



Financial Statements
June 30, 2022

Central Contra Costa Solid Waste Authority

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Independent Auditor's Report

The Board of Directors
Central Contra Costa Solid Waste Authority
Walnut Creek, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Contra Costa Solid Waste Authority (Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements 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.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the Authority has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Authority'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 opinions. 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 GAAS and *Government 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 a 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 GAAS and *Government 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 Authority'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 Authority'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of the Authority's proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the Authority's total OPEB liability and related ratios, and budgetary comparison information and note, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by the missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Sacramento, California

January 30, 2023

Basic Financial Statements

Government-Wide Financial Statements

Central Contra Costa Solid Waste Authority
Statement of Net Position
June 30, 2022

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 18,169,965
Accounts receivables	1,463,825
Interest receivables	20,435
Prepaid items	60,893
Capital assets, net of accumulated depreciation / amortization	979,398
Net pension asset	624,980
Total assets	<u>21,319,496</u>
Deferred Outflow of Resources	
Deferred outflows related to OPEB	19,031
Deferred outflows related to pensions	877,330
Total deferred outflows of resources	<u>896,361</u>
Liabilities	
Current liabilities	
Accounts payable	418,802
Accrued payroll	24,701
Due to other governments	14,888,138
Compensated absences	123,773
Lease liabilities, current	109,143
Total current liabilities	<u>15,564,557</u>
Noncurrent liabilities:	
Lease liabilities, net of current portion	885,099
Total OPEB liability	88,017
Total liabilities	<u>16,537,673</u>
Deferred Inflows of Resources	
Deferred inflows related to OPEB	17,841
Deferred inflows related to pensions	191,424
Total deferred inflows of resources	<u>209,265</u>
Net Position	
Net investment in capital assets	(14,844)
Restricted for reuse and clean-up days program	85,877
Unrestricted	5,397,886
Total net position	<u><u>\$ 5,468,919</u></u>

Fund Financial Statements

Central Contra Costa Solid Waste Authority

Balance Sheet – Governmental Funds

June 30, 2022

	General Fund	Special Revenue Funds		Total Governmental Funds
		Diversion Incentive	Reuse and Clean Up Days	
Assets				
Cash and investments	\$ 18,084,088	\$ -	\$ 85,877	\$ 18,169,965
Receivables				
Interest	20,435	-	-	20,435
Accounts	1,463,825	-	-	1,463,825
Prepaid items	60,893	-	-	60,893
Total assets	\$ 19,629,241	\$ -	\$ 85,877	\$ 19,715,118
Liabilities and Fund Balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 418,802	\$ -	\$ -	\$ 418,802
Accrued payroll	24,701	-	-	24,701
Due to other governments	14,888,138	-	-	14,888,138
Total liabilities	15,331,641	-	-	15,331,641
Fund balances				
Nonspendable	60,893	-	-	60,893
Restricted	-	-	85,877	85,877
Assigned	1,069,886	-	-	1,069,886
Unassigned	3,166,821	-	-	3,166,821
Total fund balances	4,297,600	-	85,877	4,383,477
Total liabilities and fund balances	\$ 19,629,241	\$ -	\$ 85,877	\$ 19,715,118

Central Contra Costa Solid Waste Authority
 Reconciliation of the Governmental Funds Balance Sheet to the
 Government-Wide Statement of Net Position
 June 30, 2022

Total governmental fund balance	\$ 4,383,477
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets, including right to use leased asset, used in governmental activities are not current financial resources and therefore not reported in the Governmental Funds Balance Sheet.</p>	979,398
<p>Long term liabilities/assets and related balances and compensated absences have not been included in the governmental fund activity</p>	
Compensated absences	(123,773)
Total OPEB liability	(88,017)
Net pension asset	624,980
Lease liability	(994,242)
<p>Deferred outflows of resources related to pensions and OPEB are deferred and recognized in future periods:</p>	
Deferred outflows of resource related to pensions	877,330
Deferred outflows of resources related to OPEB	19,031
<p>Deferred inflows of resources related to pensions and OPEB are deferred and recognized in future periods:</p>	
Deferred inflows of resources related to pensions	(191,424)
Deferred inflows of resources related to OPEB	(17,841)
	(17,841)
Net position of governmental activities	\$ 5,468,919

Central Contra Costa Solid Waste Authority
Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds
Year Ended June 30, 2022

