (Asset)/Liability to the Changes in the Discount Rate

The following presents the Net OPEB (Asset)/Liability of the District if it were calculated using a discount rate that is one percentage point higher or lower than the current discount rate, for the measurement periods ended:

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
June 30, 2023	\$ 63,000	\$ (1,549,000)	\$ (2,885,000)
June 30, 2022	\$ 862,000	\$ (668,000)	\$ (1,933,000)

Sensitivity of the Net OPEB (Asset)/Liability to the Changes in the Health Care Cost Trend Rates

The following presents the net OPEB (Asset)/Liability of the District if it were calculated using health care cost trend rates that are one percentage point higher or lower than the current rate, for the measurement periods ended:

	1 % Decrease	Current Trend Rate	1% Increase
June 30, 2023	\$ (3,263,000)	\$ (1,549,000)	\$ 570,000
June 30, 2022	\$ (2,183,000)	\$ (668,000)	\$ 1,198,000

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 8 – NET OTHER POST EMPLOYMENT BENEFITS (Continued)

OPEB Plan Fiduciary Net Position

An audited financial report for the plan is prepared by the plan administrator, Public Agency Retirement Services (PARS) 4350 Von Karman Avenue, Ste. 100, Newport Beach, CA 94660-2043; (800) 731-7884.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

- Net difference between projected and actual earnings on OPEB plan investments – 5 years
- All other amounts – Expected average remaining service lifetime (EARSL)

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

For the years ended June 30, 2023 and 2022, the District recognized actuarial OPEB expense of \$106,000 and \$150,000, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Year Ended June 30, 2023</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (928,000)
Changes of assumptions	158,000	(630,000)
Net difference between projected and actual earnings on plan investments	739,000	-
Total	<u>\$ 897,000</u>	<u>\$ (1,558,000)</u>

<u>Year Ended June 30, 2022</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,363,000)
Changes of assumptions	231,000	(823,000)
Net difference between projected and actual earnings on plan investments	1,155,000	-
Total	<u>\$ 1,386,000</u>	<u>\$ (2,186,000)</u>

**WEST COUNTY WASTEWATER DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Years Ended June 30, 2023 and 2022**

NOTE 8 – NET OTHER POST EMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

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

Fiscal Year Ending:	Deferred Outflows/ (Inflows) of Resources
2024	\$ (383,000)
2025	(139,000)
2026	233,000
2027	(319,000)
2028	(53,000)
Thereafter	

NOTE 9 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plans

Plan Description - All qualified permanent, probationary, and part-time employees are eligible to participate in the District’s Miscellaneous Employee Pension Rate Plan. The District’s Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing defined benefit pension plan regardless of the number of rate plans the employer sponsors. The District sponsors two rate plans (two miscellaneous). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee’s Retirement Law

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plans (Continued)

The Plan provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Tier 1	PEPRA
	Prior To January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55 - 60	52 - 62
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.0% to 2.5%
Required employee contribution rates 2023	8.00%	6.75%
Required employee contribution rates 2022	8.00%	6.75%
Required employer contribution rates 2023	15.25%	7.47%
Required employer contribution rates 2022	15.25%	7.59%
Required UAL contribution	\$1,295,260	\$7,154

Beginning in fiscal year 2016, CalPERS collects contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions towards the unfunded liability (UAL). The dollar amounts are billed on a monthly basis or can be paid in a lump sum at a reduced amount. The District elected to make the \$2,245,481 contributions and the required contribution for the unfunded liability was \$1,302,414 in fiscal year 2023, as shown in the table above.

Contributions - Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions.

For the year ended June 30, 2023, and 2022, the District’s total contributions to the Plan were \$2,245,481 and \$1,980,806, respectively.

For the years ended June 30, 2023 and 2022, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous		
	Classic	PEPRA	Total
Employer contributions 2023	\$ 1,873,615	\$ 371,866	\$ 2,245,481
Employer contributions 2022	\$ 1,691,421	\$ 289,385	\$ 1,980,806

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employer contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

The District reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Miscellaneous Plan	
	June 30, 2023	June 30, 2022
Proportionate share of the net pension liability	\$ 18,071,596	\$ 8,664,535

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30, 2022, 2021, and 2020 measurement dates was as follows:

	PERF C
Proportion - June 30, 2021	0.16021%
Proportion - June 30, 2022	0.156453%
Change - Increase (Decrease)	-0.00376%
	PERF C
Proportion - June 30, 2020	0.13940%
Proportion - June 30, 2021	0.16021%
Change - Increase (Decrease)	0.02081%

For the years ended June 30, 2023, and 2022 the District recognized actuarial pension (income) expense of \$(8,228) and \$3,091,950, respectively.

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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
Year ended June 30, 2023		
Pension contributions subsequent to measurement date	\$ 2,245,481	\$ -
Changes in assumptions	1,851,813	-
Differences between actual and expected experience	362,913	(243,063)
Change in employer's proportion	150,879	(147,586)
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(726,968)
Net differences between projected and actual earnings on plan investments	3,310,236	-
Total	\$ 7,921,322	\$ (1,117,617)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30, 2022		
Pension contributions subsequent to measurement date	\$ 1,980,806	\$ -
Changes in assumptions		
Differences between actual and expected experience	971,635	-
Change in employer's proportion	379,431	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(7,563,681)
Net differences between projected and actual earnings on plan investments	-	(625,256)
Total	\$ 3,331,872	\$ (8,188,937)

Of the \$7,921,322 reported as deferred outflow of resources at June 30, 2023, \$2,245,481 related to contributions subsequent to the to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

Fiscal Year Ending:	Deferred Outflows (Inflows) of Resources
2024	\$ (1,074,201)
2025	(942,344)
2026	(517,025)
2027	(2,024,654)
Total	\$ (4,558,224)

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2022, the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2021 total pension liability were based on the following actuarial methods and assumptions for all benefit tiers:

	Miscellaneous
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by entry age and service
Mortality	Derived by CalPERS Membership Data for all funds (1)

(1) The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The expected real rate of return by asset class are as follows:

Asset Class	Assumed asset Allocation	Real Return Years 1 - 10 ^{1,2}
Global Equity-Cap-Weighted	30.0%	4.54%
Global Equity - Non-Cap-Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-Backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100%</u>	

- (1) An expected inflation of 2.30% used for this period.
(2) Figures are based on the 2021 Asset Liability Management study.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower or 1- percentage point higher than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
June 30, 2023	\$ 27,371,111	\$ 18,071,596	\$ 10,420,403
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
June 30, 2022	\$ 17,086,374	\$ 8,664,535	\$ 1,702,321

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following at June 30:

Description	2023	2022
Net investment in capital assets:		
Capital assets not being depreciated	\$ 33,360,427	\$ 18,959,720
Capital assets being depreciated, net	116,261,395	113,384,233
Unspent bond proceeds	73,940,383	(11,151,214)
Capital related retention payable	(1,049,622)	
Long term debt payable - current	(3,705,443)	(2,171,828)
Long term debt payable - noncurrent	(125,484,154)	(35,657,742)
Total net investment in capital assets	<u>\$ 93,322,986</u>	<u>\$ 83,363,169</u>

NOTE 11 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, The District participates in IRC No. 457 Deferred Compensation Programs. The purpose of these programs is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. The District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District’s general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

NOTE 12 – RISK MANAGEMENT

The District participates in a joint venture under a joint power agreement (JPA) with the California Sanitation Risk Management Authority (CSRMA). The relationship between the District and CSRMA is such that CSRMA is not a component unit of the District for financial reporting purposes. CSRMA arranges for and provides workers’ compensation, property, liability, errors, and omissions insurance for its member governmental entities. A board consisting of representatives from its member entities governs the CSRMA. The board controls the operations of the CSRMA including selection of management and approval of operating budgets, independent of any influence by the member agency beyond their representation on the board. Each member agency pays a premium commensurate with the level of coverage required and shares surpluses and deficits proportionate to their participation in the CSRMA. CSRMA has budgeting and financial reporting requirements independent of member units and its financial statements are not presented in these financial statements. Audited financial statements are available from the respective entity.

In addition to the primary insurance types provided for through CSRMA listed above, the District also maintains commercial fidelity bonds, public employee dishonesty and public official bonds, to protect against employee theft or defalcation. Settled claims for CSRMA or the District’s commercial fidelity bonds have not exceeded coverage in any of the past three fiscal years.

