



**WEST COUNTY WASTEWATER DISTRICT
RICHMOND, CALIFORNIA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

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

Prepared by:
Administrative Services Department

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WEST COUNTY WASTEWATER DISTRICT
Annual Comprehensive Financial Report
For the Years Ended June 30, 2024 and 2023

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Introductory Section

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WEST COUNTY
WASTEWATER

January 21, 2025

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, 2024.

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, 2024. 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 unit 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 has participated 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 5.2% in June 2024 compared to 4.1% in June 2023. Of California's 58 counties, the County ranks 20th in terms of unemployment rates in the State.

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 2024, the sewer service charge for a single family residence is \$791. 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.

The County's population increased slightly at .1%, but the District's population served decreased slightly .44%, per the State Department of Finance Population Demographic Unit. The county as a whole is projected to grow over the next 10 years.

LONG TERM PLANNING

WCW is a proprietary entity and uses enterprise fund accounting to report its activities for financial statement purposes. Proprietary funds are reported using the accrual basis of accounting and account for activities in a manner similar to non-governmental business enterprises. The intent of the governing body is that the cost (including depreciation) of providing goods or services to the general public on a continuing basis be financed primarily through user rates, fees, and charges.

The District Board analyzes and updates a strategic plan every five years and aligns the objectives to the goals for the District. The past strategic plan had six goals in the FY21 - 25 plan. Strategies to achieve each of the goals are developed, as well as metrics to evaluate success. Performance and achievement of the goals in the plan is reported to the Board annually. The District updates a 10-year Capital plan each year prior to the completion, presentation, and adoption of the annual budget.

WCW has experienced increased operational costs that have significantly increased over the last several years, this is due to the dewatering services at the Treatment plant, chemicals to treat the wastewater, along with a significant rise in utility costs. It is anticipated that some of 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, 90% of WCW total revenues. 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 2024 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.

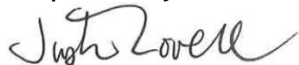
Over the past two years, WCW has been significantly investing in the infrastructure of the District. As shown in the Audited financials with the increase in construction in progress and increase in capital assets. WCW is tackling deferred maintenance and ensuring operational efficiencies where applicable.

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,



Justin Lovell
Deputy General Manager

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 WASTEWATER DISTRICT

Principal Officials and Management

BOARD OF DIRECTORS

David Alvarado
President

Arto Rinteela
Vice President

Annie King-Meredith
Director

Harry Wiener
Director

Cheryl Sudduth
Director

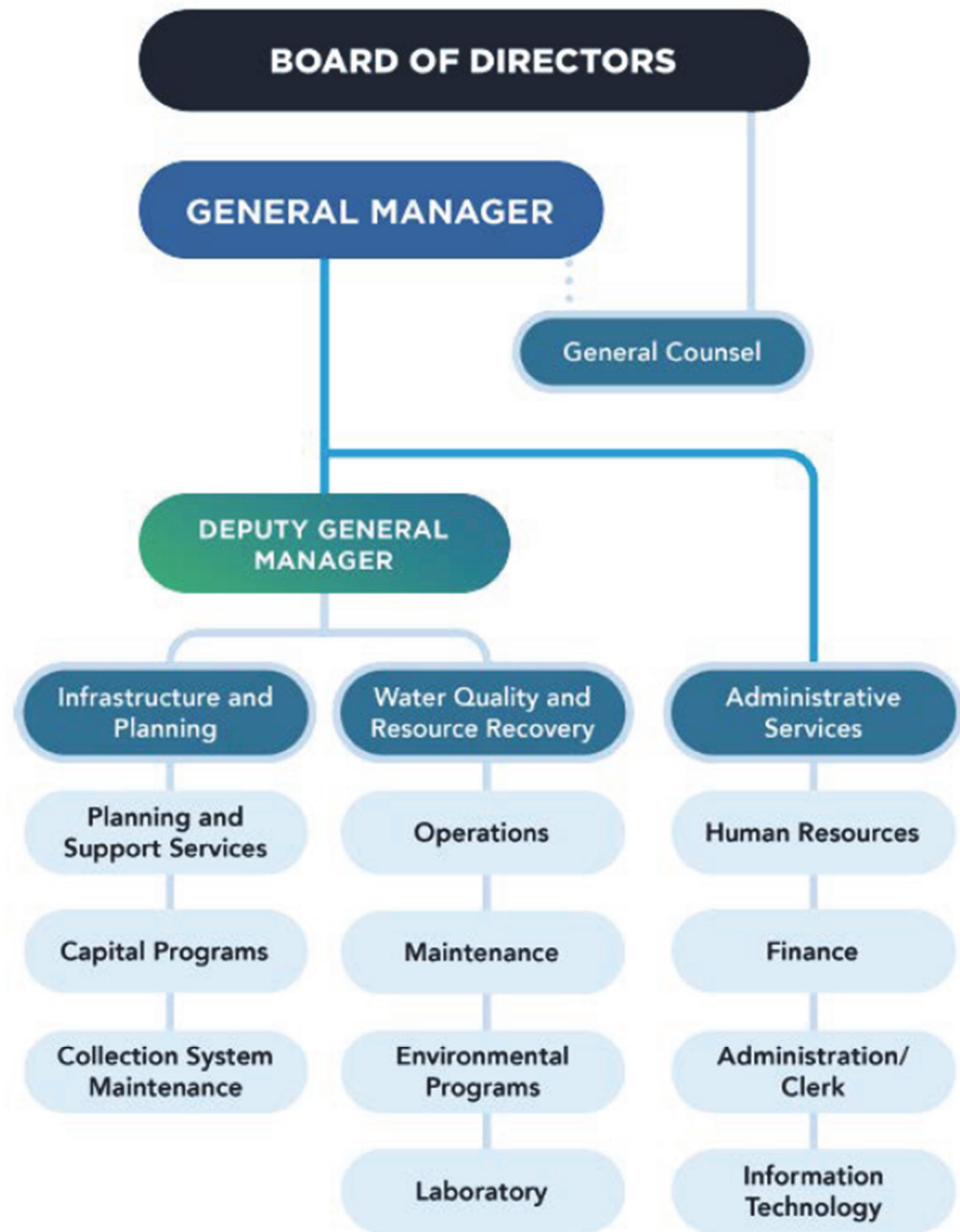
General Counsel

Nicole Witt, Partner
Hanson Bridgett LLP

Management

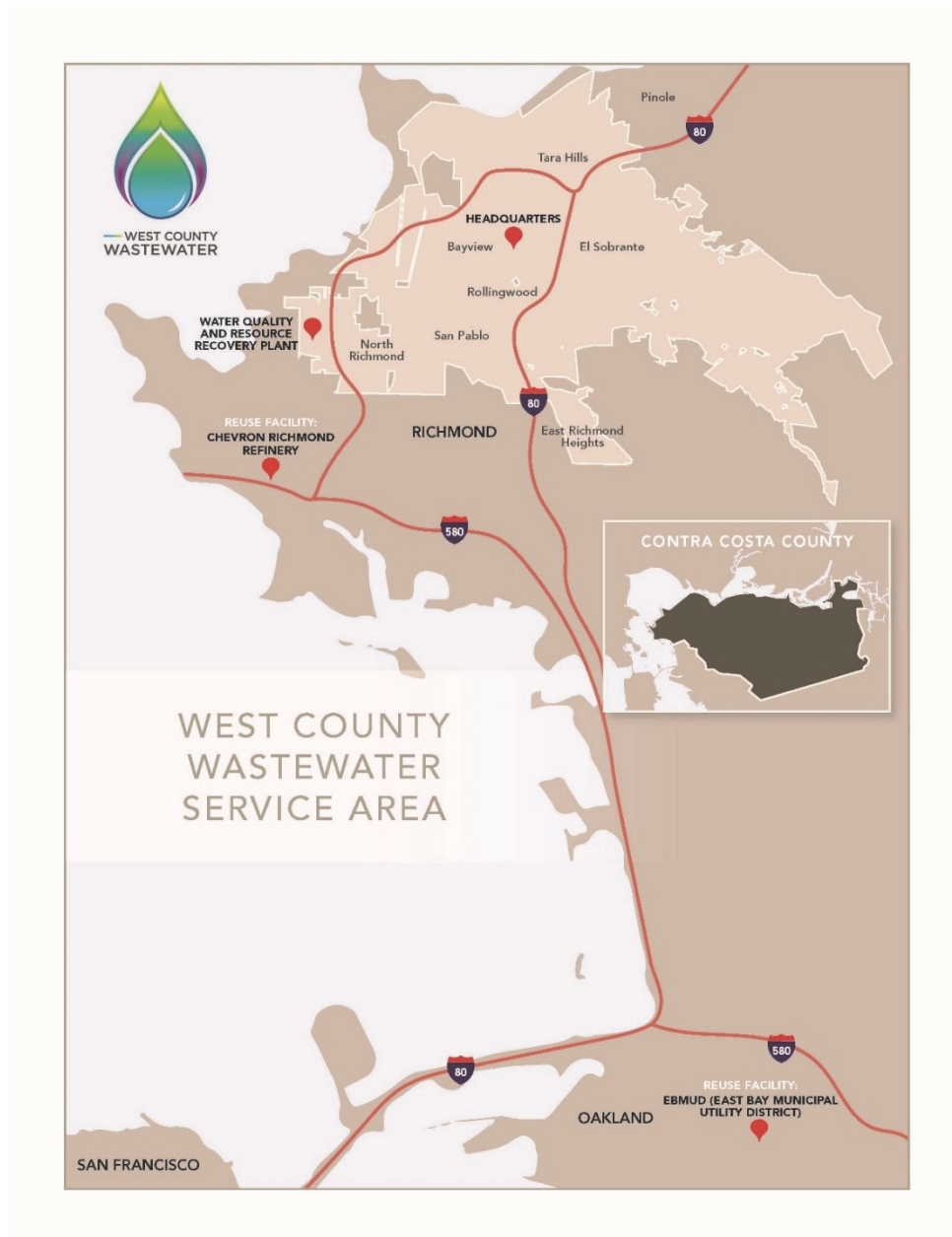
Andrew Clough, General Manager
Justin Lovell, Director of Administrative Services
Michael Savannah, Director of Infrastructure & Planning Department
Aaron Winer, Director of Water Quality & Resource Recovery Department

WEST COUNTY WASTEWATER DISTRICT
Organizational Structure Chart as of June 30, 2024



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.