	General Fund	Special Revenue Funds		Total
		Diversion Incentive	Reuse and Clean Up Days	
Revenues				
Administrative fees	\$ 1,844,218	\$ -	\$ -	\$ 1,844,218
Source reduction and recycling education fees	5,137,577	-	1,127,511	6,265,088
Investment income	(99,486)	-	-	(99,486)
Miscellaneous	129,147	-	-	129,147
Total revenues	<u>7,011,456</u>	<u>-</u>	<u>1,127,511</u>	<u>8,138,967</u>
Expenditures				
Current				
General government				
Personnel services	1,230,324	-	-	1,230,324
Materials and supplies	219,275	-	-	219,275
Professional contracts and services	3,416,671	-	-	3,416,671
Distributions to member agencies	2,838,718	-	-	2,838,718
Public information	-	-	1,127,511	1,127,511
Debt Service				
Principal	107,384	-	-	107,384
Interest	1,089	-	-	1,089
Total debt service expenditures	<u>108,473</u>	<u>-</u>	<u>-</u>	<u>108,473</u>
Total expenditures	<u>7,813,461</u>	<u>-</u>	<u>1,127,511</u>	<u>8,940,972</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(802,005)</u>	<u>-</u>	<u>-</u>	<u>(802,005)</u>
Other Financing Sources/(Uses)				
Transfers in	2,838,718	944,444	-	3,783,162
Transfers out	(944,444)	(2,838,718)	-	(3,783,162)
Total other financing sources/(uses)	<u>1,894,274</u>	<u>(1,894,274)</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	1,092,269	(1,894,274)	-	(802,005)
Fund Balances - Beginning	<u>3,205,331</u>	<u>1,894,274</u>	<u>85,877</u>	<u>5,185,482</u>
Fund Balances - Ending	<u>\$ 4,297,600</u>	<u>\$ -</u>	<u>\$ 85,877</u>	<u>\$ 4,383,477</u>

Central Contra Costa Solid Waste Authority
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 Year Ended June 30, 2022

Net change in fund balances \$ (802,005)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report purchases of capital assets or the financing of leased assets as expenditures; however, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives and recorded as depreciation or amortization expense.

Depreciation/amortization (135,276)

Repayment of lease liability principal is an expenditure in the governmental funds, but is a reduction to the lease liability on the Statement of Net Position.

Lease principal repayment 107,384

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Changes in compensated absences payable (2,995)

Changes in total OPEB liability and related amounts (15,917)

Changes in net pension liability (asset) and related amounts 1,226,476

Change in net position of governmental activities \$ 377,667

Central Contra Costa Solid Waste Authority
Changes in Fiduciary Net Position
Year Ended June 30, 2022

	<u>Custodial Fund</u>
Additions	
Franchise Fees Received	<u>\$ 10,176,525</u>
Total additions	<u>10,176,525</u>
Deductions	
Payments to other agencies	<u>10,176,525</u>
Total deductions	<u>10,176,525</u>
Changes in Fiduciary net position	-
Net position - beginning	<u>-</u>
Net position - ending	<u><u>\$ -</u></u>

Note 1 - Summary of Significant Accounting Policies**A. Description of the Entity**

The Central Contra Costa Solid Waste Authority (Authority) was formed on September 11, 1990, to assure the citizens of its member agencies that certain solid waste facilities and related programs will be operated in the most effective manner possible. The Authority is the only entity included in these financial statements.

The Authority franchises the collection of solid waste and recyclables in Central Contra Costa County. The Authority is governed by a Board of Directors appointed by its member agencies, and functions independently of its member agencies. Actions of the Board of Directors may be undertaken by a majority vote of the Board members present, provided a quorum exists, except as required in the Authority's agreement. The Authority's member agencies presently include Contra Costa County, as well as the Cities and Towns of Walnut Creek, Danville, Lafayette, Moraga, and Orinda.

B. Basis of Accounting

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are segregated into funds for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Authority has three governmental funds and one custodial fund. Descriptions of the nature of each fund are as follows:

General Fund – The fund is the general operating fund of the Authority. It is used to account for all financial resources not required to be accounted for in another fund.

Diversion Incentive Special Revenue Fund – The Authority closed this fund during the fiscal year.

Reuse and Clean Up Days Special Revenue Fund – Accounts for specific fees obtained from the waste haulers for the Reuse & Clean Up Days program.

The government-wide financial statements are reported using *the economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and similar items are recognized as revenues as soon as all eligibility requirements have been met.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Authority's governmental activities. Direct expenses are those specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Revenues that are not classified as program revenues are presented as general revenues.

With respect to the Authority's priority regarding the use of resources when both restricted and unrestricted resources are available, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The Authority generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded in the accounting period in which the related fund liability is incurred, as under accrual accounting.