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 13 – COMMITMENTS AND CONTINGENCIES

West County Agency – A Joint Venture

The West County Agency (the Agency) operates under a joint exercise of powers agreement (JPA) between the District, the District of Richmond, and the Richmond Municipal Sewer District. The Agency is a joint venture, which is legally separate from its participants and is governed by a Board of Directors appointed by and from the governing boards of its member agencies. The Board of Directors establishes the Agency’s operating budget, which sets the contributions required from each of the member agencies and exercises the other powers specified in the JPA agreement. Expenses consist of pipeline and outfall operations and maintenance costs. Agency assets are held separately from the District’s assets, and the Agency does not hold any significant assets or liabilities at this time. As of June 30, 2023, and 2022, the Agency had an unrestricted net position of \$351,987 (unaudited) and \$350,254 (audited), respectively. For more detail, the financial statements of the Agency are available at the District’s office.

Grant Awards

Grant funds received by the District are subject to audit by grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. The District has reviewed all potential and pending litigation and provided for these liabilities and potential liabilities as part of accounts payable at June 30, 2023 and 2022.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

Prior period adjustments shown on the Statements of Revenues, Expenses, and Changes in Net Position are as follows:

	FY 2023	FY 2022
Net position, beginning - as previously stated	\$ 115,175,048	\$ 108,094,778
Implementation of GASB No. 87, <i>Leases</i>	-	5,467
Bond proceeds reported as non-operating revenue in FY 2022	(8,732,119)	-
EDD liability missed in FY 2022	(49,299)	-
Net position, beginning - as restated	\$ 106,393,630	\$ 108,100,245

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 15 – LEASES

Lessor Activities

The District has accrued a receivable for a ground lease and a property lease. The remaining receivables for these leases are \$963,954 and \$1,525,645 as of June 30, 2023 and 2022, respectively. Deferred inflows related to these leases are \$917,907 and \$1,492,479 as of June 30, 2023 and 2022, respectively. Lease revenue of \$582,072 and \$697,905 was recognized for the years ending June 30, 2023 and 2022, respectively.

The City of Richmond (COR) and Richmond Municipal Sewer District (RMSD) entered into an operating lease with the District, effective January 1, 2017, to lease real property in Contra Costa County for biosolids lagoons. The base rent for the leased land started at \$184,324 per year and is set to escalate 6% every calendar year. The current rate is \$246,666 per calendar year. The agreement terminates December 31, 2025. The lessees, COR and RMSD, retain an option to terminate the lease agreement by providing a one-year written notice to the District. The total remaining minimum future rental receipts for the leasing arrangements is as follows:

<u>Fiscal Year</u>	<u>Minimum Receipts</u>
2024	\$ 266,247
2025	283,577
2026	<u>146,248</u>
Total	<u>\$ 696,072</u>

Shimmick Construction and Danny’s Construction entered into a joint operating lease with the District, effective February 1, 2018, to lease 90,000 square feet of District property. The base rent for the leased property at the most recent amendment dated February 1, 2021 was \$25,076 monthly and is set to increase 3% each year during the term. As of June 30, 2023, monthly rent was \$26,603. The agreement terminates on April 30, 2024. The total remaining minimum future rental receipts for the leasing arrangements is as follows:

<u>Fiscal Year</u>	<u>Minimum Receipts</u>
2024	<u>\$ 267,882</u>
Total	<u>\$ 267,882</u>

Required Supplementary Information

WEST COUNTY WASTEWATER DISTRICT
 Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
 As of fiscal year ending June 30, 2023
 Last 10 Years *

**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY**

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Date:	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Plan's proportion of the net pension liability	0.156453%	0.160210%	0.139400%	0.135760%	0.131560%	0.130457%	0.127600%	0.120987%	0.116172%
Plan's proportion share of the net pension liability	\$ 18,071,596	\$ 8,664,535	\$ 15,167,349	\$ 13,911,458	\$ 12,677,363	\$ 12,937,710	\$ 11,041,346	\$ 8,304,443	\$ 7,228,755
Plan's covered payroll	\$ 7,861,885	\$ 7,396,002	\$ 6,442,006	\$ 5,637,238	\$ 6,127,535	\$ 5,941,774	\$ 5,722,480	\$ 5,320,757	\$ 4,275,865
Plan's proportionate share of the net pension liability/ as a percentage of its covered payroll	229.86%	117.15%	235.44%	246.78%	206.89%	217.74%	192.95%	156.08%	169.06%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	76.68%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	83.03%

Cost-Sharing Multiple Employer Defined Benefit Pension Plan
 As of fiscal year ending June 30, 2023
 Last 10 Years
SCHEDULE OF CONTRIBUTIONS

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 2,245,481	\$ 1,980,806	\$ 1,822,900	\$ 1,546,872	\$ 1,332,090	\$ 1,206,117	\$ 1,145,214	\$ 978,212	\$ 808,084	\$ 809,429
Contributions in relation to the actuarially determined contributions **	(2,245,481)	(1,980,806)	(1,822,900)	(1,546,872)	(1,332,090)	(208,489)	(301,285)	(978,212)	(808,084)	(809,429)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 997,628	\$ 843,929	\$ -	\$ -	\$ -
Covered payroll	\$ 8,952,052	\$ 7,861,885	\$ 7,396,005	\$ 6,442,006	\$ 5,637,238	\$ 6,127,335	\$ 5,941,774	\$ 5,722,480	\$ 5,320,757	\$ 4,275,865
Contributions as a percentage of covered payroll	25.08%	25.20%	24.65%	24.01%	23.63%	3.40%	5.07%	17.09%	15.19%	18.93%

Notes to Schedule

Actuarially Determined Contribution Assumptions:

Valuation date:	6/30/2021
Actuarial cost method	Entry age normal cost method
Amortization method	Derived using CalPERS Membership Data
Remaining amortization period	Differs by employer rate plan but not more than 29 years
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Discount rate	6.90%
Mortality	The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

* Historical information is presented only for measurement periods for which GASB 68 is applicable. This required supplementary information is intended to present information for ten years. Additional years' information will be presented as it becomes available

** Employers are assumed to make contributions equal to the actuarial determined contributions. However, some employers may choose to make additional contributions towards their side-fund or their unfunded liability. Employer contributions for such plan exceed the actuarial determined contributions. CalPERS has determined that employer obligations referred to as side-funds are not considered separately finance specific liabilities.

WEST COUNTY WASTEWATER DISTRICT
Schedule of Changes in Net OPEB Liability and Related Ratios
for the Measurement Period Ended June 30, 2023

Measurement period	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 631,000	\$ 643,000	\$ 593,000	\$ 750,000	\$ 1,435,000	\$ 686,000
Interest on OPEB liability	683,000	737,000	739,000	803,000	1,430,000	626,000
Actual vs. expected experience	-	(847,000)	-	(1,547,000)	-	-
Changes in assumptions	-	(826,000)	377,000	(310,000)	-	-
Benefits paid to retirees	(699,000)	(691,000)	(646,000)	(574,000)	(854,000)	(304,000)
Net change in total OPEB liability	<u>615,000</u>	<u>(984,000)</u>	<u>1,063,000</u>	<u>(878,000)</u>	<u>2,011,000</u>	<u>1,008,000</u>
Total OPEB liability - beginning	<u>12,119,000</u>	<u>13,103,000</u>	<u>12,040,000</u>	<u>12,918,000</u>	<u>10,907,000</u>	<u>9,899,000</u>
Total OPEB liability - ending (a)	<u>\$ 12,734,000</u>	<u>\$ 12,119,000</u>	<u>\$ 13,103,000</u>	<u>\$ 12,040,000</u>	<u>\$ 12,918,000</u>	<u>\$ 10,907,000</u>
Plan fiduciary net position						
Employer Contributions	\$ 1,126,000	\$ 881,000	\$ 1,809,000	\$ 1,805,000	\$ 2,473,000	\$ 1,119,000
Employee Contributions	132,000	78,000	80,000	68,000	-	-
Net investment income	971,000	(1,901,000)	2,493,000	360,000	962,000	553,000
Benefits paid to retirees	(699,000)	(691,000)	(646,000)	(574,000)	(854,000)	(304,000)
Administrative expense	(34,000)	(35,000)	(31,000)	(24,000)	(39,000)	(14,000)
Net change in plan fiduciary net position	<u>1,496,000</u>	<u>(1,668,000)</u>	<u>3,705,000</u>	<u>1,635,000</u>	<u>2,542,000</u>	<u>1,354,000</u>
Plan fiduciary net position - beginning	<u>12,787,000</u>	<u>14,455,000</u>	<u>10,750,000</u>	<u>9,115,000</u>	<u>6,573,000</u>	<u>5,219,000</u>
Plan fiduciary net position - ending (b)	<u>14,283,000</u>	<u>12,787,000</u>	<u>14,455,000</u>	<u>10,750,000</u>	<u>9,115,000</u>	<u>6,573,000</u>
Net OPEB liability/(asset) - ending (a) - (b)	<u>\$ (1,549,000)</u>	<u>\$ (668,000)</u>	<u>\$ (1,352,000)</u>	<u>\$ 1,290,000</u>	<u>\$ 3,803,000</u>	<u>\$ 4,334,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	112.16%	105.51%	110.32%	89.29%	70.56%	60.26%
Covered payroll	\$ 10,166,000	\$ 8,609,000	\$ 8,389,000	\$ 7,242,000	\$ 6,318,000	\$ 6,625,000
Net OPEB liability/(asset) as a percentage of covered payroll	<u>-15.24%</u>	<u>-7.76%</u>	<u>-16.12%</u>	<u>17.81%</u>	<u>60.19%</u>	<u>65.42%</u>

Notes to Schedule:

Historical information is required only for measurement periods for which GASB No. 75 is applicable. Future years' information will be displayed, up to 10 years, as information becomes available.

