Delta Diablo
A CALIFORNIA SPECIAL DISTRICT

Board of Directors Finance Committee Meeting

4:30 PM, Wednesday, December 4, 2024

Plant Operations Center Conference Room
2500 Pittsburg-Antioch Highway, Antioch, CA 94509

Presentations will be made available at www.deltadiablo.org/board-meetings approximately one hour prior to the start of the Finance Committee meeting. A copy of the presentations will also be available for inspection at the meeting and at the District Administration Building, which is located at 2500 Pittsburg-Antioch Highway, Antioch, California. Disclosable public records related to an open session item on a regular meeting agenda and distributed by the District to a majority of the Board of Directors less than 72 hours prior to that meeting will be made available for public inspection on the District website at www.deltadiablo.org and at the District Administration Building during normal business hours.

The District will provide reasonable accommodations for individuals with disabilities who plan to participate in Board (or committee) meetings by contacting the Secretary to the Board at least 24 hours prior to the scheduled meeting at (925) 756-1927.

AGENDA

A. PUBLIC COMMENTS

B. REVIEW AUDITED ANNUAL COMPREHENSIVE FINANCIAL REPORT AND MEMORANDUM ON INTERNAL CONTROL AND REQUIRED COMMUNICATIONS FOR FY23/24 (NITISH SHARMA)

C. ADJOURNMENT

MEMORANDUM

DATE: December 4, 2024

TO: Juan Banales, Chair, Finance Committee

FROM: Nitish Sharma, Business Services Director

SUBJECT: REVIEW AUDITED ANNUAL COMPREHENSIVE FINANCIAL REPORT AND MEMORANDUM ON INTERNAL CONTROL AND REQUIRED COMMUNICATIONS FOR FY23/24

Recommendation

Review audited Annual Comprehensive Financial Report (ACFR) and Memorandum on Internal Control and Required Communications for Fiscal Year 2023/2024 (FY23/24).

Background Information

California statutes require special districts to complete an annual audit conducted by an independent certified public accountant. In addition to preparing basic financial statements for FY23/24, the District has prepared an ACFR, which provides more information (i.e., a Letter of Transmittal and a statistical section) to improve context for the reader. Major ACFR elements and audit findings will be presented to the Finance Committee on December 4, 2024, prior to including this item on the agenda for the Board Meeting on December 11, 2024.

The FY23/24 ACFR was audited by Maze & Associates, who was selected as the District's auditor following a competitive request for proposal (RFP) process in April 2024. Maze & Associates was awarded the audit contract for FY23/24 through FY25/26 with an option to extend the contract annually for a period not to exceed two additional years.

The District's ACFR includes three primary sections:

1) Introductory Section. This section contains the Letter of Transmittal, which provides a brief overview and directs the reader to relevant information within the ACFR to provide context and improve understanding of the ACFR contents.
2) Financial Section. This section contains both comparative totals from the prior fiscal year and supplementary information relating to the District's five core programs: Wastewater, Recycled Water, Household Hazardous Waste, Street Sweeping, and Bay Point Collections.
3) Statistical Section. This section provides additional historical perspective, context, and detail to help the reader utilize the information located elsewhere in the ACFR to better understand the District's financial position and local economic conditions.

The Government Finance Officers Association (GFOA) works to advance excellence in state and local government financial management and promote financial reporting that provides useful information to taxpayers, customers, public officials, investors, and others who use financial reports. The District will submit the FY23/24 ACFR to GFOA for review under its Certificate of Achievement for Excellence in Financial Reporting program.

Analysis

The District's auditor has determined that the ACFR fairly presents the District's financial condition (this is known as an "unmodified opinion" or "clean" opinion). Achieving an unmodified opinion provides reasonable assurance that the District's ACFR is free of material misstatements and represents the highest opinion that can be rendered in an audit.

FY23/24 Financial Highlights: A summary of key findings included in the ACFR regarding the District's financial position (as compared to FY22/23) is provided below.