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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, 2024, 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, 2024, 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

We have previously audited the District's June 30, 2023, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 28, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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
January 21, 2025

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WEST COUNTY WASTEWATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Years Ending June 30, 2024 and 2023

The District's Management Discussion, and Analysis (MD&A) provides an overview of the District's financial performance, and activities for the fiscal year (FY) ended June 30, 2024 (FY23/24). The MD&A should be read in conjunction with the Letter of Transmittal (pgs. i-iv) and the District's basic financial statements (beginning on pg. 14). The MD&A is presented in a concise format, and organized under the following headings:

- Overview of the Financial Statements
- Financial Analysis
- Economic Factors, and Next Year's Budget, and Rates
- Requests for Information

OVERVIEW OF THE FINANCIAL STATEMENTS

The District operates as 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.

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

The comprehensive annual financial report consists of the District's basic financial statements which are comprised of two components: (1) Financial Statements and (2) Notes to Basic Financial Statements. The report also contains other required supplementary information in addition to the basic financial statements. This is the MD&A which is organized for ease of understanding the District as a financial whole. The statements provide an increasingly detailed look at specific financial activities.

While the Statement of Net Position provides information about the nature and amount of resources and obligations at year-end, the Statement of Revenues, Expenses, and Changes in Net Position presents the results of the District's operations over the course of the fiscal year and information as to how the net position changed during the year. There are three broad categories within the Statement of Net Position; Net investment in Capital Assets, Restricted and Unrestricted.

All changes in net position are reported during the period in which the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as delayed collection of operating revenues and the expense of employee earned but unused vacation leave.

The Statement of Cash Flows presents changes in cash and cash equivalents resulting from operational, capital, noncapital, and investing activities. This statement summarizes the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt and excludes noncash accounting measures of depreciation or amortization of assets.

WEST COUNTY WASTEWATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Years Ending June 30, 2024 and 2023

FINANCIAL ANALYSIS

The District West County Wastewater (WCW) remained in a stable position during FY24 as illustrated in the financial analysis below. The District's assets are greater than the total liabilities.

Highlights:

- The District's overall financial net position decreased slightly during fiscal year 2024 by \$119,798. The District had a net position balance of \$110.1 million on June 30, 2024. Total net position is comprised of net invested in capital assets of \$93.2 million, restricted for debt service of \$2.6 million, and unrestricted net position of \$14.2 million.

TABLE 1
Statement of Net Position

			% Increase (Decrease) 2024 vs. 2023
	2024	2023	
Assets:			
Current Assets	\$ 36,117,039	\$ 36,237,912	-0.33%
Capital Assets	181,831,616	149,621,822	21.53%
Other Non-Current Assets	37,636,982	75,919,208	-50.42%
Total Assets	255,585,637	261,778,942	-2.37%
Deferred Outflows of Resources	8,284,747	8,818,322	-6.05%
Total Assets and Deferred Outflows of Resources	\$ 263,870,384	\$ 270,597,264	-2.49%
Liabilities:			
Current Liabilities	\$ 9,515,858	\$ 11,704,671	-18.70%
Non-Current Liabilities	141,792,891	145,085,901	-2.27%
Total Liabilities	151,308,749	156,790,572	-3.5%
Deferred Inflows of Resources	2,468,265	3,593,524	-31.3%
Net Position:			
Net Investment in Capital Assets	93,230,797	93,322,986	-0.10%
Restricted	2,648,186	2,648,186	0.00%
Unrestricted	14,214,387	14,241,996	-0.19%
Total Net Position	110,093,370	110,213,168	-0.11%
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 263,870,384	\$ 270,597,264	-2.49%

WEST COUNTY WASTEWATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Years Ending June 30, 2024 and 2023

Major Factors Affecting the Statement of Net Position

- In the current year, the District's total net position dropped \$119K which was primarily driven by Depreciation of assets.
- Deferred outflows of resources decreased by \$533,575 from fiscal year 2023 to 2024, 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, decreased \$2.2 million from fiscal year 2023 to 2024, primarily due to accounts payable.
- The \$3.2 Million decrease in non-current liabilities consists of a decrease of \$5.0 million debt including outstanding bonds, offset by \$1.4 Million increase to pension liability.
- The District had an outstanding debt of \$124.3 million on June 30, 2024 and \$129.1 million on June 30, 2023. The decrease in debt is due to principal payments on debt. See Table 4 for a discussion of loan activity and see Note 7 Long Term Debt
- Net Position invested in capital assets decreased from fiscal year 2023 to 2024 by \$92.2K, due to additions to construction in progress of \$35 million for Clean and green and other needed upgrades, replacements, and installation of new energy efficient wastewater processing facilities and equipment, offset by depreciation of capital assets.

WEST COUNTY WASTEWATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Years Ending June 30, 2024 and 2023

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

	2024	2023	% Increase (Decrease) 2024 vs. 2023	\$ Increase (Decrease) 2024 vs. 2023
Revenues				
Operating revenues				
Sewer service charge	\$ 30,350,404	\$ 28,417,526	6.80%	\$ 1,932,878
Inspection/permit fees	526,763	364,365	44.57%	\$ 162,398
Contract services	117,708	281,985	-58.26%	\$ (164,277)
Other revenue	176,349	632,045	-72.10%	\$ (455,696)
Total operating revenues	31,171,224	29,695,921	4.97%	\$ 1,475,303
Non-operating revenues				
Property taxes	\$ 1,619,694	\$ 1,569,994	3.17%	\$ 49,700
Redevelopment allocation	487,497	178,576	172.99%	\$ 308,921
Rental income	563,314	582,072	-3.22%	\$ (18,758)
Investment earnings	4,229,051	3,605,274	17.30%	\$ 623,777
Total non-operating revenues	6,899,556	5,935,916	16.23%	\$ 963,640
Total revenues	\$ 38,070,780	\$ 35,631,837	6.84%	\$ 2,438,943
Expenses				
Operating expenses	\$ 36,515,726	\$ 30,486,394	19.78%	\$ 6,029,332
Non-operating expenses	2,079,123	2,128,557	-2.32%	\$ (49,434)
Total expenses	38,594,849	32,614,951	63.90%	\$ 5,979,898
				\$ -
Increase (decrease) before capital contributions	(524,069)	3,016,886	-108.09%	\$ (3,540,955)
Capital contributions:				\$ -
State capital grants			0.00%	\$ -
Connection fees	404,271	802,652	-32.54%	\$ (398,381)
Total capital contributions	404,271	802,652	-32.54%	\$ (398,381)
Change in net position	(119,798)	3,819,538	-101.69%	\$ (3,939,336)
				\$ -
Net position, beginning	110,213,168	115,175,048	1.96%	\$ (4,961,880)
Prior period adjustments	-	(8,781,418)	-	\$ 8,781,418
Net position, ending	\$ 110,093,370	\$ 110,213,168	-4.41%	\$ (119,798)

WEST COUNTY WASTEWATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Years Ending June 30, 2024 and 2023

Table 2 above presents the revenues and expenses for the current and prior fiscal year.

- Comparison of FY24 to FY23: Net operating income, defined as operating revenue less operating expenses, decreased \$4.6 million from the prior year. Total FY24 operating revenues of \$31.1 million were \$1.48 million higher than FY23 while total FY24 operating expenses of \$36.5 million reflected an increase of \$6.03 million as compared to FY23. FY24 non-operating net revenue increased by \$0.96 million to \$6.9 million compared to FY23. Major contributors to this year's results are as follows:
- Operating revenues increased by \$1.48 million in FY24, mainly attributable to a 5.5% increase in Sewer service charges, which was board approved in FY21.
- Operating expenses for FY24 increased by \$6.09 million from FY23. The increase in cost was driven by the treatment of the wastewater and increase in utility costs. The Administrative and general expenses increased by \$4.06 million attributable mostly to the change of pension benefits in the prior fiscal year. See Note 9 Defined benefit pension plan. Depreciation costs increased slightly by \$201,472.
- Non-operating revenues increased by \$963,640 from fiscal year 2023 to 2024, primarily reflecting the increase in investment earnings over the same period.
- The District's non-operating expenses of \$2.07 million for fiscal year 2024, consisted primarily of interest expense on capital assets.
- Capital contributions, sewer connection fees, were \$0.4 million, compared to \$0.8 million for fiscal year 2024.

WEST COUNTY WASTEWATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Years Ending June 30, 2024 and 2023

CAPITAL ASSETS

Table 3 presents a summary of the District's capital assets for the current and prior fiscal year.

TABLE 3
Summary of Capital Assets

	2024	2023	% Increase (Decrease) 2024 vs. 2023
Land	\$ 2,451,806	\$ 2,451,806	0.00%
Construction in process	66,391,311	30,908,621	114.80%
Sewage collection and treatment facilities	205,105,363	202,912,907	1.08%
Equipment	7,187,084	6,866,392	4.67%
Vehicles	3,923,682	3,793,624	3.43%
Intangible right-to-use lease asset	9,580	9,580	0
Subtotal	285,068,826	246,942,930	10.16%
Less accumulated depreciation	(103,237,210)	(97,321,108)	6.24%
Total capital assets, net	\$ 181,831,616	\$ 149,621,822	12.88%

Capital Asset Highlights:

Capital Assets increased by a net \$32.2 million from fiscal year 2023 to 2024, driven by an \$35.5 million or 114% 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.

WEST COUNTY WASTEWATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Years Ending June 30, 2024 and 2023

DEBT ADMINISTRATION

Table 4 presents a summary of the District's Debt and loans payable as of June 30, 2024, and 2023. Note 7 of the basic financial statement provides more detailed information about loan activity.

TABLE 4
Debt Outstanding

			% Increase (Decrease)
	2024	2023	2024 vs. 2023
Current portion	\$ 3,794,432	\$ 3,703,595	70.53%
Non-current portion	120,497,142	125,478,727	-3.75%
Loans Payable	<u>\$ 124,291,574</u>	<u>\$ 129,182,322</u>	<u>-4.86%</u>

Debt Highlights:

Loans payable experienced a net decrease of \$4.9 million from fiscal year 2023 to 2024 due to debt 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 2025.
- The district's first principal payment for the 2021 Wastewater Revenue Bond was completed in fiscal year 2024 of \$1.6 million.
- 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

This report is designed to provide ratepayers and creditors with a general overview of West County Wastewater District's finances and demonstrate WCW's accountability for the funding it receives. If you have any questions about this report or need additional information, please contact: West County Wastewater District, 2910 Hilltop Drive, Richmond, CA 94806-1974 or jlovell@wcwd.org or (510) 222-6700.