WEST COUNTY WASTEWATER DISTRICT
Schedule of OPEB Contributions
Last Ten Fiscal Years *

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 420,000	\$ 1,272,000	\$ 1,242,000	\$ 1,312,000	\$ 1,118,000	\$ 962,000
Contributions in relation to the actuarially determined contribution	<u>(1,126,000)</u>	<u>(881,000)</u>	<u>(1,809,000)</u>	<u>(1,805,000)</u>	<u>(1,282,000)</u>	<u>(1,191,000)</u>
Contribution deficiency (excess)	<u>\$ (706,000)</u>	<u>\$ 391,000</u>	<u>\$ (567,000)</u>	<u>\$ (493,000)</u>	<u>\$ (164,000)</u>	<u>\$ (229,000)</u>
Covered-employee payroll	\$ 10,166,000	\$ 8,609,000	\$ 8,389,000	\$ 7,242,000	\$ 6,318,000	\$ 6,625,000
Contributions as a percentage of covered-employee payroll	11.08%	10.23%	21.56%	24.92%	20.29%	17.98%

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021 were selected by the District after consultation with the actuary

* Historical information is required only for measurement periods for which GASB No. 75 is applicable. Future years' information will be displayed, up to 10 years, as information becomes available

Methods and assumptions used to determine contribution:

Valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal, Level Percentage of Payroll
Amortization method	Level percent of payroll
Amortization period	17-year fixed period for 2022/2023
Asset valuation method	Market value of assets
Discount rate	5.50%
General inflation	2.50%
Medical trend	Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser) - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) - 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076
Mortality	CalPERS 1997-2015 experience study
Mortality improvement	Mortality projected fully generational with Scale MP-2021

Statistical Information Section

FINANCIAL TRENDS
WEST COUNTY WASTEWATER
CHANGES IN NET POSITION AND STATEMENT OF NET POSITION
Last Ten Fiscal Years

Change in Net Position	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Operating revenues:</u>					
Sewer service charge	\$ 28,417,526	\$ 26,501,120	\$ 25,614,601	\$ 25,625,752	\$ 23,795,768
Inspection/permit fees	364,365	320,155	212,066	192,230	277,981
Contract services	281,985	74,234	67,537	69,193	87,091
Other revenue	632,045	1,102,724	253,064	91,056	48,072
Total operating revenues	<u>29,695,921</u>	<u>27,998,233</u>	<u>26,147,268</u>	<u>25,978,231</u>	<u>24,208,912</u>
<u>Operating expenses:</u>					
Sewage collection	5,767,155	5,586,282	5,103,216	5,351,979	2,197,399
Sewage treatment	11,401,577	12,408,672	12,042,302	9,453,524	7,197,285
Administration	4,840,678	6,473,292	5,055,290	5,677,700	5,718,627
Contract services	46,368	40,552	81,216	31,311	64,076
West County Agency	2,715,981	304,712	8,095	537,834	268,066
Depreciation expense	5,714,635	4,981,909	5,119,173	5,754,097	4,634,050
Total operating expenses	<u>30,486,394</u>	<u>29,795,419</u>	<u>27,409,292</u>	<u>26,806,445</u>	<u>20,079,503</u>
Operating Income (loss)	<u>(790,473)</u>	<u>(1,797,186)</u>	<u>(1,262,024)</u>	<u>(828,214)</u>	<u>4,129,409</u>
<u>Non-operating revenues (expenses):</u>					
Property taxes	1,569,994	1,521,549	1,320,397	1,257,113	1,192,713
Redevelopment allocation	178,576	185,480	303,186	339,844	322,356
Rental income	582,072	672,829	523,390	507,694	675,254
Investment earnings	3,605,274	(355,101)	(2,867)	922,465	817,201
Interest expense	(2,141,309)	(2,216,142)	(430,961)	(463,090)	(450,324)
Other revenue (expense), net	12,752	8,464,105	50,664	(6,082)	(417)
Total non-operating revenues (expenses), net	<u>3,807,359</u>	<u>8,272,720</u>	<u>1,763,809</u>	<u>2,557,944</u>	<u>2,556,783</u>
Net income before capital contributions	3,016,886	6,475,534	501,785	1,729,730	6,686,192
<u>Capital contributions:</u>					
State capital grants					354,885
Connection fees	802,652	599,269	1,176,339	578,975	454,195
Contributed sewer lines					
Total capital contributions	<u>802,652</u>	<u>599,269</u>	<u>1,176,339</u>	<u>578,975</u>	<u>809,080</u>
Change in net position	3,819,538	7,074,803	1,678,124	2,308,705	7,495,272
<u>Net position</u>					
Beginning of year	115,175,048	108,094,778	106,284,654	103,975,949	96,480,677
Prior period adjustments	(8,781,418)	5,467	132,000		
Net Position - End of year	<u>\$ 110,213,168</u>	<u>\$ 115,175,048</u>	<u>\$ 108,094,778</u>	<u>\$ 106,284,654</u>	<u>\$ 103,975,949</u>
<u>Net position</u>					
Invested in Capital Assets	\$ 93,322,986	\$ 83,563,169	\$ 88,702,556	\$ 80,174,152	\$ 82,260,957
Restricted	2,648,186	2,284,343	2,284,343	2,284,343	2,134,873
Unrestricted	14,241,996	29,327,536	17,107,879	23,826,159	19,580,119
Total Net Position	<u>\$ 110,213,168</u>	<u>\$ 115,175,048</u>	<u>\$ 108,094,778</u>	<u>\$ 106,284,654</u>	<u>\$ 103,975,949</u>

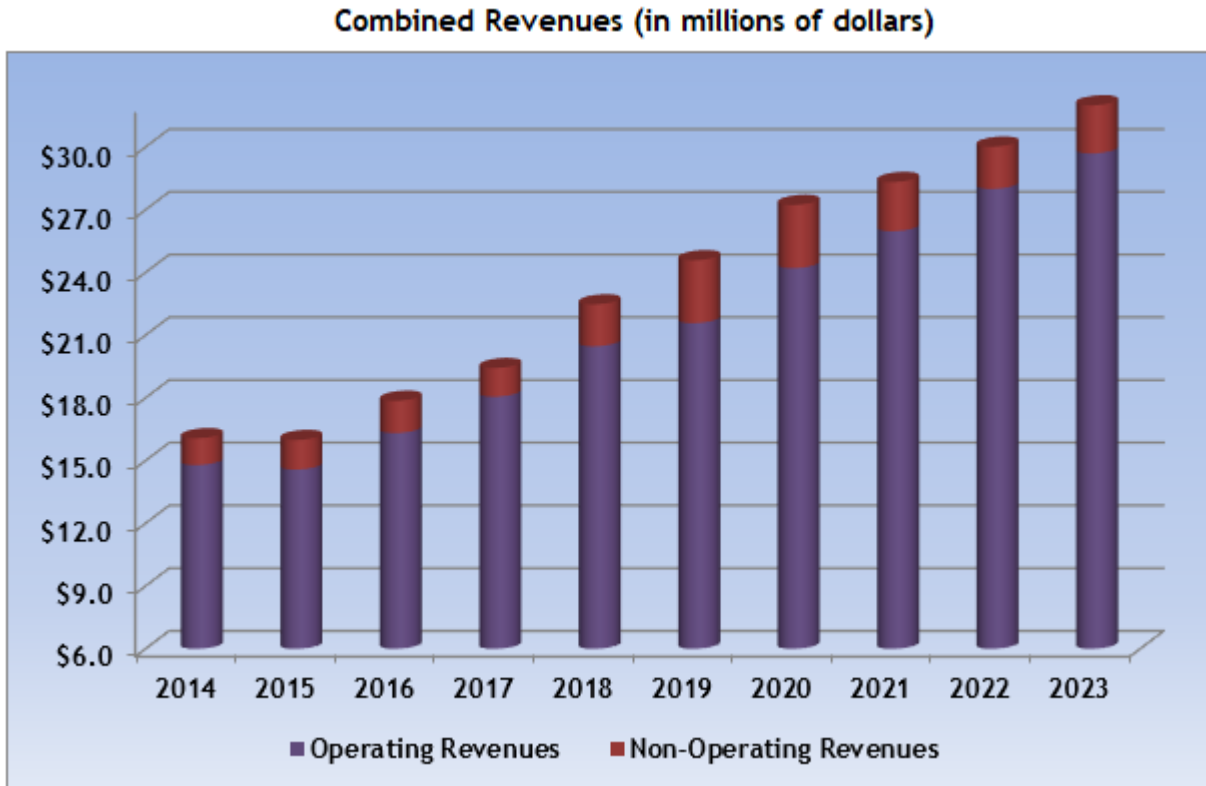
Source: West County Wastewater District Audited Financial Statements