Fiduciary fund financial statements include a statement of changes in fiduciary net position. The Authority's fiduciary funds represent custodial funds. The custodial fund is accounted for using the accrual basis of accounting. The Authority has one custodial fund: The Franchise Fee Fund.

C. Cash and Investments

Investments are reported at fair value. Changes in fair value that occur during the fiscal year are recognized as investment income. Investment income includes interest earnings, changes in fair value, and any gains/losses realized upon the liquidation, maturity, or sale of an investments.

D. Net Position

Net Position is the excess of a fund's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources. Net Position is divided into three components described below:

Net investment in capital assets describes the portion of net position which is represented by the current net book value of the capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restriction which the Authority cannot unilaterally alter.

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

E. Fund Balances

The Authority follows guidance provided by Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As the Authority's highest level of decision-making authority, the Board of Directors must pass a resolution in order to commit fund balance. Once fund balance is committed, the Board of Directors must pass another resolution in order to modify or rescind the commitment. The Board of Directors has delegated the authority to assign fund balance to the Executive Director.

The components of fund balance are:

Nonspendable Fund Balance – items that cannot be spent because they are not in spendable form, long-term portions of receivables, inventories, prepaid items, and also items that are legally or contractually required to be maintained intact.

Restricted Fund Balance – encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – the portion of fund balance that includes amounts that can only be used for specific purposes determined by formal action of the Authority's highest level of decision-making authority (Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation is a resolution and needs to occur no later than the close of the reporting period. Currently, the committed fund balance is limited to constraints imposed by Diversion Incentive Fund Reserve Policy adopted by the Board in fiscal year 2008.

Assigned Fund Balance – assigned fund balances are amounts constrained by the Board's intent to be used for a specific purpose but not restricted nor committed. This category includes residual fund balances for special revenue funds which have not been restricted or committed.

Unassigned Fund Balance – represents residual amounts that have not been restricted, committed, or assigned in the General Fund. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

With respect to the Authority's priority regarding use of fund balance, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are available, it is the Authority's policy to use committed amounts first, followed by assigned amounts, and then unassigned amounts.

F. Compensated Absences

In accordance with GASB Statement No. 16, an employee benefits payable liability is recorded for unused vacation and similar compensatory leave balances. The employees' entitlement to these balances is attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s), and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority reports deferred outflows related to pensions and other post-employment benefits (OPEB).

In addition to liabilities, the statement of net position/balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category on the government-wide statement of net position relating to deferred inflows associated with pensions and OPEB.

H. Pensions

For purposes of measuring the net pension/(asset) and deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's pension plan with California Public Employees' Retirement System (CalPERS) and additions to / deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of CalPERS. Investments are reported at fair value.

I. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost, for assets where actual historic cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential on the date of the donation. The Authority maintains a threshold level of \$5,000 or more for capitalizing capital assets. Federally funded assets maintain a threshold of \$5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the Authority, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 50 years. Land is not depreciated.

Right to use leased assets are recognized at the lease commencement date and represent the Authority's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

J. Long-Term Obligations

Lease Liabilities represent the Authority's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the Authority.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Implementation of Governmental Accounting Standards Board Statements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the Authority’s financial reporting process. The following pronouncements were implemented for the year ended June 30, 2022.

GASB Statement No. 87 – As of July 1, 2021, the Authority adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right to use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 14 and the additional disclosures required by this standard are included in Note 11.

GASB Statement No. 92 – In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practices issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective for reporting periods beginning after June 15, 2021. The Authority has determined that there was no material impact on the financial statements.

GASB Statement No. 93 – In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an IBOR. The Statement is effective for reporting periods beginning after June 15, 2021. The Authority has determined that there was no material impact on the financial statements.

Note 2 - Cash and Investments

As of June 30, 2022, cash and investments were reported in the accompanying financial statements as follows:

Statement of net position	
Cash and investments	<u>\$ 18,169,965</u>
Total cash and investments	<u>\$ 18,169,965</u>

As of June 30, 2022, cash and investments consisted of the following:

Deposits with financial institutions	\$ 7,395,569
Investment in Local Agency Investment Fund	<u>10,774,396</u>
Total cash and investments	<u>\$ 18,169,965</u>

Deposits

At June 30, 2022, the carrying amount of the Authority's deposits was \$7,395,569 and the bank balance was \$7,738,540. The \$342,971 difference represents outstanding checks and deposits in transit.

The California Government Code requires California banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities with a value of 110 percent of the deposits. California law also allows financial institutions to secure the deposits by pledging first trust deed mortgage notes having a value of 150 percent of the total deposits. The Authority may waive the collateral requirement for deposits that 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 Agent 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 loans association with an "Agent of Depository" 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 from, and in the name of, the local governmental agency.