- Total assets plus deferred outflows of the District exceeded the total liabilities and deferred inflows by $242.2 million (net position)
- Net position increased by $14.4 million (6.3%)
- Total assets plus deferred outflows increased by $13.9 million (4.7%)
- Total liabilities plus deferred inflow of resources decreased by $0.5 million (-0.7%)
- Total operating revenues were $43.4 million, a decrease of $0.3 million (-0.6%)
- Total operating expenses were $40.3 million, an increase of $5.7 million (16.6%)
- Capital contributions were $2.2 million, a decrease of $1.9 million (-46.3%)

The District remains financially sound with a combined total net position at the end of FY23/24 of $242.2 million. Changes in net position serve as a useful indicator of the District's financial position over time. For FY23/24, the District's net position increased by $14.4 million, which was the result of two main factors:

1) Total operating revenues of $43.4 million exceeded total operating expenses by $3.1 million. This positive result, which includes the collection of Sewer Service Charges (SSCs), demonstrates the success of the District's overall fiscal year operations and prioritization of critical capital infrastructure investment projects.
2) Net non-operating revenue of $11.3 million (Capital Facilities Capacity Charges [CFCCs] of $2.2 million + ad valorem property taxes of $4.5 million + interest income of $5.4 million + other non-operating revenue of $0.1 million – interest expense of $0.9 million).

A thorough discussion of FY23/24 financial activities is provided in the Management Discussion and Analysis (MD&A) section of the ACFR.

Memorandum on Internal Control: The auditors considered internal controls over financial reporting as a basis for designing audit procedures that were appropriate for the purposes of expressing an opinion on the District's financial statements. The auditors did not identify any deficiencies in internal controls that were material weaknesses during the audit.

Required Auditor Communication Letter: Professional standards require auditors to communicate matters regarding the audit of the District's financial statements to the Board. The auditor communication letter describes sensitive accounting estimates that were used in preparing the financial statements and significant financial statement disclosures. The letter typically includes other matters, such as corrected and uncorrected misstatements, management representations, any disagreements the auditor had with management, and any difficulties encountered in performing the audit. There were no issues noted by the auditor in its Required Auditor Communication Letter.

In addition, the letter describes the adoption of a new accounting policy, "Statement of Governmental Accounting Standards (GASB) No. 100 – Accounting for Changes and Error Corrections." GASB 100 updates rules regarding how state and local governments address changes in accounting principles, error corrections, and updates to estimates in financial reporting documents to ensure a standardized approach that promotes accountability and clearer financial information. No entries were required for implementation of GASB 100.

A representative from Maze & Associates will be present at the Finance Committee meeting and will address questions regarding the audit scope of work, associated findings, and reports related to the FY23/24 ACFR financial audit results.

Next Steps

If recommended by the Finance Committee, the audited FY23/24 ACFR would be finalized and presented to the Board of Directors at the December 11, 2024 meeting.

Financial Impact

The District remains financially sound. The District's net position increased by $14.4 million in FY23/24 due to total operating revenues exceeding total operating expenses. The District will consider this increase, as well as other FY23/24 final audited results, during the upcoming FY25/26 and FY26/27 biennial budget and SSC development processes.

Attachments

1) FY23/24 Annual Comprehensive Financial Report
2) Memorandum on Internal Control and Required Communication – Maze & Associates

ITEM B
Attachment 1

Delta Diablo

Annual Comprehensive Financial Report

TREATMENT PLANT AND DISTRICT OFFICES

For the Fiscal Years Ended

June 30, 2024 and 2023

Prepared By: Finance Division
2500 Pittsburg-Antioch Highway
Antioch, California 94509

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Delta Diablo, Antioch, California

Annual Comprehensive Financial Report

For The Fiscal Years Ended June 30, 2024 and 2023

Prepared by the Finance Division

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INTRODUCTORY SECTION

TOWER TRICKLING FILTERS AND AERATION BASINS

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November 27, 2024

To the Honorable Board of Directors and Delta Diablo Customers:

Delta Diablo (District) is pleased to submit the Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2024 (FY23/24).

The ACFR is prepared by the District's Finance Division in compliance with the financial reporting principles and standards set forth by the Governmental Accounting Standards Board (GASB). This report consists of three sections: Introductory, Financial, and Statistical. District Management (Management) assumes the responsibility for the completeness and reliability of the information in this report, based upon a comprehensive internal control framework established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

FORMAL TRANSMITTAL OF THE ACFR

Pursuant to California Government Code Section 26909, special districts must have an annual, independent audit conducted by the county auditor or a certified public accountant. This information is filed with the State Controller's Office. Maze & Associates, a certified public accounting firm, conducted the District's annual audit. This report is published to fulfill that requirement for FY23/24. Maze & Associates has issued an unmodified ("clean") opinion on the District's financial statements for FY23/24. The independent auditor's report is located at the front of the Financial Section of this report.