FINANCIAL TRENDS
WEST COUNTY WASTEWATER
CHANGES IN NET POSITION AND STATEMENT OF NET POSITION
Last Ten Fiscal Years (continued)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenues:					
Sewer use charge	\$ 21,047,634	\$ 19,780,211	\$ 17,290,831	\$ 15,650,703	\$ 14,038,949
Inspection/permit fees	231,481	300,183	248,888	316,476	192,139
Contract services	106,279	221,643	300,737	329,339	316,961
Other revenue	194,610	170,067	221,698	25,302	24,182
Total operating revenues	<u>21,580,004</u>	<u>20,472,104</u>	<u>18,062,154</u>	<u>16,321,820</u>	<u>14,572,231</u>
Operating expenses:					
Sewage collection	4,236,904	3,783,288	3,815,139	3,768,123	3,639,837
Sewage treatment	7,298,501	6,784,087	5,976,699	5,704,464	5,208,478
Administration	4,553,523	3,899,443	2,631,540	2,740,638	2,868,589
Contract services	84,834	147,060	272,421	303,888	269,874
West County Agency	121,698	174,212	148,541	107,463	133,670
Depreciation expense	3,198,839	3,071,113	3,119,615	3,222,967	2,940,249
Total operating expenses	<u>19,494,299</u>	<u>17,859,203</u>	<u>15,963,955</u>	<u>15,847,543</u>	<u>15,060,697</u>
Operating Income (loss)	<u>2,085,705</u>	<u>2,612,901</u>	<u>2,098,199</u>	<u>474,277</u>	<u>(488,466)</u>
Non-operating revenues (expenses):					
Property taxes	1,082,059	1,057,151	977,876	900,157	790,139
Redevelopment allocation	312,470	160,943	141,994	215,512	120,307
Rental income	311,948	90,941	353,536	258,827	341,007
Investment earnings & Expense	(91,867)	61,556	70,451	43,743	34,712
Other revenue (expense), net	(97,276)	(109,312)		(2,275,124)	
Total non-operating revenues (expenses), net	<u>1,517,334</u>	<u>1,261,279</u>	<u>1,543,857</u>	<u>(856,885)</u>	<u>1,286,165</u>
Net income before capital contributions	3,603,039	3,874,180	3,642,056	(382,608)	797,699
Capital contributions:					
State capital grants	2,034,947	6,966,498			
Connection fees	1,423,356	970,975	453,178	816,533	202,478
Contributed sewer lines	0				
Total capital contributions	<u>3,458,303</u>	<u>7,937,473</u>	<u>453,178</u>	<u>816,533</u>	<u>202,478</u>
Change in net position	7,061,342	11,811,653	4,095,234	433,925	1,000,177
Net position					
Beginning of year	93,344,056	81,532,403	77,437,169	86,070,895	85,070,718
Prior period adjustments	(3,924,721)			(9,067,651)	
Net Position - End of year	<u>\$ 96,480,677</u>	<u>\$ 93,344,056</u>	<u>\$ 81,532,403</u>	<u>\$ 77,437,169</u>	<u>\$ 86,070,895</u>
Net Position					
Invested in Capital Assets	\$ 85,238,747	\$ 79,395,085	\$ 80,006,751	\$ 67,486,623	\$ 70,302,862
Restricted	1,861,014	918,426			
Unrestricted	9,380,916	13,030,545	1,525,652	9,950,546	15,768,033
Total Net Position	<u>\$ 96,480,677</u>	<u>\$ 93,344,056</u>	<u>\$ 81,532,403</u>	<u>\$ 77,437,169</u>	<u>\$ 86,070,895</u>

Source: West County Wastewater District Audited Financial Statements

FINANCIAL TRENDS
WEST COUNTY WASTEWATER
REVENUES BY TYPE
Last Ten Fiscal Years



Source: West County Wastewater Audited Financial Statements

FINANCIAL TRENDS
WEST COUNTY WASTEWATER
 REVENUES BY TYPE
Last Ten Fiscal Years (continued)

OPERATING REVENUES

FYE June 30	Sewer Use Charge	Inspection/ Permit fees	Contract Services	Other Revenue	Total Operating
2014	13,854,746	189,166	551,075	194,429	14,789,416
2015	14,038,949	192,139	316,961	24,182	14,572,231
2016	15,650,703	316,476	329,339	25,302	16,321,820
2017	17,290,831	248,888	300,737	221,698	18,062,154
2018	19,780,211	300,183	221,643	170,067	20,472,104
2019	21,047,634	231,481	106,279	194,610	21,580,004
2020	23,664,880	277,981	87,091	178,960	24,208,912
2021	25,522,924	192,230	69,193	193,884	25,978,231
2022	26,501,120	320,155	74,234	1,102,724	27,998,233
2023	28,417,526	364,365	281,985	632,045	29,695,921

Source: West County Wastewater District Audited Financial Statements

NON-OPERATING REVENUES

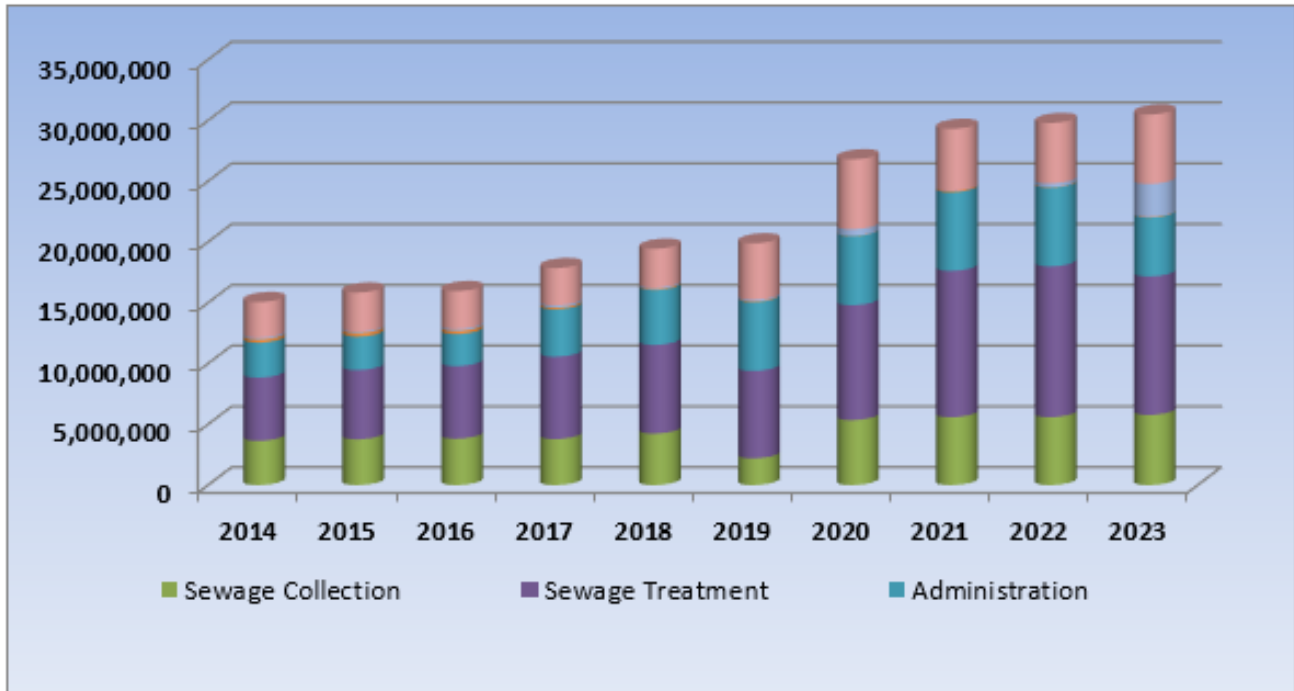
FYE June 30	Property Taxes	Investment Earnings	Rental Income	Other	Total Non- Operating
2014	910,446	34,712	341,007		1,286,165
2015	1,115,669	43,743	258,827		1,418,239
2016	1,119,870	70,451	353,536		1,543,857
2017	1,218,094	61,556	90,941		1,370,591
2018	1,394,529	298,133	311,947		2,004,609
2019	1,515,069	817,201	675,254		3,007,524
2020	1,596,957	922,465	507,694		3,027,116
2021	1,623,583	207,119	523,390		2,354,092
2022	1,707,029	(355,101)	672,829		2,024,757
2023	1,569,994	3,605,274	582,072		5,757,340

Source: West County Wastewater District Audited Financial Statements

Property Taxes include reductions due to the shift in property taxes related to the San Pablo Redevelopment Allocation and ERAF.