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Basic Financial Statements

WEST COUNTY WASTEWATER DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and investments (Note 3)	\$ 33,508,253	\$ 33,872,082
Accrued interest receivable	38,187	279,610
Accounts receivable, net (Note 4)	1,679,481	960,158
Lease receivable - current (Note 14)	484,753	534,129
Material and supplies inventory	132,320	139,350
Prepaid items and deposits	274,045	452,583
Total current assets	<u>36,117,039</u>	<u>36,237,912</u>
NON-CURRENT ASSETS		
Restricted cash held with Trustee (Note 3)	35,748,812	73,940,383
Net OPEB Asset (Note 8)	1,565,000	1,549,000
Lease receivable - long term (Note 14)	323,170	429,825
Capital assets, non-depreciable (Note 4)	68,843,117	33,360,429
Capital assets, depreciable, net (Note 4)	112,988,499	116,261,393
Total non-current assets	<u>219,468,598</u>	<u>225,541,030</u>
TOTAL ASSETS	<u>255,585,637</u>	<u>261,778,942</u>
DEFERRED OUTFLOWS OF RESOURCES		
Other post-employment benefits (Note 8)	407,000	897,000
Pension (Note 9)	7,877,747	7,921,322
TOTAL DEFERRED OUTFLOWS	<u>8,284,747</u>	<u>8,818,322</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	4,074,248	6,657,317
Accrued salaries and benefits	625,551	629,528
Accrued interest payable	572,342	329,845
Current portion of long-term liabilities		
Compensated absences (Note 6)	447,368	382,538
Lease liability (Note 7)	1,917	1,848
Loans payable (Note 7)	2,139,432	2,108,595
Bonds payable (Note 7)	1,655,000	1,595,000
Total current liabilities	<u>9,515,858</u>	<u>11,704,671</u>
NON-CURRENT LIABILITIES		
Compensated absences (Note 6)	1,789,472	1,530,151
Lease liability (Note 7)	3,409	5,427
Loans payable (Note 7)	31,409,716	33,549,148
Bonds payable, net of premium (Note 7)	89,087,426	91,929,579
Net pension liability (Note 9)	19,502,868	18,071,596
Total non-current liabilities	<u>141,792,891</u>	<u>145,085,901</u>
TOTAL LIABILITIES	<u>151,308,749</u>	<u>156,790,572</u>
DEFERRED INFLOWS OF RESOURCES		
Leases (Note 14)	772,445	917,907
Other post-employment benefits (Note 8)	1,098,000	1,558,000
Pension (Note 9)	597,820	1,117,617
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,468,265</u>	<u>3,593,524</u>
NET POSITION (Note 10)		
Net investment in capital assets	93,230,797	93,322,986
Restricted for capital projects	2,648,186	2,648,186
Unrestricted	14,214,387	14,241,996
TOTAL NET POSITION	<u>\$ 110,093,370</u>	<u>\$ 110,213,168</u>

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, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Sewer service charge	\$ 30,350,404	\$ 28,417,526
Inspection/permit fees	526,763	364,365
Contract services	117,708	281,985
Other revenue	176,349	632,045
Total operating revenues	<u>31,171,224</u>	<u>29,695,921</u>
OPERATING EXPENSES		
Sewage collection	5,654,307	5,767,155
Sewage treatment	15,461,676	11,401,577
Administration	8,841,047	4,838,762
Contract services	24,882	46,368
West County Agency	617,712	2,715,981
Total operating expenses	<u>30,599,624</u>	<u>24,769,843</u>
Operating income before depreciation	571,600	4,926,078
Depreciation and amortization (Note 5)	<u>(5,916,102)</u>	<u>(5,716,551)</u>
OPERATING INCOME	<u>(5,344,502)</u>	<u>(790,473)</u>
NONOPERATING REVENUES (EXPENSES)		
Property taxes	1,619,694	1,569,994
Redevelopment allocation	487,497	178,576
Rental income	563,314	582,072
Investment earnings	4,229,051	3,605,274
Interest expense	(2,777,934)	(2,141,309)
Loss on sale/disposition of capital assets	-	-
Other non-operating revenue (expenses)	698,811	12,752
Total nonoperating revenues (expenses), net	<u>4,820,433</u>	<u>3,807,359</u>
Net income (loss) before capital contributions	<u>(524,069)</u>	<u>3,016,886</u>
CAPITAL CONTRIBUTIONS		
Connection fees	404,271	802,652
Total capital contributions	<u>404,271</u>	<u>802,652</u>
CHANGES IN NET POSITION	<u>(119,798)</u>	<u>3,819,538</u>
NET POSITION, BEGINNING - AS PREVIOUSLY STATED	110,213,168	115,175,048
Error Correction (Note 15)	-	(8,781,418)
NET POSITION, BEGINNING - AS RESTATED	<u>110,213,168</u>	<u>106,393,630</u>
NET POSITION, END OF YEAR	<u>\$ 110,093,370</u>	<u>\$ 110,213,168</u>

See accompanying notes to financial statements

WEST COUNTY WASTEWATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and others	\$ 31,015,215	\$ 29,987,155
Cash paid to employees for salaries and wages	(5,354,988)	(702,823)
Cash paid to vendors and suppliers for materials and services	(25,304,699)	(9,979,334)
Cash Flows from Operating Activities	<u>355,528</u>	<u>19,304,998</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Property taxes	1,619,694	1,569,994
Redevelopment allocation	487,497	178,576
Cash Flows from Non-capital Financing Activities	<u>2,107,191</u>	<u>1,748,570</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Net acquisition and construction of capital assets	(40,448,575)	(22,784,097)
Cash proceeds from disposal of capital asset	-	-
Proceeds from capital contributions	404,271	802,652
Proceeds from bond issuance	-	-
Principal paid	3,703,595	2,171,828
Interest paid	(2,535,437)	(2,472,205)
Cash Flows (used for) Capital and Related Financing Activities	<u>(38,876,146)</u>	<u>(22,281,822)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities of investment securities	(6,612,447)	(28,443,495)
Interest earnings	4,470,474	3,387,972
Cash Flows from Investing Activities	<u>(2,141,973)</u>	<u>(25,055,523)</u>
NET CASH FLOWS	(38,555,400)	(26,283,777)
Cash, beginning of year	<u>107,812,465</u>	<u>134,096,242</u>
Cash, end of year	<u>\$ 69,257,065</u>	<u>\$ 107,812,465</u>

(Continued)

WEST COUNTY WASTEWATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (5,344,502)	\$ (790,473)
Depreciation	5,916,102	5,716,551
Rental income	563,314	582,072
Effect on GASB 68 on net pension liability	1,994,644	11,888,931
Effect on GASB 75 on net OPEB liability	14,000	(1,020,000)
(Increase) decrease in assets		
Accounts receivable	(719,323)	(290,838)
Inventory	7,030	(3,151)
Lease-related assets	156,031	561,691
Prepays	178,538	(177,544)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(2,583,069)	2,961,106
Accrued salaries and wages	(3,977)	217,004
Lease-related liabilities	(147,411)	(576,357)
Compensated absences	324,151	236,006
Net cash provided by operating activities	<u>\$ 355,528</u>	<u>\$ 19,304,998</u>
RECONCILIATION OF CASH AND INVESTMENTS		
Unrestricted	\$ 33,508,253	\$ 33,872,082
Restricted	<u>35,748,812</u>	<u>73,940,383</u>
Total cash and investments	<u>\$ 69,257,065</u>	<u>\$ 107,812,465</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, 2024 and 2023

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, 2024 and 2023

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, 2024 and 2023**

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, 2024 and 2023

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, 2024 and 2023

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, 2024</u>	<u>June 30, 2023</u>
Valuation Date	June 30, 2023	June 30, 2021
Measurement date	June 30, 2024	June 30, 2023
Measurement period	July 1, 2023 - June 30, 2024	July 1, 2022 - June 30, 2023

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, 2024</u>	<u>June 30, 2023</u>
Valuation Date	June 30, 2022	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

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

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, 2024 and 2023

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, 2024 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, 2023, from which the summarized information was derived.

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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New Pronouncements

For the year ended June 30, 2024, the District implemented the following GASB pronouncement:

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 implementation of this Statement did not have a material effect on the financial statements.

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

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.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement is effective for reporting periods beginning after June 15, 2024, or the fiscal year 2024-25. The District has not yet determined the effect of this Statement on its financial statements.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement is effective for reporting periods beginning after June 15, 2025, or the fiscal year 2025-26. The District has not yet determined the effect of this Statement on its financial statements.

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

NOTE 3 – CASH AND INVESTMENTS

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

Deposit or Investment	June 30, 2024	June 30, 2023
Cash on-hand and in banks	\$ 2,309,423	\$ 2,187,639
Local Agency Investment Fund	124,037	12,842,813
CAMP	23,284,675	15,811,388
CLASS	7,790,118	3,030,242
Total Cash and Investments	33,508,253	33,872,082
Restricted cash held with trustee	35,748,812	73,940,383
Total Cash and Investments	\$ 69,257,065	\$ 107,812,465

Cash Deposits

At June 30, 2024 and 2023, the carrying amount of the District's demand deposits, including petty cash, were \$2,309,423 and \$2,187,639, respectively, and the financial institution balances were \$2,259,581 and \$2,461,268, respectively. The differences of \$49,842 at June 30, 2024 and \$223,477 at June 30, 2023 represent outstanding checks, deposits-in-transit, and/or other reconciling items.

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.

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

NOTE 3 – CASH AND INVESTMENTS (Continued)

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, 2024 and 2023, none of the District's deposits and investments were exposed to disclosable custodial credit risk.

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, 2024	Uncategorized	N/A	\$ 125,177	\$ 125,177
June 30, 2023	Uncategorized	N/A	\$ 23,284,675	\$ 23,284,675

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, 2024 and 2023. 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, 2024 and 2023 included a portion of the pool funds invested in structured notes and asset-backed securities.

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

NOTE 3 – CASH AND INVESTMENTS (Continued)

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.

Investment in State Investment Pool (Continued)

The District had \$124,037 and \$12,842,813 invested with LAIF at June 30, 2024 and 2023, respectively. The fair value factors of 0.996316042 and 0.984828499 were used to calculate the fair value of the investments in LAIF as of June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023 LAIF average day of Maturity was 217 days and 260 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. At June 30, 2024 and 2023 CAMP average day of Maturity was 38 days and 26 days, respectively, in addition CAMP had an ending balance of \$23,284,675 and \$15,811,388, respectively.

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, 2024 and 2023 these investments matured in an average of 27 days and 44, respectively. 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, 2024, the fair value approximated the District's cost.