Fair Value Measurement and Application

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Authority’s own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Authority’s own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the Authority's management. Authority management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to the Authority management’s perceived risk of that investment.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Investments in LAIF are uncategorized as deposits and withdrawals are made on the basis of \$1 and not fair value. Amounts are recorded on an amortized cost basis which approximates fair value.

Local Agency Investment Fund

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Each entity may invest up to \$75,000,000 without limitation in special bond proceeds amounts. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2022, these investments matured in an average of 311 days.

As of June 30, 2022, the Authority had \$10,774,396 invested in LAIF.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The LAIF financial statements are available at the State Treasurer’s Office website at www.treasurer.ca.gov. LAIF is not registered with the Securities and Exchange Commission and is not rated by the credit rating agencies.

Note 3 - Compensated Absences

Compensated absences at June 30, 2022 were as follows:

	Balance July 1, 2021	Additions	Decreases	Balance June 30, 2022	Due Within One Year
Compensated absences	\$ 120,778	\$ 64,930	\$ (61,935)	\$ 123,773	\$ 123,773
	<u>\$ 120,778</u>	<u>\$ 64,930</u>	<u>\$ (61,935)</u>	<u>\$ 123,773</u>	<u>\$ 123,773</u>

The Authority's general fund has been and will continue to be the primary funding source for the liquidation of this obligation.

Note 4 - Capital Assets

Capital asset activity for year ending June 30, 2022 consists of the following:

	(Restated) Balance July 1, 2021	Additions	Decreases	Balance June 30, 2022
Capital assets, being depreciated/amortized				
Software	\$ 11,685	\$ -	\$ -	\$ 11,685
Leasehold improvements	11,900	-	-	11,900
Less: accumulated depreciation	(10,537)	(3,527)	-	(14,064)
Right to use leased assets being amortized				
Right to use leased building	1,077,578	-	-	1,077,578
Right to use leased equipment	24,048	-	-	24,048
Less: accumulated amortization	-	(131,749)	-	(131,749)
Governmental activities capital assets, net	<u>\$ 1,114,674</u>	<u>\$ (135,276)</u>	<u>\$ -</u>	<u>\$ 979,398</u>

Depreciation and amortization expense of \$135,276 was charged to the general government function of the governmental activities.

Note 5 - Risk Management

The Authority is a member of the Special District Risk Management Authority (SDRMA), which provides insurance coverage for general liability under the terms of a joint powers agreement with the Authority and several other public entities. SDRMA is governed by a board of directors consisting of representatives from member agencies. The board of directors controls operations of SDRMA, including selection of management and approval of operating budgets, independent of any influence by member agencies beyond their representation on the board of directors.

SDRMA has purchased general and auto liability insurance of \$2,500,000 per occurrence, which is subject to \$500 per occurrence for third party general liability property damage and \$1,000 per occurrence for third party auto liability property damage. In addition, it has purchased employee and public officials' dishonesty coverage of \$1,000,000 per loss; property loss coverage up to \$1 billion per occurrence, subject to a \$2,000 deductible per occurrence; boiler and machinery coverage up to \$100 million per occurrence, subject to a \$1,000 deductible; and public officials personal liability insurance of \$500,000 per occurrence, with an annual aggregate of \$500,000 per elected/appointed official, subject to a \$500 deductible per claim. As of June 30, 2020, no claims had been filed against the Authority. The financial statements of SDRMA may be obtained by writing to SDRMA, 1112 I Street, #300, Sacramento, California 95814.

There have been no significant changes in the Authority's insurance coverage as compared to prior years.

Claims have not exceeded any of the Authority's coverage amounts in any of the last three fiscal years.

Note 6 - Interfund Transactions

Transfers for the period ended June 30, 2022, were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfer</u>	<u>Amount Transferred</u>
General Fund	Diversion Incentive Special Revenue Fund	\$ 2,838,718
Diversion Incentive Special Revenue Fund	General Fund	\$ 944,444

The Authority's Recycling Revenue Policy for the Diversion Incentive Special Revenue fund allows for the revenues from the sale of recyclables to be distributed between the Diversion Incentive Fund (DIF) Reserve, the DIF, and the Member Agencies Reserves.