FINANCIAL TRENDS
WEST COUNTY WASTEWATER
 OPERATING EXPENSES BY FUNCTION
Last Ten Fiscal Years (continued)

OPERATING EXPENSES



Source: West County Wastewater Audited Financial Statements

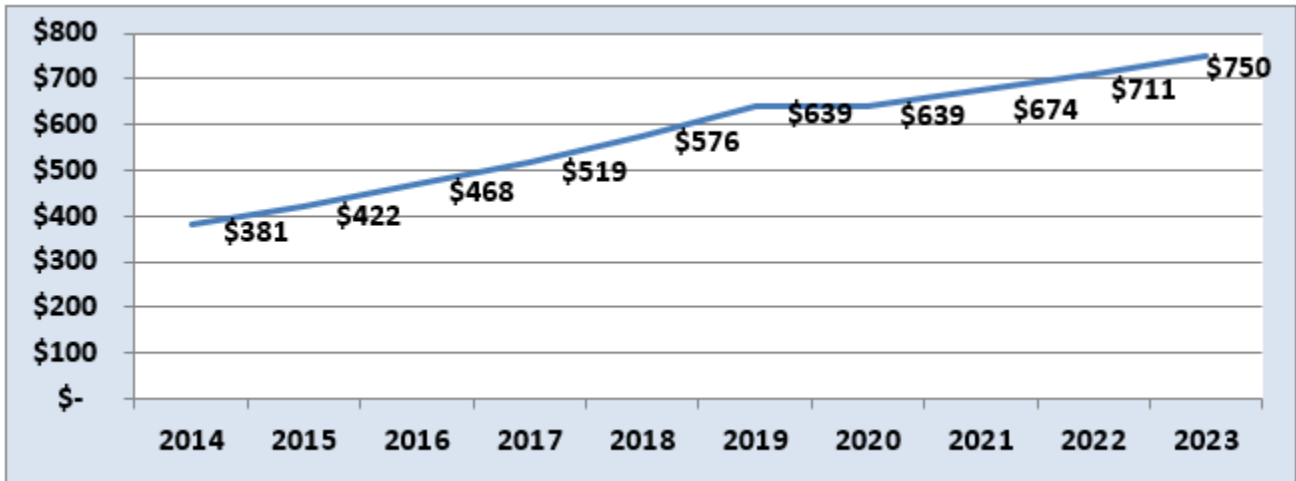
OPERATING EXPENSES

FYE June 30	Sewage Collection	Sewage Treatment	Administration	Service Contracts	WCA	Depreciation	Total
2014	3,639,837	5,208,478	2,868,589	269,874	133,670	2,940,249	15,060,697
2015	3,768,123	5,704,464	2,740,638	303,888	107,463	3,222,967	15,847,543
2016	3,815,139	5,976,699	2,631,540	272,421	148,541	3,119,615	15,963,955
2017	3,783,288	6,784,087	3,899,443	147,060	174,212	3,071,113	17,859,203
2018	4,236,904	7,298,501	4,507,522	84,834	121,698	3,198,839	19,448,298
2019	2,197,399	7,197,285	5,661,627	64,076	138,066	4,634,050	19,892,503
2020	5,351,979	9,453,524	5,677,700	31,311	537,834	5,754,097	26,806,445
2021	5,586,282	12,042,302	6,473,292	81,216	8,095	5,119,173	29,310,360
2022	5,586,282	12,408,672	6,473,292	40,552	304,712	4,981,909	29,795,419
2023	5,767,155	11,401,577	4,840,678	46,368	2,715,981	5,714,635	30,486,394
	19%	42%	22%	0%	1%	17%	100%

Source: West County Wastewater District Audited Financial Statements

Revenue Capacity
WEST COUNTY WASTEWATER
 MAJOR REVENUE BASE AND RATES
Last Ten Fiscal Years

ANNUAL SEWER SERVICE (ENVIRONMENTAL QUALITY) CHARGE (Single Family Residential)

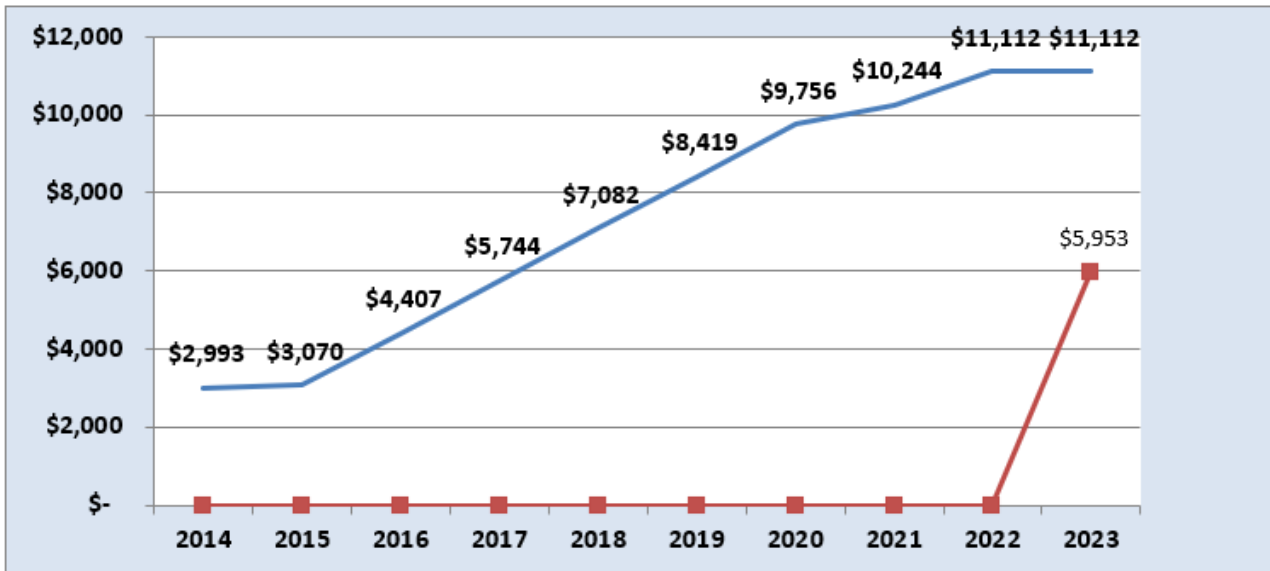


Source: West County Wastewater Schedule of User Fees

Note: Note: All residential accounts pay a flat sewer service charge per household.

Charges for commercial and industrial users consist of an annual rate based upon measured volume of water usage.

CAPACITY CHARGE & CONNECTION FEE (Single Family Residential)



Source: West County Wastewater District Schedule of User Fees

Note: New customers connecting to the wastewater collection and treatment system are charged a connection fee to share the cost of existing infrastructure with all customers. Effective February 1, 2023, the Board abolished the connection fee and adopted an ordinance establishing the capacity charge. Capacity charge shown above is a single family residential rate that uses 1" water meter size.