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

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 Risks

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, 2024 and Note 2023, accounts receivable is comprised of the following:

	2024	2023
EBMUD	\$ 1,016,737	\$ 539,793
Chevron	298,494	338,507
Clean Water Program	22,191	18,429
Crockett Sanitary Department	61,734	17,783
Reclaimed Water Project	11,009	-
West County Justice Center	10,201	-
Sampling	10,050	5,550
Permits and trucked waste	74,041	12,040
Republic Services	63,807	56,410
West County Agency	9,026	-
All other	134,328	3,783
Subtotal	1,711,618	992,295
Allowance for doubtful accounts	(32,137)	(32,137)
Net Accounts Receivable	<u>\$ 1,679,481</u>	<u>\$ 960,158</u>

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

NOTE 5 – CAPITAL ASSETS

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

	Balance June 30, 2023	Additions	Deletions	Reclasses	Balance June 30, 2024
Non-depreciable assets:					
Land	\$ 2,451,806	\$ -	\$ -	\$ -	\$ 2,451,806
Construction-in-process	30,908,623	37,752,725	-	(2,270,037)	66,391,311
Total non-depreciable assets	33,360,429	37,752,725	-	(2,270,037)	68,843,117
Depreciable assets:					
Sewer collection & treatment facilities	202,912,905		-	2,192,458	205,105,363
Equipment	6,866,392	242,426	-	78,266	7,187,084
Vehicles	3,793,624	130,058	-	-	3,923,682
Intangible right-to-use lease asset	9,580	-	-	-	9,580
Total depreciable assets	213,582,501	372,484	-	2,270,724	216,225,709
Accumulated depreciation:					
Sewer collection & treatment facilities	(92,849,718)	(1,138,379)	-	43,438	(93,944,659)
Equipment	(3,558,990)	(3,286,450)	-	(79,766)	(6,925,206)
Vehicles	(909,845)	(1,489,253)	-	36,328	(2,362,770)
Intangible right-to-use lease asset	(2,555)	(2,020)	-	-	(4,575)
Total accumulated depreciation	(97,321,108)	(5,916,102)	-	-	(103,237,210)
Total depreciable assets, net	116,261,393	(5,543,618)	-	2,270,724	112,988,499
Total capital assets, net	\$ 149,621,822	\$ 32,209,107	\$ -	\$ 687	\$ 181,831,616

	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

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

NOTE 6 – ACCRUED COMPENSATED ABSENCES

The accrued liabilities for compensated absences for the fiscal years ending June 30, 2024 and 2023 were as follows:

Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion	Non-current Portion
\$1,912,689	\$ 381,504	\$ (57,353)	\$2,236,840	\$ 447,368	\$1,789,472

Balance at 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

NOTE 7 – LONG-TERM DEBT

Summary changes in long-term debt balances for the years ended June 30, 2024 and 2023 were as follows:

Description	Balance June 30, 2023	Additions	Payments	Balance June 30, 2024	Due within one year
Lease liability	\$ 7,275		\$ (1,949)	\$ 5,326	\$ 1,917
Loans From Direct Borrowing:					
SRF Loan - Phase 1, Segment 1	1,025,547	-	(70,289)	955,258	71,625
SRF Loan - Phase 1, Segment 2	7,934,414	-	(350,662)	7,583,752	357,324
SRF Loan - Phase 1, Segment 3	11,374,901	-	(662,525)	10,712,376	675,113
SRF Loan - Recycled Water Upgrades	15,322,881	-	(1,025,119)	14,297,762	1,035,370
Debt Service:					
2021 Wastewater Revenue Bonds	79,575,000	-	(1,595,000)	77,980,000	1,655,000
Premium on 2021 Revenue Bonds	13,949,579	-	(1,187,153)	12,762,426	-
Total long-term debt	\$ 129,189,597	\$ -	\$ (4,892,697)	\$ 124,296,900	\$ 3,796,349

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	\$ 132,550,361	\$ -	\$ (3,360,764)	\$ 129,189,597	\$ 3,705,443

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

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
2025	\$ 1,917	\$ 165	\$ 2,082
2026	1,981	97	2,078
2027	1,428	27	1,455
Totals	<u>\$ 5,326</u>	<u>\$ 289</u>	<u>\$ 5,615</u>

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, 2024 and 2023, this loan is outstanding in the amount of \$955,258 and \$1,025,547, 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, 2024, and 2023, this loan is outstanding in the amount of \$7,583,752 and \$7,934,414, 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, 2024 and 2023, this loan is outstanding in the amount of \$10,712,376 and \$11,374,901, respectively.

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

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, 2024, and 2023, this loan is outstanding in the amount of \$14,297,762 and \$15,322,881, respectively.

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

Fiscal Year	Principal	Interest	Total
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	2,267,803	380,383	2,648,186
2030-2034	11,850,775	1,390,155	13,240,930
2035-2039	9,233,996	502,265	9,736,261
2040-2042	1,448,844	55,401	1,504,245
Total	<u>\$ 33,549,148</u>	<u>\$ 4,173,217</u>	<u>\$ 37,722,365</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 \$1,187,152 has been amortized as of June 30, 2024 and 2023, 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, 2024, and 2023, this bond is outstanding in the amount of \$77,980,000 \$79,575,000, respectively.

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

Fiscal Year	Principal	Interest	Total
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	1,940,000	2,837,800	4,777,800
2030-2034	10,910,000	12,962,200	23,872,200
2035-2039	13,280,000	10,598,600	23,878,600
2040-2044	16,155,000	7,721,200	23,876,200
2045-2049	19,655,000	4,221,000	23,876,000
2050-2051	9,005,000	543,800	9,548,800
Total	<u>\$ 77,980,000</u>	<u>\$ 50,953,200</u>	<u>\$ 128,933,200</u>

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

NOTE 8 – NET OTHER POST EMPLOYMENT BENEFITS
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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	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Active employees	67	65
Inactive employees or beneficiaries currently receiving benefits	50	55
Inactive employees entitled to, but not yet receiving benefits	<u>-</u>	<u>-</u>
Total	<u><u>117</u></u>	<u><u>120</u></u>

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

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, 2024	Fiscal year ended June 30, 2023
Cash contributions to the trust	\$ 410,000	\$ 425,000
Benefit payments	576,000	573,000
Benefit payments reimbursed by trust	(1,154,000)	-
Implicit subsidy	127,000	126,000
Administrative expenses paid	2,000	2,000
Total contributions	<u>\$ (39,000)</u>	<u>\$ 1,126,000</u>

Net OPEB Liability (Asset)

Amounts in thousands (000s)	Fiscal Year Ended June 30	
	<u>2024</u>	<u>2023</u>
Total OPEB Liability (TOL)	\$ 13,752	\$ 12,734
Fiduciary Net Position (FNP)	15,317	14,283
Net OPEB Liability (NOL)	<u>\$ (1,565)</u>	<u>\$ (1,549)</u>
Funded status (FNP/TOL)	111.4%	112.2%

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

NOTE 8 – NET OTHER POST EMPLOYMENT BENEFITS (Continued)
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Net OPEB Liability (Asset) (Continued)

The District's Net OPEB (Asset) was measured on June 30, 2024, using a measurement period of July 1, 2023 to June 30, 2024. Update procedures were used to roll forward the Total OPEB Asset from the valuation date (June 30, 2022) to the measurement date (June 30, 2024), based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Measurement Date	June 30, 2024
Actuarial valuation date	June 30, 2023
Contribution policy	District contributes full ADC
Discount rate	5.50% at June 30, 2024 5.50% at June 30, 2023
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 2009-2019 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 2000-2019 Experience Study
Medical trend	<ul style="list-style-type: none"> • Non-Medicare – 8.50% for 2025, decreasing to an ultimate of 3.45% in 2076.
Participation at retirement	100%

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

NOTE 8 – NET OTHER POST EMPLOYMENT BENEFITS (Continued)

Changes since June 30, 2023 Measurement Date

	June 30, 2024 Measurement Date
Changes of assumptions	<ul style="list-style-type: none"> • Demographic assumptions updated to CalPERS 2000-2019 Experience Study • Updated medical trend rates • Medical plan at retirement assumed to be based on current election
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, 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)
Changes Recognized for the Measurement Period:			
Service cost	648,000	-	648,000
Interest	717,000	-	717,000
Actual vs. expected experience	(20,000)	-	(20,000)
Assumption changes	376,000	-	376,000
Employer contributions	-	(39,000)	39,000
Employee contributions	-	121,000	(121,000)
Net investment income	-	1,692,000	(1,692,000)
Benefit payments to retirees	(703,000)	(703,000)	-
Administrative Expense	-	(37,000)	37,000
Net Changes	1,018,000	1,034,000	(16,000)
Balance at June 30, 2024 (Measurement Date)	\$ 13,752,000	\$ 15,317,000	\$ (1,565,000)

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

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

Asset Class Component	<u>Target Allocation PARS-Moderate</u>	<u>Expected Real Rate of Return</u>
- 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:

	<u>1% Decrease (4.50%)</u>	<u>Current Discount Rate (5.50%)</u>	<u>1% Increase (6.50%)</u>
June 30, 2024	\$ 201,000	\$ (1,565,000)	\$ (3,025,000)
June 30, 2023	\$ 63,000	\$ (1,549,000)	\$ (2,885,000)

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:

	<u>1 % Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
June 30, 2024	\$ (3,298,000)	\$ (1,565,000)	\$ 574,000
June 30, 2023	\$ (3,263,000)	\$ (1,549,000)	\$ 570,000

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

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 (EARS�)

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

For the years ended June 30, 2024 and 2023, the District recognized actuarial OPEB expense of \$25,000 and \$106,000, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Year Ended June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 510,000
Changes of assumptions	407,000	437,000
Net difference between projected and actual earnings on plan investments	-	151,000
Total	\$ 407,000	\$ 1,098,000

Year Ended June 30, 2023	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	\$ 897,000	\$ 1,558,000

**WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023**

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
2025	\$ (268,000)
2026	104,000
2027	(448,000)
2028	(180,000)
2029	51,000
Thereafter	50,000

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, 2024 and 2023

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plans (Continued)

The Plan provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Tier 1	PEPRA
	Prior To January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	3% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 60	52 - 62
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.0% to 2.5%
Required employee contribution rates 2024	8.00%	7.75%
Required employee contribution rates 2023	8.00%	6.75%
Required employer contribution rates 2024	17.26%	7.68%
Required employer contribution rates 2023	15.25%	7.47%
Required UAL contribution	\$1,245,110	\$0

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 \$2,352,883 contributions and the required contribution for the unfunded liability was \$1,245,110 in fiscal year 2024 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, 2024 and 2023, the District's total contributions to the Plan were \$2,352,883 and \$2,245,481, respectively.