Note 7 - Fund Balances

In governmental funds, the segregated portions of fund balance are presented as follows for the fiscal year ended June 30, 2022:

	Major Funds		Total Governmental Funds
	General Fund	Reuse and Up Days Special Revenue Fund	
Fund Balance			
Nonspendable:			
Prepaid items	\$ 60,893	\$ -	\$ 60,893
Restricted for:			
Reuse and Clean Up Programs	-	85,877	85,877
Assigned for:			
Operating reserve	1,069,886	-	1,069,886
Unassigned	3,166,821	-	3,166,821
	<u>\$ 4,297,600</u>	<u>\$ 85,877</u>	<u>\$ 4,383,477</u>
Total Fund Balance	<u>\$ 4,297,600</u>	<u>\$ 85,877</u>	<u>\$ 4,383,477</u>

Diversion Incentive Fund Reserve Requirements

The Authority closed the Diversion Incentive fund during the fiscal year.

Note 8 - Diversion Incentive Fund and Member Agency Deposits Payable

The Authority closed the Diversion Incentive Fund during the fiscal year however, the remaining amounts of the revenue collections within the fund are available to be distributed to the member agency accounts subsequent to the fiscal year end. The Board distributed to the member payments of \$323,731 which are then transferred to member agency accounts during fiscal year 2022. These distributions are then transferred to the General Fund and held in the Deposits Payable accounts for each member agency. Distributions come in two forms: 1) direct distributions to member agencies based on requests made by those agencies for certain programs; and 2) distributions made to vendors that are requested by the agency and directly benefit only that agency.

The change in the member agency accounts reported in the General Fund for the year ended June 30, 2022:

	July 1, 2021 Amount	Close DIF	Distribution of Recycling Revenue FY 2020	Distribution of Recycling Revenue FY 2021	Direct	June 30, 2022 Amount
Contra Costa County	\$ 2,062,738	\$ 389,348	\$ 116,733	\$ 77,822	\$ -	\$ 2,646,641
Town of Danville	3,180,266	380,324	113,900	75,933	-	3,750,423
City of Lafayette	2,351,835	218,057	65,167	43,444	(323,731)	2,354,772
Town of Moraga	740,339	135,012	40,233	26,822	-	942,406
City of Orinda	1,003,058	155,537	46,467	30,978	-	1,236,040
City of Walnut Creek	3,034,915	615,996	184,167	122,778	-	3,957,856
	<u>\$ 12,373,151</u>	<u>\$ 1,894,274</u>	<u>\$ 566,667</u>	<u>\$ 377,777</u>	<u>\$ (323,731)</u>	<u>\$ 14,888,138</u>
Total Due to Other Governments	<u>\$ 12,373,151</u>	<u>\$ 1,894,274</u>	<u>\$ 566,667</u>	<u>\$ 377,777</u>	<u>\$ (323,731)</u>	<u>\$ 14,888,138</u>

Note 9 - Pension Plan

Plan Description

The authority joined the California Public Employee Retirement System (CalPERS) as of July 1, 2012. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. All qualified permanent and probationary employees are eligible to participate in the Authority’s Miscellaneous Employee Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS.

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by State statute and city contracts with employee bargaining groups. CalPERS issues publicly available reports that include a full description of the pension plans 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 55 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, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous Plan		
	Tier I	Tier II	Tier II (PEPRA)
Hire Date	Prior to March 2, 2012	On or after March 2, 2012	On or after January 1, 2013
Formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Minimum retirement age	50	50	52
Benefits, as a % of annual salary	2.0%	2.0%	2.0%
Required employee contribution rates	6.908%	6.918%	7.25%
Required employer contribution rates	11.60% + \$15,199	9.30% + \$2,407	7.73% + \$496

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) 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. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. All employees are participants in the Tier I plan and are required to contribute 7 percent of their annual covered salary. For the year ended June 30, 2022, contributions to the Plan were \$170,722.

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

As of June 30, 2022, the Authority reported a net pension asset of \$624,980 for its proportionate share of the Plan’s net pension liability.

The Authority's net pension asset is measured as the proportionate share of net pension liability. The net pension liability is measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2020. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability as of June 30, 2021 was 0.03291 percent, an increase of 0.02918 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Authority recognized pension credit of \$1,056,682. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 170,722	\$ -
Differences Between Expected and Actual Experience	-	70,085
Differences Between Projected and Actual Investment Earnings	545,574	-
Differences between Employer's Contributions and Proportionate Share of Contributions	161,034	6,655
Changes in Employer's Proportionate	-	114,684
Total	<u>\$ 877,330</u>	<u>\$ 191,424</u>

\$170,722 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30</u>	
2023	\$ 90,495
2024	134,939
2025	138,981
2026	<u>150,769</u>
Total	<u>\$ 515,184</u>

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth ⁽¹⁾	3.3% - 14.2%
Mortality	Based on CalPERS Experience Study