Revenue Capacity
WEST COUNTY WASTEWATER
 PRINCIPAL REVENUE SOURCES
Last Ten Fiscal Years

WEST COUNTY WASTEWATER
 PRINCIPAL EMPLOYERS
 Current and Ten Years Ago

Customer	FY 2023			FY 2013		
	Sewer Use Charge	Rank	% of SUC	Sewer Use Charge	Rank	% of SUC
East Bay MUD	2,043,516	1	7.0%	1,322,681	1	9.5%
Guardian & KW Hilltop LLC	624,960	2	2.1%	552,384	2	4.0%
Chevron	506,084	3	1.7%			
MENLO WESTRIDGE AFFORD PTNR	297,600	4	1.0%			
Richmond Essex LP	267,840	5	0.9%	236,736	3	1.7%
FF Hills LP	212,040	6		187,416	5	1.3%
Steadfast Hilltop Commons LP				177,552	6	1.3%
RHA PROPERTIES				219,200	4	1.6%
PRIME RICHMOND HOUSING PTNRS				131,520	8	0.9%
RICHMOND INVESTORS 2010 LLC				109,600	9	0.8%
Villa Alvarado LLC				107,956	10	0.8%
FAIRFIELD HILLTOP LP	200,880	7	0.7%			
Pacific Mobile IV LP	155,000	8	0.5%	137,000	7	1.0%
US REIF Sierra Ridge CA LLC	148,800	9	0.5%			
BRE Piper MF Tides CA LLC	124,000	10	0.4%			
Total	4,580,720		15.0%	3,182,045		22.9%

Source: Annual Comprehensive Financial Reports for Fiscal Year ending June 30, 2023 for City of Richmond, City of San Pablo, and City of Pinole.

Sewer Service Charge Customer Type	FY 2023		FY 2013	
	Sewer Revenue	% of Total	Sewer Revenue	% of Total
Residential	\$ 23,046,099	81%	\$ 9,621,893	69%
Commercial	2,958,374	10%	2,098,675	15%
Industrial	2,319,152	8%	2,178,429	16%
Total	\$ 28,323,625	100%	\$ 13,898,997	100%

Source: West County Wastewater District Audited Financial Statements

Revenue Capacity
WEST COUNTY WASTEWATER
PROPERTY TAX INFORMATION
Last Ten Fiscal Years

Assessed Valuation of Taxable Property within the District

FYE June 30	County Secured	County Unsecured	Total	% Change
2014	5,967,088,206	179,265,098	6,146,353,304	
2015	6,747,353,358	184,879,011	6,932,232,369	12.8%
2016	7,355,374,837	204,228,652	7,559,603,489	9.1%
2017	7,907,856,769	199,944,749	8,107,801,518	7.3%
2018	8,484,774,635	197,601,420	8,682,376,055	7.1%
2019	9,029,026,935	210,535,422	9,239,562,357	6.4%
2020	9,666,121,527	216,671,679	9,882,793,206	7.0%
2021	10,201,041,929	228,053,649	10,429,095,578	5.5%
2022	10,516,123,259	222,848,292	10,738,971,551	3.0%
2023	11,519,872,524	245,608,403	11,765,480,927	12.8%

Source: Contra Costa County Auditor-Controller "Certificate of Assessed Valuations"

Property Tax and Sewer Service Charge Fees Collected

FYE June 30	Property Tax	Sewer Service Charges
2014	910,446	14,038,949
2015	1,115,669	15,650,703
2016	1,119,870	17,290,831
2017	1,218,094	19,780,211
2018	1,394,529	21,047,634
2019	1,515,069	23,664,880
2020	1,596,957	25,522,924
2021	1,623,583	25,614,601
2022	1,707,029	24,672,939
2023	1,748,570	28,417,526

Source: West County Wastewater District Audited Financial Statements

Revenue Capacity
WEST COUNTY WASTEWATER
 SCHEDULE OF CAPACITY CHARGES

	<u>FY2023</u>	<u>FY2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
Capacity charge fee revenue received:						
Capacity charge (formerly Connection fees)	802,652 *					
Connection fees		599,269	501,785	1,729,730	6,686,192	255,343
Capacity charge revenue for the Fiscal Year	802,652	599,269	501,785	1,729,730	6,686,192	255,343

Note: Capacity fees must be used for projects that increase
 * Connection fees were abolished during FY2023 by the Board of Directors.

Debt Capacity
WEST COUNTY WASTEWATER
 DEBT CAPACITY AND LOAN REPAYMENT SCHEDULE

Debt Capacity

WCW's ability to borrow is dependent upon the capacity to increase sewer usage fees to pay for the proposed debt. WCW is committed to balancing the costs of operations, maintenance, environmental compliance, and administration with the goal of minimizing the burden on ratepayers. WCW has no current legal debt limit, and there is no maximum amount of debt that the WCW may borrow.

In 2015, WCW received four California Water Resources State Revolving Loans for various capital improvement projects all with an interest rate between 1.0% and 1.9% for a total term of 20 years.

Loan Agreement	End	Interest Rate	Principal
SRF Loan - Phase I, Segment 1	5/6/2036	1.9%	1,025,547
SRF Loan - Phase I, Segment 2	8/6/2041	1.9%	7,934,414
SRF Loan - Phase I, Segment 3	8/30/2037	1.9%	11,374,902
SRF Loan - Recycled Water Upgrades	6/3/2037	1.0%	15,322,880
Total			35,657,743

California State Water Resources State Revolving Loans Repayment Schedule

Fiscal Year	Principal	Interest	Total
2024	2,108,595	539,591	2,648,186
2025	2,139,432	508,754	2,648,186
2026	2,170,763	477,423	2,648,186
2027	2,202,596	445,590	2,648,186
2028	2,234,939	413,246	2,648,186
Thereafter	24,801,419	2,328,204	27,129,623
Total	35,657,743	4,712,809	40,370,552

In September 2021, the West County Facilities Financing Authority issued bonds in the amount of \$79,575,000 with a net premium of \$16,157,183 for financing the comprehensive energy and sustainability projects and various sewer system improvements.

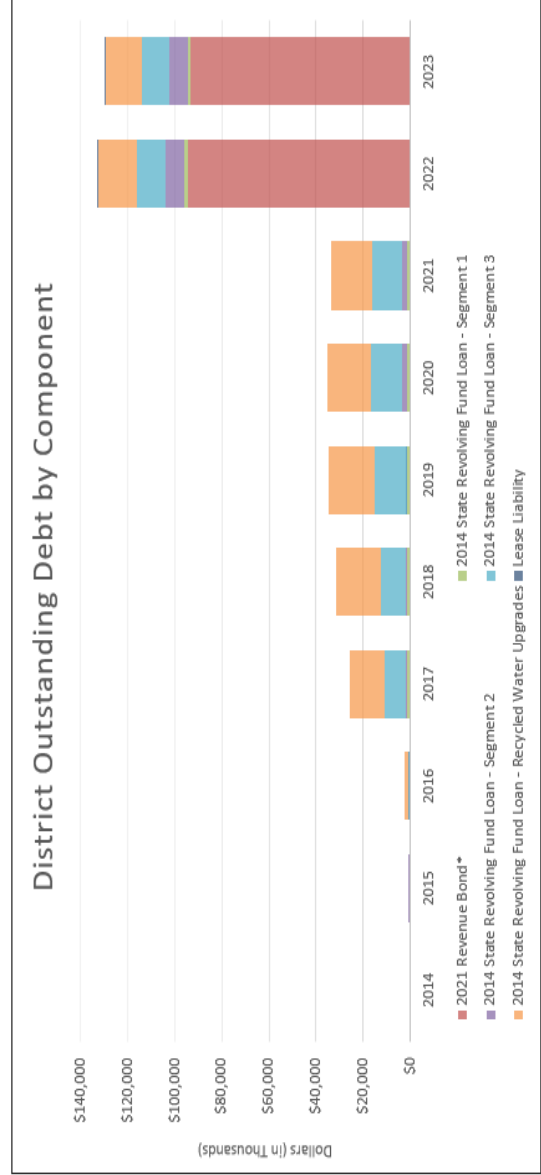
Debt Service Schedule of 2021 Wastewater Revenue Bonds

Fiscal Year	Principal	Interest	Total
2024	1,595,000	3,183,000	4,778,000
2025	1,655,000	3,119,200	4,774,200
2026	1,725,000	3,053,000	4,778,000
2027	1,790,000	2,984,000	4,774,000
2028	1,865,000	2,912,400	4,777,400
Thereafter	70,945,000	42,067,600	113,012,600
Total	79,575,000	57,319,200	136,894,200

Summary of Debt Outstanding
WEST COUNTY WASTEWATER
RATIOS OF OUTSTANDING DEBT
Last Ten Fiscal Years