For the years ended June 30, 2024 and 2023, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous		
	Classic	PEPRA	Total
Employer contributions 2024	\$ 1,896,585	\$ 456,298	\$ 2,352,883
Employer contributions 2023	\$ 1,873,615	\$ 371,866	\$ 2,245,481

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

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:

	<u>Miscellaneous Plan</u>	
Proportionate share of	<u>June 30, 2024</u>	<u>June 30, 2023</u>
the net pension liability	<u>\$ 19,502,868</u>	<u>\$ 18,071,596</u>

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, 2023, 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, 2022 rolled forward to June 30, 2023 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, 2023, 2022, and 2021 measurement dates was as follows:

	<u>PERF C</u>
Proportion - June 30, 2022	0.15645%
Proportion - June 30, 2023	<u>0.156331%</u>
Change - Increase (Decrease)	-0.00012%
	<u>PERF C</u>
Proportion - June 30, 2021	0.16021%
Proportion - June 30, 2022	<u>0.15645%</u>
Change - Increase (Decrease)	-0.00376%

For the years ended June 30, 2024 and 2023 the District recognized actuarial pension (income) expense of \$3,307,933 and \$(8,228), respectively.

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

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, 2024		
Pension contributions subsequent to measurement date	\$ 2,352,883	\$ -
Changes in assumptions	1,177,476	-
Differences between actual and expected experience	996,312	(154,552)
Change in employer's proportion	148,404	(92,924)
Differences between the employer's contributions and the employer's proportionate share of contributions	44,982	(350,344)
Net differences between projected and actual earnings on plan investments	3,157,690	-
Total	<u>\$ 7,877,747</u>	<u>\$ (597,820)</u>

	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	<u>\$ 7,921,322</u>	<u>\$ (1,117,617)</u>

Of the \$7,877,747 reported as deferred outflow of resources at June 30, 2024, \$2,352,883 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, 2025.

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
2025	\$ 1,417,025
2026	986,427
2027	2,432,985
2028	90,607
Total	<u>\$ 4,927,044</u>

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

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, 2023, the total pension liability was determined by rolling forward the June 30, 2022 total pension liability. The June 30, 2022 total pension liability were based on the following actuarial methods and assumptions for all benefit tiers:

	Miscellaneous
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
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)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.

(1) The mortality table was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational 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 from November 2021 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, 2024 and 2023

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	100%	

(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, 2024	\$ 29,247,188	\$ 19,502,868	\$ 11,482,456
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
June 30, 2023	\$ 27,371,111	\$ 18,071,596	\$ 10,420,403

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, 2024 and 2023

NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

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

Description	2024	2023
Net investment in capital assets:		
Capital assets not being depreciated	\$ 68,843,117	\$ 33,360,427
Capital assets being depreciated, net	112,988,499	116,261,395
Unspent bond proceeds	35,748,812	73,940,383
Capital related retention payable	(52,731)	(1,049,622)
Long term debt payable - current	(3,796,349)	(3,705,443)
Long term debt payable - noncurrent	<u>(120,500,551)</u>	<u>(125,484,154)</u>
Total net investment in capital assets	<u>\$ 93,230,797</u>	<u>\$ 93,322,986</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, 2024 and 2023**

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 \$377,606 and \$350,254, 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, 2024 and 2023.

NOTE 14 – LEASES

Lessor Activities

The District has accrued a receivable for a ground lease and a property lease. The remaining receivables for these leases are \$807,923 and \$963,954 as of June 30, 2024 and 2023, respectively. Deferred inflows related to these leases are \$772,445 and \$917,907 as of June 30, 2024 and 2023, respectively. Lease revenue of \$563,314 and \$582,072 was recognized for the years ending June 30, 2024 and 2023, 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:

Fiscal Year	Minimum Receipts
2025	\$ 283,577
2026	146,248
Total	<u>\$ 429,825</u>

WEST COUNTY WASTEWATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

NOTE 14 – LEASES (Continued)

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, 2024, monthly rent was \$16,958. The agreement terminates on April 30, 2026. The total remaining minimum future rental receipts for the leasing arrangements is as follows:

Fiscal Year	Minimum Receipts
2025	\$ 201,176
2026	176,922
Total	<u>\$ 378,098</u>

NOTE 15 – RESTATEMENT

Restatement shown on the Statement of Revenues, Expenses, and Change in Net Position are as follows:

	<u>FY 2023</u>
Net position, beginning - as previously stated	\$ 115,175,048
Error Correction	
Bond proceeds reported as non-operating revenue in FY 2022	(8,732,119)
EDD liability missed in FY 2022	<u>(49,299)</u>
Net position, beginning - as restated	<u>\$ 106,393,630</u>

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Required Supplementary Information

WEST COUNTY WASTEWATER DISTRICT
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30, 2024
Last 10 Years *

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

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Date:	6/30/2023	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	0.156330%	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	\$ 19,502,868	\$ 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	\$ 8,952,052	\$ 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	217.86%	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	76.21%	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	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$2,352,883	\$ 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
Contributions in relation to the actuarially determined contributions **	(2,352,883)	(2,245,481)	(1,980,806)	(1,822,900)	(1,546,872)	(1,332,090)	(208,489)	(301,285)	(978,212)	(808,084)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 997,628</u>	<u>\$ 843,929</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,005,668	\$ 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
Contributions as a percentage of covered payroll	23.52%	25.08%	25.20%	24.65%	24.01%	23.63%	3.40%	5.07%	17.09%	15.19%

Notes to Schedule

Actuarially Determined Contribution Assumptions:

Valuation date:	6/30/2022
Actuarial cost method	Entry age normal cost method
Amortization method	Derived using CalPERS Membership Data
Remaining amortization period	Differs by employer rate plan
Asset valuation method	Market value of assets
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Discount rate	6.80%
Mortality	The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing morality 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, 2024

Measurement period	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 648,000	\$ 631,000	\$ 643,000	\$ 593,000	\$ 750,000	\$ 1,435,000	\$ 686,000
Interest on OPEB liability	717,000	683,000	737,000	739,000	803,000	1,430,000	626,000
Actual vs. expected experience	(20,000)	-	(847,000)	-	(1,547,000)	-	-
Changes in assumptions	376,000	-	(826,000)	377,000	(310,000)	-	-
Benefits paid to retirees	(703,000)	(699,000)	(691,000)	(646,000)	(574,000)	(854,000)	(304,000)
Net change in total OPEB liability	1,018,000	615,000	(984,000)	1,063,000	(878,000)	2,011,000	1,008,000
Total OPEB liability - beginning	12,734,000	12,119,000	13,103,000	12,040,000	12,918,000	10,907,000	9,899,000
Total OPEB liability - ending (a)	\$ 13,752,000	\$ 12,734,000	\$ 12,119,000	\$ 13,103,000	\$ 12,040,000	\$ 12,918,000	\$ 10,907,000
Plan fiduciary net position							
Employer Contributions	\$ (39,000)	\$ 1,126,000	\$ 881,000	\$ 1,809,000	\$ 1,805,000	\$ 2,473,000	\$ 1,119,000
Employee Contributions	121,000	132,000	78,000	80,000	68,000	-	-
Net investment income	1,692,000	971,000	(1,901,000)	2,493,000	360,000	962,000	553,000
Benefits paid to retirees	(703,000)	(699,000)	(691,000)	(646,000)	(574,000)	(854,000)	(304,000)
Administrative expense	(37,000)	(34,000)	(35,000)	(31,000)	(24,000)	(39,000)	(14,000)
Net change in plan fiduciary net position	1,034,000	1,496,000	(1,668,000)	3,705,000	1,635,000	2,542,000	1,354,000
Plan fiduciary net position - beginning	14,283,000	12,787,000	14,455,000	10,750,000	9,115,000	6,573,000	5,219,000
Plan fiduciary net position - ending (b)	15,317,000	14,283,000	12,787,000	14,455,000	10,750,000	9,115,000	6,573,000
Net OPEB liability/(asset) - ending (a) - (b)	\$ (1,565,000)	\$ (1,549,000)	\$ (668,000)	\$ (1,352,000)	\$ 1,290,000	\$ 3,803,000	\$ 4,334,000
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	111.38%	112.16%	105.51%	110.32%	89.29%	70.56%	60.26%
Covered payroll	\$ 9,438,000	\$ 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	-16.58%	-15.24%	-7.76%	-16.12%	17.81%	60.19%	65.42%

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 *

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 411,000	\$ 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>(39,000)</u>	<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>\$ 372,000</u>	<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	\$ 9,438,000	\$ 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	0.41%	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	16-year fixed period for 2023/2024
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