(1) Depending on age, service, and type of employment

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

In determining the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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 as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Target	Real Return	Real Return
Public equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	0.92%
	<u>100.0%</u>		

(1) An expected inflation of 2.00% used for this period

(2) An expected inflation of 2.92% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report call "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the Authority's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Authority's proportionate share of the net pension liability, calculated using the discount rate, as well as what the Authority'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% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
Net Pension Liability / (Asset)	\$ (100,690)	\$ (624,980)	\$ (1,058,402)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Note 10 - Postemployment Benefits Other Than Pensions (OPEB)

General Information about the OPEB Plan

Plan description. The Authority's defined benefit OPEB plan, RecycleSmart Retiree Healthcare Plan (Plan), provides OPEB for all permanent full-time general employees of the Authority. The Plan is a single-employer defined benefit OPEB plan administered by the Authority. The Authority is responsible for establishing and amending the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided. The Plan provides healthcare benefits for retirees and their dependents who retire directly from the Authority under CalPERS. The benefit terms provide for payment of the Public Employee Medical & Hospital Care Act (PEMHCA) minimum payments until the age of 65. As of June 30, 2022, the Authority would be required to pay \$42.90 per month per employee for any health care benefits provided.

Employees Covered by benefit terms. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees entitled to but not yet receiving benefits	1
Active employees	6
	<hr/>
Total	<u>7</u>

Total OPEB Liability

The Authority's total OPEB liability of \$88,017 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
General Inflation	2.5% annually
Discount Rate	2.16% at June 30, 2021
Mortality, Retirement, Disability, Termination Mortality Improvement	Based on Bond Buyer 20-bond Index on June 30, 2021 CalPERS 1997-2015 Experience Study Mortality projected fully generational with Scale MP-2020
Salary Increases	Aggregate 2.75%
Medical Trend	Merit - CalPERS 1997-2015 Experience Study 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
Healthcare participation	50%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 71,207
Service Cost	14,120
Interest	1,886
Assumption changes	804
Net changes	16,810
Balance at June 30, 2022	\$ 88,017

Changes of assumptions reflect a change in the discount rate from 2.21 percent in measurement year ended June 30, 2020 to 2.16 percent in measurement year ended June 30, 2021.

Central Contra Costa Solid Waste Authority

Notes to Financial Statements

June 30, 2022

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Authority as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Current Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 106,385	\$ 88,017	\$ 73,636

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$ 69,085	\$ 88,017	\$ 113,808

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

For the year ended June 30, 2022, the Authority recognized OPEB expense of \$15,917. At June 30, 2022, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 13,681
Changes in assumptions	19,031	4,160
Total	\$ 19,031	\$ 17,841

No contributions or payments for benefits were made during the year ended June 30, 2022.

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

Fiscal year ending June 30,	Deferred outflows/ (inflows) of resources
2023	\$ (89)
2024	(89)
2025	(89)
2026	(89)
2027	(89)
Thereafter	1,635
Total	\$ 1,190

Note 11 - Leases

The Authority has entered into two lease agreements for office space and copier machines. The Authority is required to make principal and interest payments through July 2030. The lease agreements have interest rates of 2.45%. The total amount of right to use leased assets, and the related accumulated amortization on right to use leased assets was \$1,101,626 and \$131,749, as of June 30, 2022, respectively.

The Authority leases its office space under an agreement with an original term of 10 years starting July 30, 2010. The lease contains a provision for a renewal of 5 years. The lease was renewed in January 2020 for an additional 10 years beginning in August 2020 through July 2030. The Authority also has a copier lease with an original term of 5 years. The total amount of principal and interest amount paid were \$94,412 and \$12,972, as of June 30, 2022, respectively.

The remaining obligations associated with these leases are as follows:

Lessee Activities	(Restated)			Balance at June 30, 2022	Current Portion
	Balance at July 1, 2021	Additions	Deletions		
Right to use assets - leased assets					
Office space	\$ 1,077,578	\$ -	\$ (94,412)	\$ 983,166	\$ 98,067
Equipment	24,048	-	(12,972)	11,076	11,076
Total right to use assets - leased assets	<u>\$ 1,101,626</u>	<u>\$ -</u>	<u>\$ (107,384)</u>	<u>\$ 994,242</u>	<u>\$ 109,143</u>

The payments for principal and interest for the remaining lease terms are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 109,143	\$ 23,120
2024	104,170	20,524
2025	110,534	17,901
2026	117,169	15,118
2027	124,086	12,171
2028 - 2030	429,140	17,085
	<u>\$ 994,242</u>	<u>\$ 105,919</u>

Note 12 - Contingencies

The Authority may be subject to claims or legal proceedings arising in the ordinary course of business. Management is not aware of any claims or pending litigation which is likely to have a material adverse effect on the financial position of the Authority.