FYE June 30	2014 State Revolving Fund Loan - Recycled				2014 State Revolving Fund Loan - Segment 3		2014 State Revolving Fund Loan - Segment 2		2014 State Revolving Fund Loan - Segment 1		2014 State Revolving Fund Loan - Recycled Water Upgrades		Lease Liability		Total Outstanding Debt		Outstanding Debt Ratios		
	2021 Revenue Bond*	Fund Loan - Segment 1	Fund Loan - Segment 2	Fund Loan - Segment 3	Fund Loan - Segment 3	Fund Loan - Segment 2	Fund Loan - Segment 1	Fund Loan - Recycled Water Upgrades	Lease Liability	Debt	Per Capita	Per Dwelling Unit							
2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2015	-	54,050	20,919	-	-	-	-	-	-	-	-	-	-	-	74,969	\$	1	\$	2.24
2016	-	61,959	267,134	474,568	-	-	-	1,759,640	-	-	-	-	-	-	2,563,301		25		76
2017	-	1,420,601	267,134	8,955,043	10,800,274	-	-	15,034,617	-	-	-	-	-	-	25,677,395		247		763
2018	-	1,357,817	267,134	10,800,274	13,755,553	-	-	19,262,947	-	-	-	-	-	-	31,688,172		305		934
2019	-	1,293,841	267,134	13,755,553	13,290,164	-	-	18,337,739	-	-	-	-	-	-	34,639,386		333		1,018
2020	-	1,228,649	2,253,766	12,663,122	11,374,901	-	-	17,342,769	-	-	-	-	-	-	35,110,318		337		1,031
2021	-	1,162,219	2,253,766	12,025,073	11,374,901	-	-	16,337,849	8,781	-	-	-	-	-	33,421,876		314		980
2022	94,711,731	1,094,526	8,372,122	11,374,901	15,332,881	-	-	15,332,881	7,025	-	-	-	-	-	132,550,082		1,255		3,897
2023	93,524,579	1,025,547	7,934,414	11,374,901	15,332,881	-	-	15,332,881	7,025	-	-	-	-	-	129,199,347	\$	1,236		3,802

*Note: The above principal balance is inclusive of the bond premium



Demographic Data
WEST COUNTY WASTEWATER
 DEMOGRAPHIC AND ECONOMIC INFORMATION
 Last Ten Fiscal Years

Fiscal Year	District Population	Total Personal Income (A)	Per Capita Personal Income	Average County Unemployment Rate (B)	Contra Costa County Population	District Population as % of County
2014	98,724	5,807,294,165	58,824	6.1%	1,097,172	9.0%
2015	99,511	6,077,197,314	61,071	4.9%	1,111,143	9.0%
2016	102,481	6,594,672,701	64,350	4.9%	1,123,429	9.1%
2017	103,759	6,923,321,077	66,725	4.2%	1,139,513	9.1%
2018	104,027	7,163,295,655	68,860	3.5%	1,147,879	9.1%
2019	104,027	7,392,521,116	71,063	3.1%	1,150,621	9.0%
2020	104,045	7,812,252,006	73,338	3.2%	1,153,561	9.0%
2021	106,376	7,767,059,987	73,015	6.9%	1,165,927	9.1%
2022	105,649	8,155,952,873	77,199	3.2%	1,156,555	9.1%
2023	104,556	8,680,995,329	83,027	4.1%	1,147,653	9.1%

Sources: * Population: State of California Department of Finance, Demographic Research Unit, based upon the approximate percentage of total population served in each of the following areas: effective Fiscal Year 2011 - San Pablo 100%, Pinole 8%, Richmond 31%, and unincorporated Contra Costa County 21%.

Sources: * Population: State of California Department of Finance, Demographic Research Unit,

* Total Personal Income: State of California, Department of Finance, Demographic Research

Notes: (A) Data calculated by multiplying District Population by Per Capita Personal income.

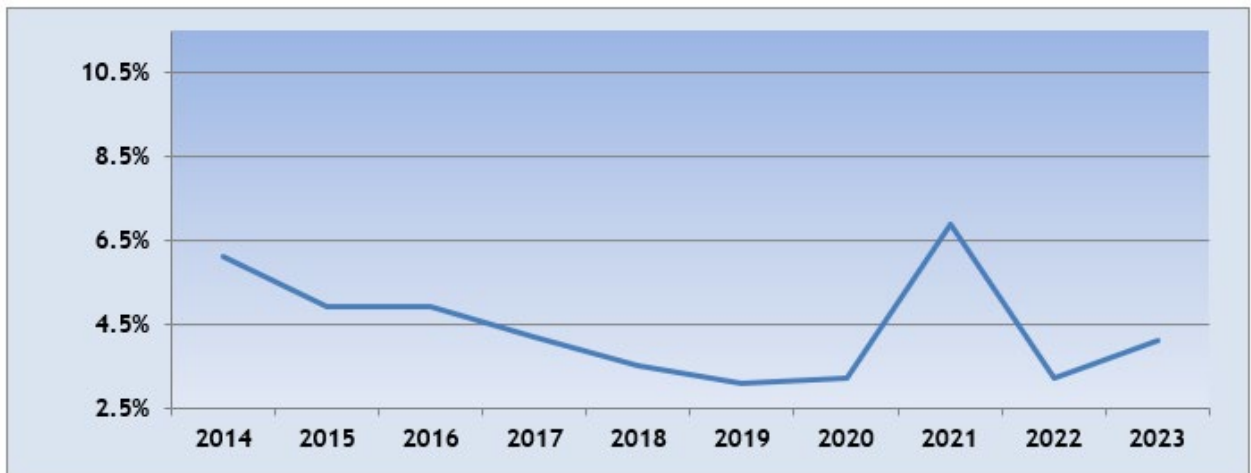
(B) Data presented for Contra Costa County - data not available at the District level.

Demographic Data
WEST COUNTY WASTEWATER
DEMOGRAPHIC AND ECONOMIC INFORMATION
Last Ten Fiscal Years

Population Served

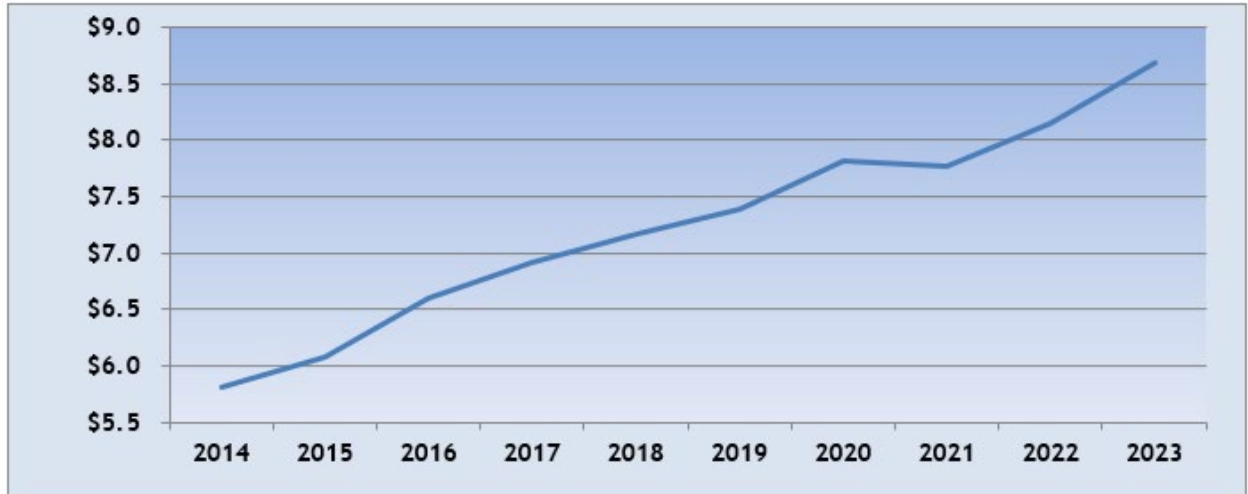


Unemployment Rate - Contra Costa County

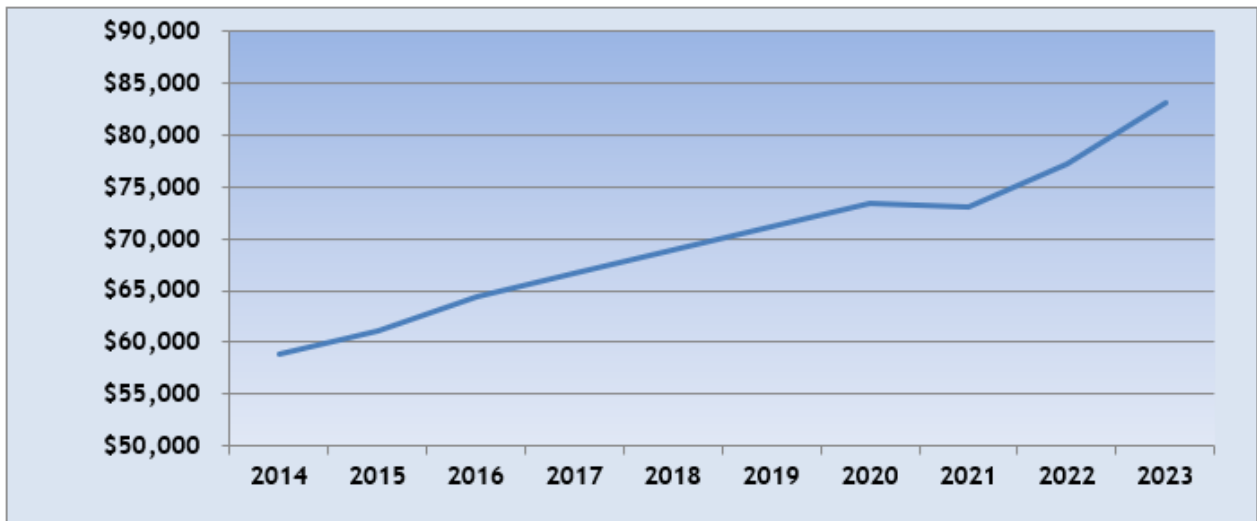


Demographic Data
WEST COUNTY WASTEWATER
DEMOGRAPHIC AND ECONOMIC INFORMATION
Last Ten Fiscal Years