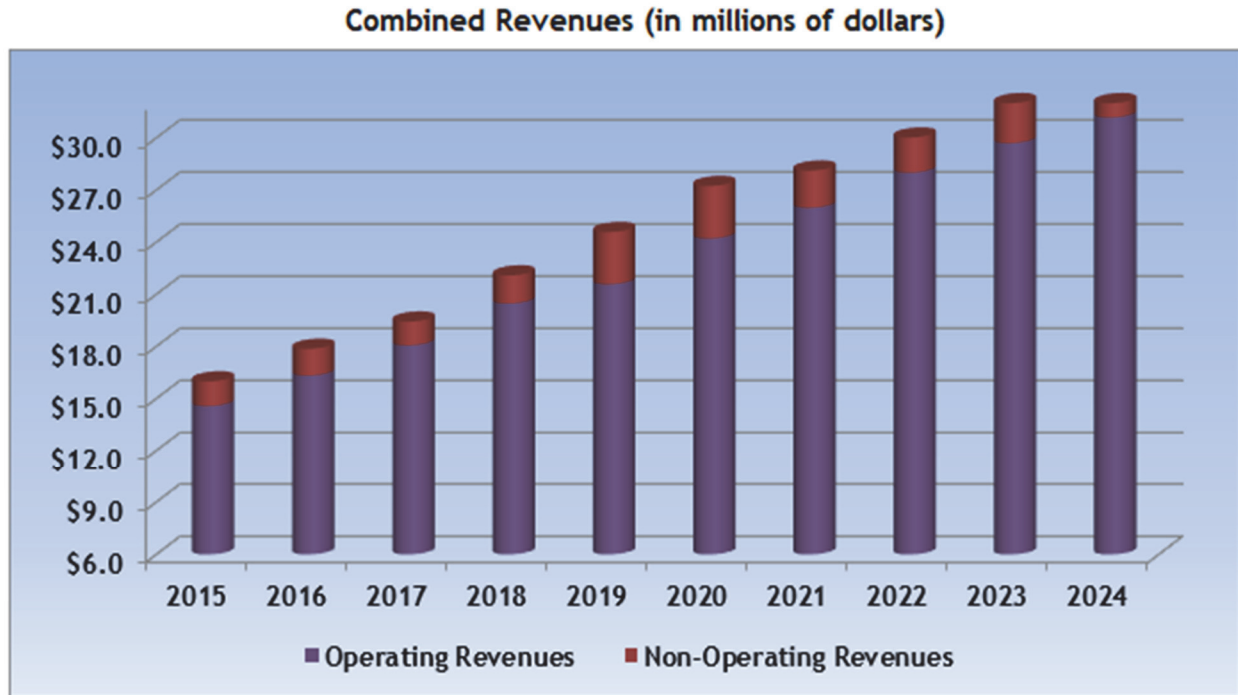
FINANCIAL TRENDS
WEST COUNTY WASTEWATER
CHANGES IN NET POSITION AND STATEMENT OF NET POSITION
Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Change in Net Position					
<u>Operating revenues:</u>					
Sewer service charge	\$ 30,350,404	\$ 28,417,526	\$ 26,501,120	\$ 25,614,601	\$ 25,625,752
Inspection/permit fees	526,763	364,365	320,155	212,066	192,230
Contract services	117,708	281,985	74,234	67,537	69,193
Other revenue	176,349	632,045	1,102,724	253,064	91,056
Total operating revenues	31,171,224	29,695,921	27,998,233	26,147,268	25,978,231
<u>Operating expenses:</u>					
Sewage collection	5,654,307	5,767,155	5,586,282	5,103,216	5,351,979
Sewage treatment	15,461,676	11,401,577	12,408,672	12,042,302	9,453,524
Administration	8,841,047	4,840,678	6,473,292	5,055,290	5,677,700
Contract services	24,882	46,368	40,552	81,216	31,311
West County Agency	617,712	2,715,981	304,712	8,095	537,834
Depreciation expense	5,916,102	5,714,635	4,981,909	5,119,173	5,754,097
Total operating expenses	36,515,726	30,486,394	29,795,419	27,409,292	26,806,445
Operating Income (loss)	(5,344,502)	(790,473)	(1,797,186)	(1,262,024)	(828,214)
<u>Non-operating revenues (expenses):</u>					
Property taxes	1,619,694	1,569,994	1,521,549	1,320,397	1,257,113
Redevelopment allocation	487,497	178,576	185,480	303,186	339,844
Rental income	563,314	582,072	672,829	523,390	507,694
Investment earnings	4,229,051	3,605,274	(355,101)	(2,867)	922,465
Interest expense	(2,777,934)	(2,141,309)	(2,216,142)	(430,961)	(463,090)
Other revenue (expense), net	698,811	12,752	8,464,105	50,664	(6,082)
Total non-operating revenues (expenses), net	4,820,433	3,807,359	8,272,720	1,763,809	2,557,944
Net income before capital contributions	(524,069)	3,016,886	6,475,534	501,785	1,729,730
<u>Capital contributions:</u>					
State capital grants					
Connection fees	404,271	802,652	599,269	1,176,339	578,975
Contributed sewer lines					
Total capital contributions	404,271	802,652	599,269	1,176,339	578,975
Change in net position	(119,798)	3,819,538	7,074,803	1,678,124	2,308,705
Net position					
Beginning of year	110,213,168	115,175,048	108,094,778	106,284,654	103,975,949
Prior period adjustments		(8,781,418)	5,467	132,000	
Net Position - End of year	\$ 110,093,370	\$ 110,213,168	\$ 115,175,048	\$ 108,094,778	\$ 106,284,654
Net position					
Invested in Capital Assets	\$ 93,230,797	\$ 93,322,986	\$ 83,563,169	\$ 88,702,556	\$ 80,174,152
Restricted	2,648,186	73,940,383	2,284,343	2,284,343	2,284,343
Unrestricted	14,214,387	(57,050,201)	29,327,536	17,107,879	23,826,159
Total Net Position	\$ 110,093,370	\$ 110,213,168	\$ 115,175,048	\$ 108,094,778	\$ 106,284,654

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating revenues:					
Sewer use charge	\$ 23,795,768	\$ 21,047,634	\$ 19,780,211	\$ 17,290,831	\$ 15,650,703
Inspection/permit fees	277,981	231,481	300,183	248,888	316,476
Contract services	87,091	106,279	221,643	300,737	329,339
Other revenue	48,072	194,610	170,067	221,698	25,302
Total operating revenues	<u>24,208,912</u>	<u>21,580,004</u>	<u>20,472,104</u>	<u>18,062,154</u>	<u>16,321,820</u>
				(1,740,334)	
Operating expenses:					
Sewage collection	2,197,399	4,236,904	3,783,288	3,815,139	3,768,123
Sewage treatment	7,197,285	7,298,501	6,784,087	5,976,699	5,704,464
Administration	5,718,627	4,553,523	3,899,443	2,631,540	2,740,638
Contract services	64,076	84,834	147,060	272,421	303,888
West County Agency	268,066	121,698	174,212	148,541	107,463
Depreciation expense	4,634,050	3,198,839	3,071,113	3,119,615	3,222,967
Total operating expenses	<u>20,079,503</u>	<u>19,494,299</u>	<u>17,859,203</u>	<u>15,963,955</u>	<u>15,847,543</u>
Operating Income (loss)	<u>4,129,409</u>	<u>2,085,705</u>	<u>2,612,901</u>	<u>2,098,199</u>	<u>474,277</u>
Non-operating revenues (expenses):					
Property taxes	1,192,713	1,082,059	1,057,151	977,876	900,157
Redevelopment allocation	322,356	312,470	160,943	141,994	215,512
Rental income	675,254	311,948	90,941	353,536	258,827
Investment earnings & Expense	817,201	(91,867)	61,556	70,451	43,743
Interest expense	(450,324)				
Other revenue (expense), net	(417)	(97,276)	(109,312)		(2,275,124)
Total non-operating revenues (expenses), net	<u>2,556,783</u>	<u>1,517,334</u>	<u>1,261,279</u>	<u>1,543,857</u>	<u>(856,885)</u>
Net income before capital contributions	<u>6,686,192</u>	<u>3,603,039</u>	<u>3,874,180</u>	<u>3,642,056</u>	<u>(382,608)</u>
Capital contributions:					
State capital grants	354,885	2,034,947	6,966,498		
Connection fees	454,195	1,423,356	970,975	453,178	816,533
Contributed sewer lines		0			
Total capital contributions	<u>809,080</u>	<u>3,458,303</u>	<u>7,937,473</u>	<u>453,178</u>	<u>816,533</u>
Change in net position	<u>7,495,272</u>	<u>7,061,342</u>	<u>11,811,653</u>	<u>4,095,234</u>	<u>433,925</u>
Net position					
Beginning of year	96,480,677	93,344,056	81,532,403	77,437,169	86,070,895
Prior period adjustments		(3,924,721)			(9,067,651)
Net Position - End of year	<u>\$ 103,975,949</u>	<u>\$ 96,480,677</u>	<u>\$ 93,344,056</u>	<u>\$ 81,532,403</u>	<u>\$ 77,437,169</u>
Net Position					
Invested in Capital Assets	\$ 82,260,957	\$ 85,238,747	\$ 79,395,085	\$ 80,006,751	\$ 67,486,623
Restricted	2,134,873	1,861,014	918,426		
Unrestricted	19,580,119	9,380,916	13,030,545	1,525,652	9,950,546
Total Net Position	<u>\$ 103,975,949</u>	<u>\$ 96,480,677</u>	<u>\$ 93,344,056</u>	<u>\$ 81,532,403</u>	<u>\$ 77,437,169</u>

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
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
2024	30,350,404	526,763	117,708	176,349	31,171,224

Source: West County Wastewater District Audited Financial Statements

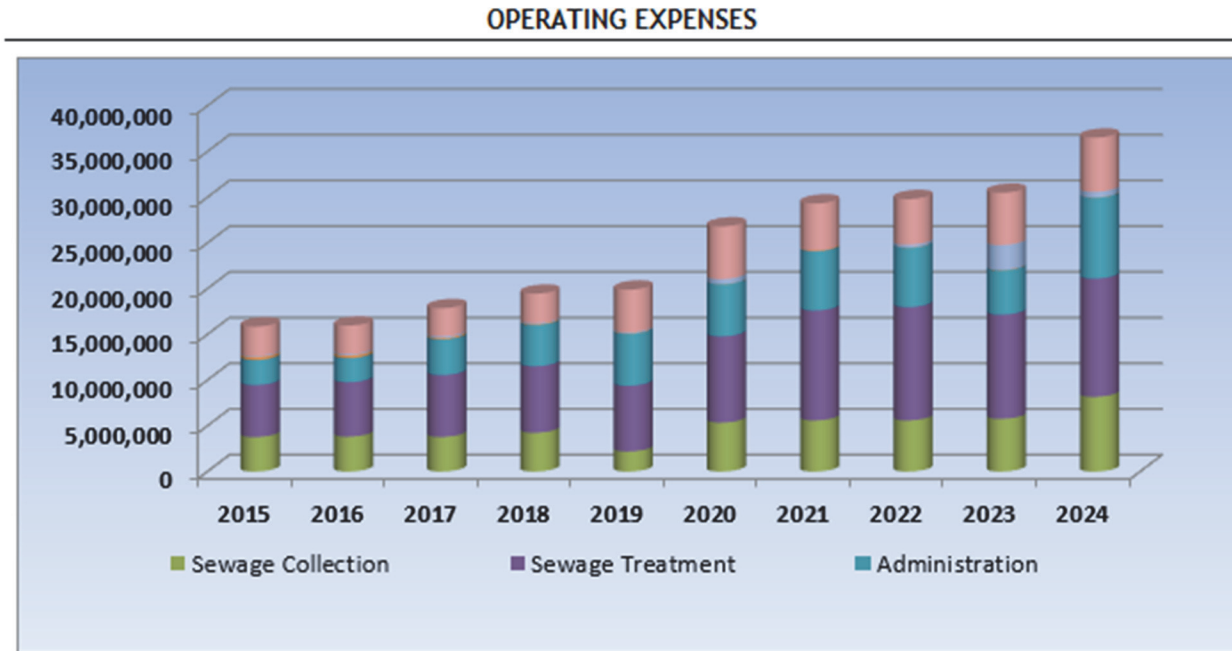
NON-OPERATING REVENUES

FYE June 30	Property Taxes	Investment Earnings	Rental Income	Other	Total Non- Operating
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	(91,867)	311,947		1,614,609
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	(2,867)	523,390		2,144,106
2022	1,707,029	(355,101)	672,829		2,024,757
2023	1,748,570	3,605,274	582,072		5,935,916
2024	2,107,191	4,229,051	563,314		6,899,556

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)