Note 13 - New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the Authority's financial reporting process. Future new standards which may impact the Authority include the following:

GASB Statement No. 91 – In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issues and eliminate diversity in practice. The Statement is effective for reporting periods beginning after December 15, 2021. The Authority has determined that there was no material impact on the financial statements. The Authority has not determined the effect on the financial statements.

GASB Statement No. 94 – In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Statement is effective for reporting periods beginning after June 15, 2022. The Authority has not determined the effect on the financial statements.

GASB Statement No. 96 – In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Statement is effective for reporting periods beginning after June 15, 2022. The Authority has not determined the effect on the financial statements.

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

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The 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. The Authority has not determined the effect on the financial statements.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement is effective for reporting periods beginning after December 15, 2023. The Authority has not determined the effect on the financial statements.

Note 14 - Leases

As of July 1, 2021, the Authority adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard also requires lessors to recognize a lease receivable and deferred inflow of resources. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

	<u>Governmental Activities</u>
Net Position, July 1, 2021, as previously reported	\$ 5,091,252
Restatement:	
Recognition of Right-to-use assets	1,101,626
Recognition of Lease liability	<u>(1,101,626)</u>
Net Position, July 1, 2021, as restated	<u><u>\$ 5,091,252</u></u>



Required Supplementary Information
June 30, 2022

Central Contra Costa Solid Waste Authority

Central Contra Costa Solid Waste Authority
 Schedule of the Authority's Proportionate Share of the
 Net Pension Liability
 Last Ten Years*

	2015	2016	2017	2018	2019	2020	2021	2022
Proportion of the net pension liability/(asset)	0.02270%	0.02106%	0.01979%	0.01193%	0.01240%	0.00767%	0.00373%	0.03291%
Proportionate share of the net pension liability	\$ 27,336	\$ 281,262	\$ 385,071	\$ 470,274	\$ 467,474	\$ 307,159	\$ 157,469	\$ (624,980)
Covered payroll	560,970	577,799	687,362	708,206	668,374	803,018	881,310	859,952
Proportionate share of net pension liability as a percentage of covered payroll	4.87%	48.68%	56.02%	66.40%	69.94%	38.25%	17.87%	-72.68%
Plan fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%	71.74%	77.73%	77.70%	90.49%
Measurement date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

*Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

Central Contra Costa Solid Waste Authority
 Schedule of Contributions
 Last Ten Years*

	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contributions	\$ 67,514	\$ 70,318	\$ 74,273	\$ 75,967	\$ 71,760	\$ 102,986	\$ 100,607	\$ 83,076
Contributions in relation to the actuarially determined contribution	(67,514)	(70,318)	(74,273)	(75,967)	(71,760)	(302,986)	(298,584)	(170,722)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>\$ (197,977)</u>	<u>\$ (87,646)</u>
Covered payroll	\$ 577,799	\$ 687,362	\$ 708,206	\$ 668,374	\$ 803,018	\$ 881,310	\$ 859,952	\$ 922,802
Contributions as a percentage of covered payroll	11.68%	10.23%	10.49%	11.37%	8.94%	11.69%	11.70%	9.00%

*Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

Central Contra Costa Solid Waste Authority
Schedule of Change in the Authority's
Total OPEB Liability and Related Ratios
Last Ten Years*

	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	\$ 7,266	\$ 6,454	\$ 9,197	\$ 10,174	\$ 14,120
Interest on total OPEB liability	1,142	1,508	1,957	2,318	1,886
Differences between expected and actual experience	-	-	-	(17,019)	-
Changes in assumptions	(5,558)	(2,262)	3,535	19,678	804
Net change in total OPEB liability	2,850	5,700	14,689	15,151	16,810
Total OPEB Liability -- beginning	32,817	35,667	41,367	56,056	71,207
Total OPEB Liability -- ending (a)	\$ 35,667	\$ 41,367	\$ 56,056	\$ 71,207	\$ 88,017
Covered payroll	\$ 668,374	\$ 803,018	\$ 881,310	\$ 859,952	\$ 922,802
Total OPEB Liability as a percentage of covered payroll	5.34%	5.15%	6.36%	8.28%	9.54%
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021

* Fiscal year 2018 was the first year of implementation, therefore, only five years are shown.