Total Personal Income (in billions)



Per Capita Personal Income



Demographic Data
WEST COUNTY WASTEWATER
 DEMOGRAPHIC AND ECONOMIC INFORMATION
 PRINCIPAL EMPLOYERS
 Last Ten Fiscal Years

Principal Employers
 Current and Nine Years Ago

Employer	FY 2023			FY 2014		
	Number of Employees	Rank	% of Total District Employment	Number of Employees	Rank	% of Total District Employment
Chevron Refinery	3,157	1	2.4%	2,317	1	1.9%
West Contra Costa Unified School District	2,054	2	1.6%	1,900	2	1.5%
Social Security Administration	1,903	3	1.5%	1,334	3	1.1%
Kaiser Foundation Hospitals	1,442	4	1.1%	506	8	
United Parcel Service	1,332	5	1.0%			
Amazon.com Services	1,121	6	0.9%			
Permanente Medical Group	1,051	7	0.8%	686	7	0.6%
U. S. Postal Service	489	9	0.4%	1,047	4	0.8%
City of Richmond			0.0%	803	6	0.6%
Contra Costa County	472	10	0.4%	844	5	0.7%
Bio-RAD Laboratories				473	9	0.4%
Michael Stead Auto Depot & Sales				472	10	0.4%
Contra Costa College	743	8	0.6%	768		0.6%
Casino San Pablo				489		0.4%
Doctors Medical Center						0.0%
Subtotal	13,764		10.5%	11,639		9.3%
All Others	117,452		89.5%	112,931		90.7%
Total workforce	131,216		100.0%	124,570		100.0%

Source: Comprehensive Annual Financial Reports for Fiscal Year Ending June 30, 2023 for City of Richmond, City of San Pablo and City of Pinole.

Note: Includes City of Richmond employers not within the District. Excludes employers in unincorporated Contra Costa County within the District.

Demographic Data
WEST COUNTY WASTEWATER
 DEMOGRAPHIC AND ECONOMIC INFORMATION
 FULLTIME EQUIVALENT EMPLOYEES – BUDGETED
 Last Ten Fiscal Years

Full-Time Equivalent Employees- Budgeted
 Last Ten Fiscal Years

	<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>	<u>2023</u>
Office of the General Manager										
Office of the General Manager						3	5	5	4	5
Subtotal- Office of the General Manager						3	5	5	4	5
Administration Services										
Administration	11	8	8	6	8	7	8	7	8	8
Finance		4	4	4	4	4	4	4	4	5
Subtotal- Administration Services	11	12	12	10	12	11	12	11	12	13
Capital Programs and Planning Support										
Capital Programs and Mapping	9	9	9	9	9	9	12	14	14	13
Collection Systems	12	12	13	14	14	13	13	14	14	14
Subtotal- Infrastructure and Planning	21	21	22	23	23	22	25	28	28	27
Water Quality and Resource Recovery Plant										
Environmental Programs and Compliance	5	4	4	4	4	6	7	7	7	7
Plant Operations	11	11	11	13	14	12	14	14	14	13
Maintenance	9	9	9	10	11	10	10	11	11	11
Subtotal- Water Quality and Recovery	25	24	24	27	29	28	31	32	32	31
Total District	57	57	58	60	64	64	73	76	76	76

Source: West County Wastewater District Budget.

Demographic Data
WEST COUNTY WASTEWATER
 OPERATING INFORMATION
 Last Ten Fiscal Years

Engineering Permits Completed

Fiscal Year	Repairs	Single Family	Multi-Family	Commercial	Industrial	Misc.	Total
2014	378	5	-	1	-	6	390
2015	445	15	-	2	-	2	464
2016	413	15	-	2	-	2	432
2017	353	21	1	3	-	6	384
2018	310	16	1	-	-	-	327
2019	177	9	-	1	-	5	192
2020	282	12	-	1	-	1	296
2021	268	2	-	-	-	-	270
2022	476	7	-	1	-	-	484
2023	354	4	1	1	-	-	360

Source: West County Wastewater District operating information from monitoring systems.

Collection System Activity

Fiscal Year	Pipeline Cleaning (1,000 Feet)	Video Inspections (1,000 Feet)	Number of Service Calls	Number of Spills	Total
2014	2,030	372.4	163	15	2,580
2015	2,175	345.5	154	15	2,690
2016	1,861	158.3	131	14	2,164
2017	1,588	154.0	131	11	1,884
2018	1,809	104.9	122	9	2,045
2019	1,638	123.3	133	13	1,907
2020	1,363	86.7	121	12	1,583
2021	1,789	217.3	57	10	2,073
2022	1,540	252.1	163	9	1,964
2023	1,606	181.1	118	14	1,919

Source: West County Wastewater District operating information from monitoring systems.

Demographic Data
WEST COUNTY WASTEWATER
 OPERATING INFORMATION (Continued)
 Last Ten Fiscal Years

Treatment Plant Activity

Fiscal Year	Effluent Flow (Millions of Gallons)	Recycled Water Produced (Millions of Gallons)	Effluent BOD (mg/L)	Effluent TSS (mg/L)	Electricity Used (MWh)	Gas Produced (k ft3)
2014	3,124	1,547	8.7	13.9	5,042	39,388
2015	2,763	1,669	7.3	9.8	5,446	41,332
2016	2,820	1,884	9.3	13.0	5,710	38,973
2017	3,675	1,394	12.0	15.0	5,840	47,533
2018	2,884	1,279	8.0	10.0	4,313	32,269
2019	3,247	887	6.7	5.5	4,892	45,575
2020	2,670	2,265	7.6	5.3	5,609	22,743
2021*	2,837	2,358	6.8	5.4	6,121	0
2022	2,778	2,264	6.9	5.3	6,126	-
2023	3,712	1,949	6.7	2.7	6,306	-

Source: West County Wastewater District operating information from monitoring systems.

* The elevated electrical consumption for 2020 and 2021 resulted from Synagro using PG&E to power belt press(es) for sludge dewater. Reduced digester gas (down to zero in 2021) is due to digesters taken offline in mid-2020. The recycled water production has increased over the past two years because of EBMUD's capacity expansion. EBMUD can now polish more of WCW's effluent for supplying the refinery.

Demographic Data
WEST COUNTY WASTEWATER
 OPERATING INFORMATION (Continued)
 Last Ten Fiscal Years

Facility Capacity Data

Fiscal Year	Sewer Gravity Pipeline Miles	Sewer Force Mains Miles	Pump Stations	Treatment Plant Permitted Capacity (ADWF) MGD*	Treatment Plant Amount in Use (ADWF) MGD*
2014	248.9	5.5	17	12.5	6.5
2015	248.9	5.5	17	12.5	6.3
2016	250.0	5.5	17	12.5	**5.9
2017	249.0	6.0	17	12.5	6.9
2018	249.0	6.0	17	12.5	7.0
2019	249.0	6.0	17	12.5	6.2
2020	249.0	6.0	17	12.5	6.4
2021	249.0	6.0	17	12.5	7.1
2022	249.0	6.3	17	12.5	7.1
2023	253.0	6.3	17	12.5	7.5

* ADWF=Average Dry Weather Flow; MGD=Millions of Gallons per Day

** Decrease due to drought conditions and water conservation imposed by East Bay Municipal Utility District.

*** The decrease in miles for force mains is due to a change in the interpretation of the definition of force main. The variance accounts for the removal of the outfall from the force main calculation.