Management's Discussion and Analysis (MD&A) follows the independent auditor's report and provides an introduction, overview, and analysis of the District's basic financial statements. The MD&A complements the information provided in this Letter of Transmittal.

INTERNAL CONTROLS

Management is responsible for establishing and maintaining an internal control structure that is designed to ensure the District's assets are protected from loss, theft, or misuse and adequate accounting data is compiled to allow for preparation of financial statements in conformance with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and use of judgment by Management. Management is committed to maintaining the District's internal controls to adequately safeguard assets and provide reasonable assurances of proper recording of financial transactions.

As a recipient of federal, state, and local financial assistance, the District is also responsible for implementing adequate internal controls to ensure document compliance with applicable laws and regulations related to these programs. These internal controls are subject to periodic evaluation by Management and staff.

In addition, the District maintains budgetary controls. These controls aim to ensure compliance with legal provisions embodied in the annual budget approved by the District's Board of Directors. Funds for all operating, debt service, and capital improvement program activities of the District are appropriated in the annual budget. The legal level of budgetary control is at the fund level. The statements and schedules included in the Financial Section of this report reasonably demonstrate that the District is meeting its responsibility for sound financial management.

PROFILE OF THE GOVERNMENT

Delta Diablo is a special district in the state of California that was initially formed in 1955 as Contra Costa County Sanitation District No. 7-A, pursuant to the California Health and Safety Code Section 4700, to operate, maintain, and construct wastewater collection and treatment facilities in the West Pittsburg (now called Bay Point) area. In the early 1970s, the California State Water Resources Control Board adopted a policy encouraging public wastewater agencies to consolidate on a sub-regional basis. In 1976, wastewater conveyance and treatment services for the cities of Pittsburg and Antioch were annexed into the District.

A new sub-regional wastewater conveyance system and treatment facility were recommended and subsequently constructed at the current location between the two cities. In 1989, the District's name was changed to Delta Diablo Sanitation District. In 2014, the District's name was changed to Delta Diablo to reflect the general industry shift to viewing wastewater treatment plants as wastewater resource recovery facilities via renewable energy production, water recycling, and biosolids reuse.

The District provides wastewater conveyance and treatment services for over 218,000 residents, and commercial and industrial customers in Bay Point, Pittsburg, and Antioch, comprising a service area of approximately 54 square miles. The District's service area is divided into Zone 1 (Bay Point), Zone 2 (Pittsburg), and Zone 3 (Antioch). The District owns, operates, and maintains the wastewater collection system in Bay Point, while the cities of Pittsburg and Antioch own, operate, and maintain their respective systems. A three-member Board of Directors governs the District with one member appointed to represent each zone, including a councilmember from the City of Pittsburg, the Mayor of the City of Antioch (or designee), and the Contra Costa County Board of Supervisors member representing unincorporated Bay Point. The Board of Directors establishes overall policies to guide District operations, which are then implemented under the direction of the General Manager to provide reliable, high-quality wastewater collection, conveyance, and treatment services at rates that are below average compared to peer agencies in the San Francisco Bay Area. Board of Directors meetings are open to the public and held on the second Wednesday of each month. In addition, committee meetings, workshop sessions, special meetings, and public hearings are occasionally scheduled and noticed.

The District has continually pursued various solutions to provide high-quality and environmentally sound resource recovery services to its customers to protect public health, the Delta, and San Francisco Bay, now and into the future. As a result, five core resource recovery programs and services have been developed: Wastewater, Recycled Water, Household Hazardous Waste, Street Sweeping, and Bay Point Collections. Additional resource recovery services include pollution prevention, energy recovery, and beneficial use of biosolids.

Wastewater Program: The Wastewater Program's primary purpose is to protect public health and the environment by conveying and effectively treating wastewater. Operating 24 hours a day, 365 days a year, the District's Wastewater Treatment Plant (WWTP) is permitted by the San Francisco Bay Regional Water Quality Control Board (Regional Water Board) as a secondary wastewater treatment facility with a permitted average dry weather flow capacity of 19.5 million gallons per day (MGD).