Notes to the schedule:

No assets are accumulated in a trust to pay related benefits.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in the period:

Discount Rate	3.58%	3.87%	3.50%	2.21%	2.16%
Inflation Rate	2.75%			2.50%	2.50%
Mortality Improvement Scale	MP-2016			MP-2020	MP-2020

Central Contra Costa Solid Waste Authority
Schedule of Revenues, Expenditures and Change
in Fund Balance – Budget to Actual
– General Fund
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Administrative fees	\$ 1,844,218	\$ 1,844,218	\$ 1,844,218	\$ -
Source reduction and recycling education fees	3,770,631	3,770,631	5,137,577	1,366,946
Investment income	82,081	82,801	(99,486)	(182,287)
Miscellaneous	13,600	13,600	129,147	115,547
Total revenues	<u>5,710,530</u>	<u>5,711,250</u>	<u>7,011,456</u>	<u>1,300,206</u>
Expenditures				
Current:				
General government:				
Personnel services	1,434,340	1,434,340	1,230,324	204,016
Materials and supplies	84,736	84,736	219,275	(134,539)
Office rent and utilities	167,223	167,223	-	167,223
Professional contracts and services	250,500	250,500	325,484	(74,984)
Recycling Processing Costs	2,638,468	2,638,468	2,585,157	53,311
Diversion Programs	774,728	774,728	614,503	160,225
Distributions to member agencies	-	-	2,838,718	(2,838,718)
Total expenditures	<u>5,349,995</u>	<u>5,349,995</u>	<u>7,813,461</u>	<u>(2,463,466)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>360,535</u>	<u>361,255</u>	<u>(802,005)</u>	<u>(1,163,260)</u>
Other Financing Sources/(Uses)				
Transfers in	-	-	2,838,718	2,838,718
Transfers out	-	-	(944,444)	(944,444)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>1,894,274</u>	<u>1,894,274</u>
Net change in fund balance	360,535	361,255	1,092,269	731,014
Fund Balance - Beginning	<u>3,205,331</u>	<u>3,205,331</u>	<u>3,205,331</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 3,565,866</u>	<u>\$ 3,566,586</u>	<u>\$ 4,297,600</u>	<u>\$ 731,014</u>

Central Contra Costa Solid Waste Authority
 Schedule of Revenues, Expenditures and Change
 in Fund Balance – Budget to Actual
 – Reuse and Clean Up Days Special Revenue Fund
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Source reduction and recycling education fees	\$ 1,127,511	\$ 1,127,511	\$ 1,127,511	\$ -
Expenditures				
Public information	1,127,511	1,127,511	1,127,511	-
Fund Balance - Beginning	85,877	85,877	85,877	-
Fund Balance - Ending	<u>\$ 85,877</u>	<u>\$ 85,877</u>	<u>\$ 85,877</u>	<u>\$ -</u>

Note 1 - Budgetary Information

The Authority adopts a budget annually to be effective July 1 for the ensuing fiscal year. Budgeted expenditures are adopted through the passage of a resolution. This resolution constitutes the maximum authorized expenditures for the fiscal year and cannot legally be exceeded except by subsequent amendments of the budget by the Authority's Board of Directors. As the Authority is taking steps to eliminate the fund, the Authority did not adopt a budget for the Diversion Incentive Fund for the year ending June 30, 2022.

The Authority follows the Diversion Incentive Fund Policy adopted by the Board of Directors and distributes the total amount of Fund Balance (excluding the Diversion Incentive Reserve) in the subsequent year to member agency accounts. This amount is not budgeted as the amount of Fund Balance is distributed based on the actual amount available following the Board Policy.

Expenditures are controlled at the fund level for all budgeted departments within the Authority. This is the level at which expenditures may not legally exceed appropriations. Budgeted amounts for the statement of revenues, expenditures and changes in fund balance – budget and actual include budget amendments approved by the Authority's Board of Directors.

The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP).

Any amendments or transfers of appropriations between object group levels within the same department must be authorized by the Authority's Executive Director. Any amendments to the total level of appropriations for a fund or transfers between funds must be approved by the Authority's Board of Directors with the exception of transfers to the general fund for distributions to member accounts out of the Division Incentive Special Revenue Fund. Supplemental appropriations financed by unanticipated revenues during the year must be approved by the Authority's Board of Directors.

The General Fund had excess expenditures over appropriations in the amount of \$2,463,466 during the current year due to distributions to member agencies, which are not budgeted.

Other Report

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

The Board of Directors
Central Contra Costa Solid Waste Authority
Walnut Creek, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Contra Costa Solid Waste Authority (Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated January 30, 2023. Our report included an emphasis of matter paragraph regarding the County's adoption of Governmental Accounting Standards Board Statement No. 87, *Leases*, effective July 1, 2021.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sacramento, California
January 30, 2023