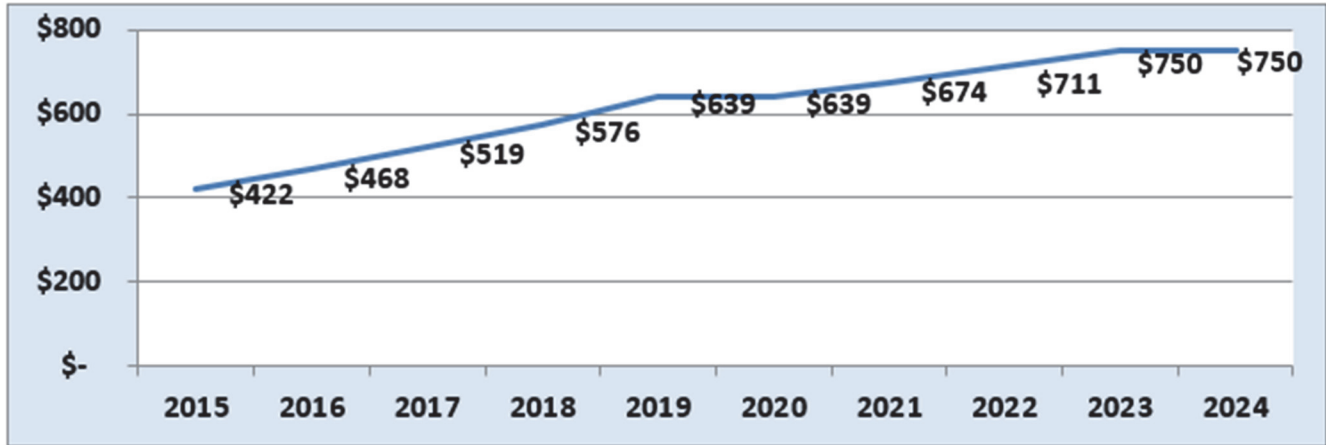
Source: West County Wastewater Audited Financial Statements

FYE June 30	Sewage Collection	Sewage Treatment	Administration	Service Contracts	WCA	Depreciation	Total
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
2024	5,654,307	15,461,676	8,841,047	24,882	617,712	5,916,102	36,515,726
	19%	37%	16%	0%	9%	19%	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)

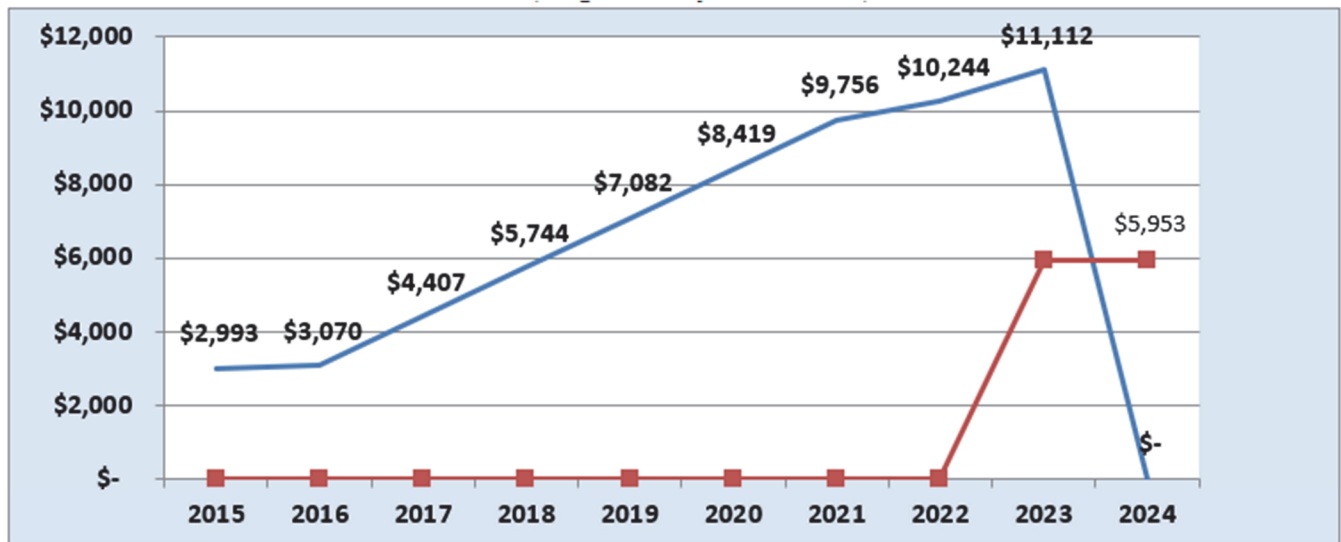


Source: West County Wastewater Schedule of User Fees

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 2024			FY 2014		
	Sewer Use Charge	Rank	% of SUC	Sewer Use Charge	Rank	% of SUC
East Bay MUD	2,108,855	1	6.9%	646,992	1	4.6%
Guardian & KW Hilltop LLC	659,232	2	2.2%	305,424	2	2.2%
Chevron	364,688	3	1.2%	167,189	3	
Menlo Westridge Afford Partner	313,920	4	1.0%			
Richmond Essex LP	282,528	5	0.9%	130,896	4	0.9%
Fairfield Hilltop LP	211,896	6	0.7%			
Pacific Mobile IV LP	163,500	7	0.5%	75,750	7	0.5%
US REIF Sierra Ridge CA LLC	156,960	8	0.5%			
Biorichland LLC	130,890	9	0.4%			
BRE Piper MF Tides CA LLC	130,300	10	0.4%			
Steadfast Hilltop Commons LP				98,172	5	0.7%
Casino San Pablo of Lytton				94,843	6	0.7%
Prime Richmons Houaing Partners				72,720	8	0.5%
Richmond Assoc. LLC				68,064	9	0.5%
CCC Junior College District				66,356	10	0.5%
Total	4,522,769		14.9%	1,726,406		11.1%

Source: EBMUD and Chevron - "Sewer Use Charge - Industrial Revenue"

Source: NBS file "WCWD Sewer - FY 2023-24 APN Breakdown.xlsx" for all except EBMUD and Chevron.

Sewer Service Charge Customer Type	FY 2024		FY 2014	
	Sewer Revenue	% of Total	Sewer Revenue	% of Total
Residential	\$24,321,456	80%	\$ 11,181,414	78%
Commercial	\$3,567,082	12%	1,614,972	11%
Industrial	\$2,481,771	8%	1,470,252	10%
Total	\$ 30,370,309	100%	\$ 14,266,638	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
2015	6,747,353,358	184,879,011	6,932,232,369	
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	9.6%
2024	12,082,757,222	283,832,546	12,366,589,768	5.1%

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
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
2024	2,107,191	30,350,404

Source: West County Wastewater District Audited Financial Statements

Revenue Capacity
WEST COUNTY WASTEWATER
 SCHEDULE OF CAPACITY CHARGES

	<u>FY2024</u>	<u>FY2023</u>	<u>FY2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>
Capacity charge fee revenue received:						
Capacity charge (formerly Connection fees)	404,271	802,652				
Connection fees		-	599,269	501,785	1,729,730	6,686,192
Capacity charge revenue for the Fiscal Year	404,271	802,652	599,269	501,785	1,729,730	6,686,192

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%	955,258
SRF Loan - Phase I, Segment 2	8/6/2041	1.9%	7,583,753
SRF Loan - Phase I, Segment 3	8/30/2037	1.9%	10,712,377
SRF Loan - Recycled Water Upgrades	6/3/2037	1.0%	14,297,762
Total			33,549,149

California State Water Resources State Revolving Loans Repayment Schedule

Fiscal Year	Principal	Interest	Total
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
2029	2,267,803	380,383	2,648,186
Thereafter	22,533,617	1,947,820	24,481,437
Total	33,549,149	4,173,217	37,722,366

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
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	1,940,000	2,837,800	4,777,800
Thereafter	69,005,000	36,046,800	105,051,800
Total	77,980,000	50,953,200	128,933,200

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
2015	99,511	6,077,197,314	61,071	6.1%	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	4.9%	1,139,513	9.1%
2018	104,027	7,163,295,655	68,860	4.2%	1,147,879	9.1%
2019	104,027	7,392,521,116	71,063	3.5%	1,150,621	9.0%
2020	104,045	7,630,375,466	73,338	3.1%	1,153,561	9.0%
2021	106,376	7,812,252,006	73,015	3.2%	1,165,927	9.1%
2022	105,649	8,155,952,873	77,199	6.9%	1,156,555	9.1%
2023	104,556	8,680,995,329	83,027	3.2%	1,147,653	9.1%
2024	104,092	9,026,170,454	86,713	4.7%	1,146,626	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,

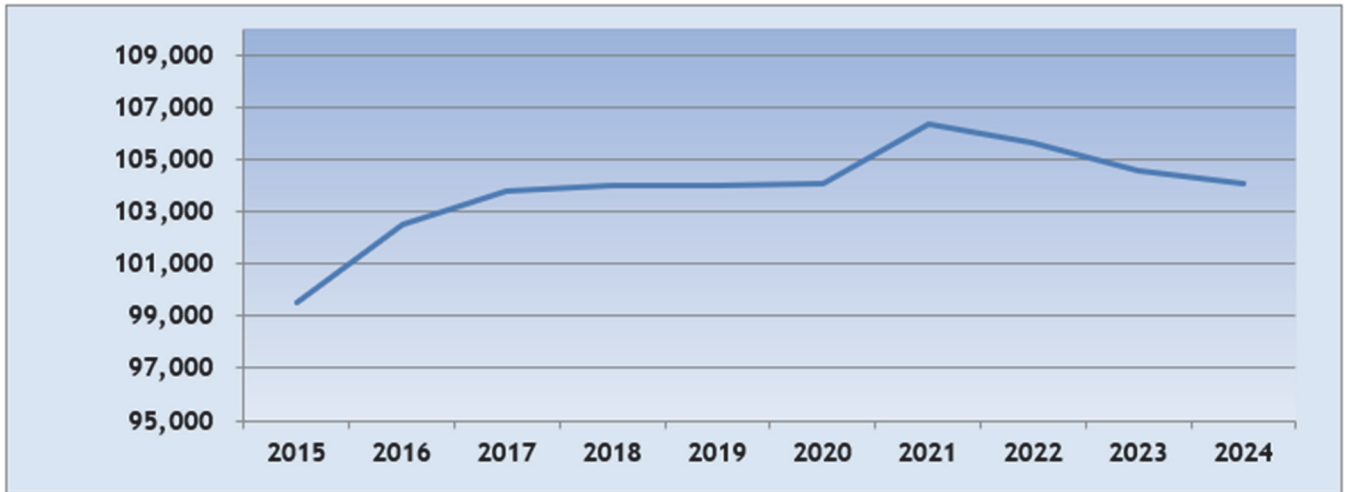
* Total Personal Income: State of California, Department of Finance, Demographic Research