Recycled Water Program: Since 2000, the District has operated an industrial recycled water treatment plant and distribution system. Generating an average of 7.7 MGD, the District's Recycled Water Facility (RWF) is rated for 12.8 MGD and utilizes a state-of-the-art computerized supervisory control and data acquisition (SCADA) system. Recycled water produced by the District is distributed for cooling water at two local power plants and landscape irrigation at several parks and schools, Caltrans rights-of-way, city offices, and a golf course in Antioch. The use of high-quality recycled water for industrial and irrigation applications provides an alternative source of water that cost effectively supports conservation of potable water and reduces discharge of treated wastewater to the Delta.

Household Hazardous Waste Program: The District has operated a regional Household Hazardous Waste (HHW) Program in partnership with multiple local governmental entities since 1996. The program's core asset is the Delta Household Hazardous Waste Collection Facility (DHHWCF), which was constructed adjacent to the District's WWTP in 2003. The HHW Program is designed to prevent hazardous pollutants from reaching waterways, landfills, and the wastewater system in support of the District's Pollution Prevention Program and meet regulatory requirements. This facility accepts medications, used oil and filters, anti-freeze, paints and stains, batteries, fluorescent and high-intensity lamps, cosmetics, pesticides, pool chemicals, household cleaners, cooking oils and grease, and electronic waste. Residents and small businesses in east Contra Costa County can utilize the DHHWCF free of charge.

Street Sweeping Program: Street sweeping is another pollution prevention service provided by the District. One of the best ways to prevent pollutants from entering local waterways is to remove them from streets before wind and rain carry them into storm drains, which flow to Delta receiving waters. Regular street sweeping supports regional compliance with state and federal regulations related to Clean Water Act implementation.

Bay Point Collection Program**:** In 1984, the District assumed responsibility from Contra Costa County for the West Pittsburg (Bay Point) collection system. Services provided for this system consist of cleaning, inspecting, and maintaining 43 miles of sanitary sewer mains for collecting and delivering untreated wastewater to the WWTP through the District's conveyance system. The cities of Antioch and Pittsburg operate and maintain their respective collection systems.

BUDGET INFORMATION

The annual budget serves as the foundation for the District's financial planning and control. The budget process begins in December when the Finance Division initiates development of the baseline budget for the upcoming fiscal year, along with a projection for the subsequent fiscal year. The General Manager meets with departments to discuss budget changes and requests, and obtain additional information to assist in assessing budget requests. The General Manager presents the proposed budget and key assumptions to the Board in mid-May each year.

Following the presentation of the proposed budget, discussions are scheduled to highlight and discuss discrete elements of the proposed budget, including anticipated revenues, operating costs, and capital expenditures. After the Board of Directors reviews the proposed budget and receives public comment, it votes to adopt the budget, including any amendments to the proposed budget that may occur, by an affirmative vote of the majority of the three-member Board. The budget is legally adopted through the passage of a Board resolution each year.

RISK MANAGEMENT

The California Sanitation Risk Management Authority (CSRMA), a California Joint Powers Authority, provides risk management services to the District. The District's deductibles under CSRMA coverage are $100,000 and $0 for general liability and workers compensation insurance, respectively. This significantly limits the District's financial risk. See "Note 11 - Risk Management" in the Notes Section of this document.

ECONOMIC CONDITION LOCAL/REGIONAL ECONOMY

The District provides wastewater collection, conveyance, and treatment services in its service area via 72,450 connections (39,850, 25,200, and 7,500 connections in Antioch, Pittsburg, and Bay Point, respectively). These communities are located in the Delta where the Sacramento and San Joaquin Rivers meet at the eastern edge of the greater San Francisco Bay Area (Bay Area). Housing is affordable relative to the otherwise expensive Bay Area, and significant undeveloped land is still available for future development. The Bay Area Rapid Transit (BART) Pittsburg-Antioch line and Highway 4 run through the area, connecting local commuters to jobs in other parts of the Bay Area.

As the area largely serves as a "bedroom community" for the Bay Area's financial district and high-tech industries, housing-related development, construction, and service-related businesses play a dominant role in the local economy. Overall, the region's economic landscape closely aligns with that of the Bay Area. During FY23/24, the local economy within the District's service area experienced positive economic growth. As of February 2024, the regional unemployment rate was 5.0% while the state unemployment rate was 5.3%[1]. The District continues to monitor growth and development activities for any impacts to water use and associated impacts to Sewer Service Charge (SSC) revenue needs in the future.