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

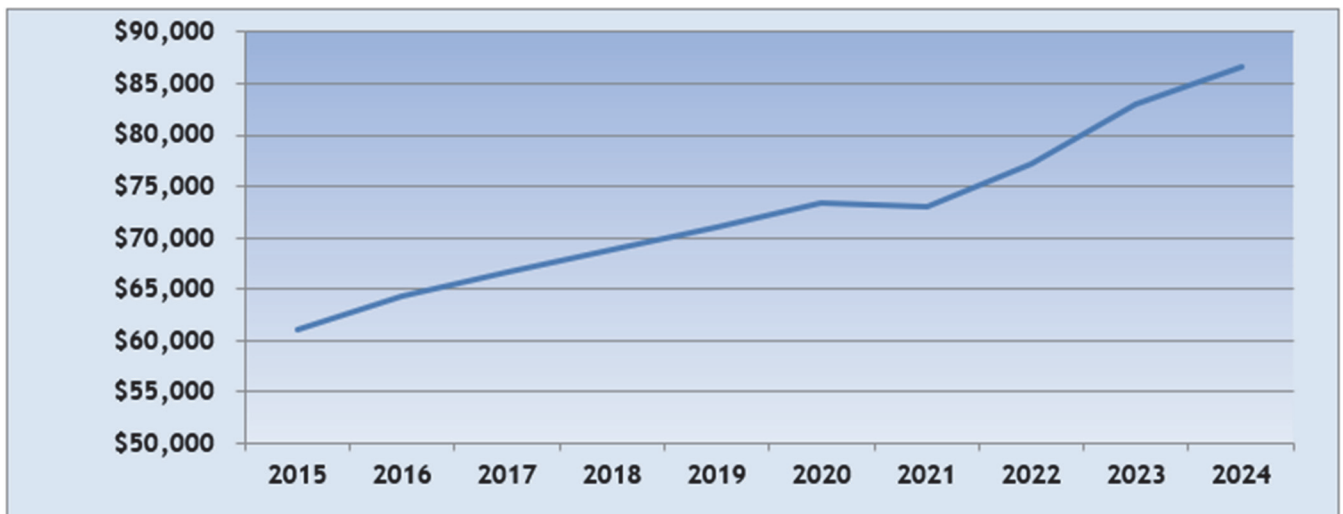
(B) Data presented for Contra Costa County - data not available at the District level.

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

Population Served

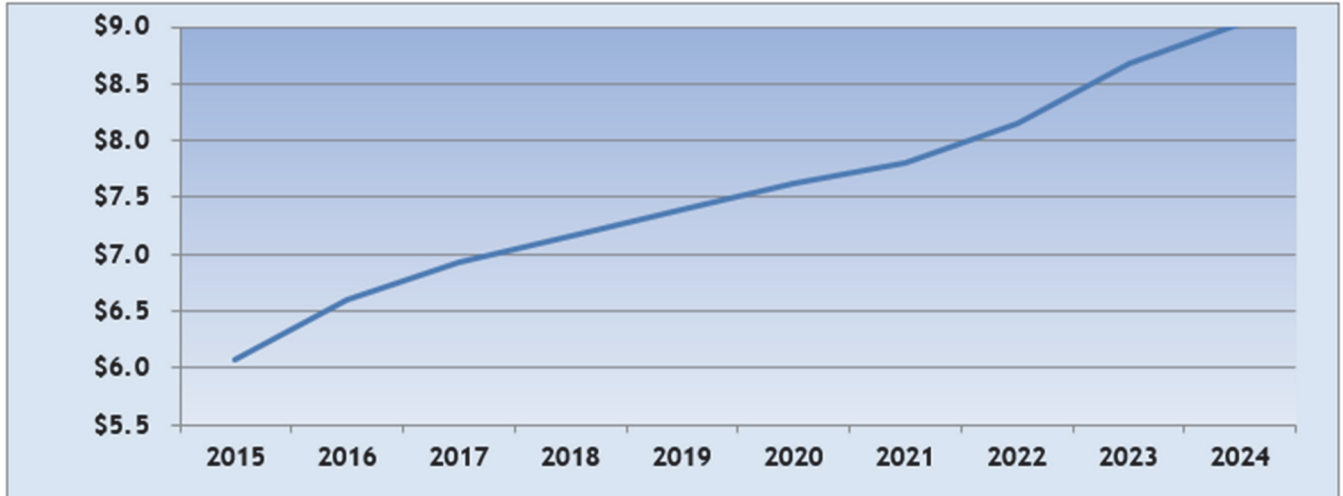


Unemployment Rate - Contra Costa County

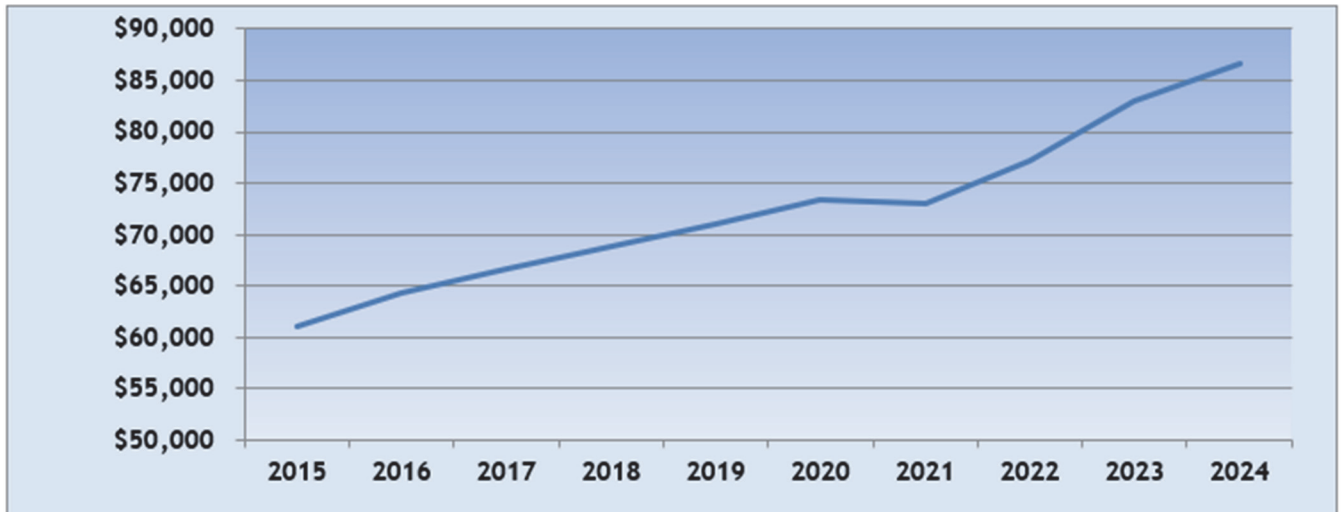


Demographic Data
WEST COUNTY WASTEWATER
DEMOGRAPHIC AND ECONOMIC INFORMATION
Last Ten Fiscal Years

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 2015		
	Number of Employees	Rank	% of Total District Employment	Number of Employees	Rank	% of Total District Employment
Chevron Refinery	3,157	1	2.4%	3,456	1	2.8%
West Contra Costa Unified School District	2,054	2	1.6%	1,962	2	1.6%
Social Security Administration	1,903	3	1.5%	1,276	3	1.0%
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%	698	7	0.6%
City of Richmond	770	8	0.6%	767	6	0.6%
Contra Costa College	743	9	0.6%	478		0.4%
U. S. Postal Service	489	10	0.4%	1,050	4	0.8%
Contra Costa County				850	5	0.7%
Bio-RAD Laboratories						0.0%
Michael Stead Auto Depot & Sales						0.0%
Costco Wholesale #482				371	10	0.3%
Casino San Pablo				500	9	0.4%
Subtotal	14,062		10.7%	11,914		9.6%
All Others	117,154		89.3%	112,656		90.4%
Total workforce	131,216		100.0%	124,570		100.0%

Source: Annual Comprehensive 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>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>	<u>2024</u>
Office of the General Manager										
Office of the General Manager					3	5	5	4	5	5
Subtotal- Office of the General Manager					3	5	5	4	5	5
Administration Services										
Administration	8	8	6	8	7	8	7	8	8	8
Finance	4	4	4	4	4	4	4	4	5	5
Subtotal- Administration Services	12	12	10	12	11	12	11	12	13	13
Capital Programs and Planning Support										
Capital Programs and Mapping	9	9	9	9	9	12	14	14	13	13
Collection Systems	12	13	14	14	13	13	14	14	14	14
Subtotal- Infrastructure and Planning	21	22	23	23	22	25	28	28	27	27
Water Quality and Resource Recovery Plant										
Environmental Programs and Compliance	4	4	4	4	6	7	7	7	7	7
Plant Operations	11	11	13	14	12	14	14	14	13	13
Maintenance	9	9	10	11	10	10	11	11	11	11
Subtotal- Water Quality and Recovery	24	24	27	29	28	31	32	32	31	31
Total District	57	58	60	64	64	73	76	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
2015	445	15	-	2	-	2	390
2016	413	15	-	2	-	2	464
2017	353	21	1	3	-	6	432
2018	310	16	1	-	-	-	384
2019	177	9	-	1	-	5	327
2020	282	12	-	1	-	1	192
2021	268	2	-	-	-	-	296
2022	476	7	-	1	-	-	270
2023	354	4	1	1	0	0	484
2024	375	4	0	0	1	0	380

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

Collection System Activity

Fiscal Year	Pipeline Cleaning (1,000 Feet)	Video Inspections	Number of Service Calls	Number of Spills	Total
2015	2175	346	154	15	2,690
2016	1861	158	131	14	2,164
2017	1588	154	131	11	1,884
2018	1809	105	122	9	2,045
2019	1638	123	133	13	1,907
2020	1363	87	121	12	1,583
2021	1789	217	57	10	2,073
2022	1540	252	163	9	1,964
2023	1606	181	118	14	1,919
2024	1256	94	89	11	1,450

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)
2015	2,763	1,669	7	10	5,446	41,332
2016	2,820	1,884	9	13	5,710	38,973
2017	3,675	1,394	12	15	5,840	47,533
2018	2,884	1,279	8	10	4,313	32,269
2019	3,247	887	7	6	4,892	45,575
2020	2,670	2,265	8	5	5,609	22,743
2021*	2,837	2,358	7	5	6,121	0
2022	2,778	2,264	7	5	6,126	0
2023	3,712	1,949	7	3	6,306	0
2024	3,322	2,230	7	5	5,757	0

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*
2015	249	6	17	13	6
2016	250	6	17	13	**5.9
2017	249	6	17	13	7
2018	249	6	17	13	7
2019	249	6	17	13	6
2020	249	6	17	13	6
2021	249	6	17	13	7
2022	249	6	17	13	7
2023	253	6	17	13	8
2024	253	6	17	13	8

* 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.