Median household income in Bay Point, Pittsburg, and Antioch was $79,226, $88,842, and $100,178, respectively, compared with the Contra Costa County median household income of $120,000 in 2022[2]. Populations in Pittsburg and Antioch have grown from 68,262 and 109,174 in 2014 to 75,085 and 115,632 in 2024, respectively[3]. This information was not separately available for Bay Point as it is an unincorporated area. Median housing prices were $522,000 in Bay Point, $577,500 in Pittsburg, and $625,000 in Antioch, as reported by Realtor.com for March 2024[4].

LONG-TERM FINANCIAL PLANNING

The District establishes Strategic Initiatives each fiscal year to support effective progress toward achieving the goals, strategies, and objectives established in the District's Strategic Plan (dated August 2021). The following are the District's Strategic Initiatives for FY24/25:

1) Ensure a strategic, integrated planning, and cost-effective approach to incorporating foundational capital improvements to support future nutrient removal at the District's WWTP as part of the Secondary Process Improvements Phase 1 Project.
2) Develop an updated Recycled Water Master Plan to assess capital investment needs at the District's RWF, meet Calpine agreement obligations, and evaluate strategic opportunities to expand recycled water production and distribution.
3) Continue implementing prioritized capital project delivery enhancements to support effective teamwork, collaboration, communication, project management, issue resolution, decision making, and use of alternative project delivery approaches.
4) Ensure effective integration of financial planning and budgeting activities to support Board approval of proposed Sewer Service Charges and Budget for two fiscal years (FY25/26-FY26/27) (currently one-year cycle).
5) Implement information management technology solutions to enhance compliance with NPDES permit self-monitoring program requirements, TNI laboratory accreditation standards, and operational data reporting.
6) Implement IT Roadmap activities to strengthen the District's cybersecurity measures and protocols, modernize networking and datacenter infrastructure, and expand utilization of enterprise resource planning (ERP) software to streamline

human resources and financial management activities.

7) Encourage employee engagement with peer agency counterparts and applicable industry associations at all levels to support organizational effectiveness and efficiency, continuous improvement through innovation, workforce development, and mentoring opportunities.
8) Implement prioritized Safety Program enhancements, including promoting a strong safety culture, updating Business Continuity and Emergency Response Plans, using performance indicators to identify improvement opportunities, and effectively addressing safety issues.
9) Develop and implement a prioritized plan to update key District policies and procedures.
10) Conduct a critical, prioritized review of District Code to ensure compliance with legal, regulatory, and code requirements.

RELEVANT FINANCIAL POLICIES

It is the District's and District Treasurer's policy to invest idle funds in a manner that provides the highest safety and security while matching maturities to future liabilities and daily cash flow demands. Investments are made according to California Government Code Section 53600, et seq., and the adopted District Investment Policy.

The District's cash management practices include the establishment of reserves to 1) stabilize the District's fiscal base for anticipated fluctuations in revenues and expenditures, 2) provide for nonrecurring, unanticipated expenditures, and 3) provide innovative opportunities for the betterment of the community. The following cash reserves policy elements have been established:

- *Economic Reserves*: Economic reserves are essential to the District's operating requirements and ensure the continued ability to provide services during budget shortfalls or unforeseen circumstances. This reserve aims to provide adequate funding to mitigate overall rate volatility resulting from economic changes or events that significantly decrease the District's revenues or increase the District's operating costs. The District has established a policy to maintain a minimum reserve balance of 40 percent of annual budgeted operating expenditures in the Regional Treatment and Conveyance (Wastewater O&M) Fund. In addition, all fund balances are considered in the 5-year financial plan. A number of these funds are designated to support multiple District services (beyond wastewater operations) and are constrained as to their use, applicability, and consideration as "available cash." Future capital planning and associated capital fund balances are a cost of current service, because current service does not just include providing wastewater conveyance and treatment service today, but also ensuring ongoing, reliable service into the future.

Investments: The Board of Directors adopted an Investment Policy pursuant to California Government Code Sections 53600, et seq. The Investment Policy objectives are safety, liquidity, yield, and diversity. The District's investments comply with the adopted Investment Policy. The District's unrestricted cash and investments are maintained in the State of California Local Agency Investment Fund (the Fund) and the California Asset Management Program Trust (the Trust) as separately managed investment portfolios. The State Treasurer is responsible for managing the investment of the Funds' resources. The Funds' investment policy is to maintain a high credit quality, short duration portfolio and provide participants with safety of principal, liquidity, public trust, and a market average rate of return. The Trust is a joint powers authority and public agency created by the Declaration of Trust for the purpose of exercising the common power of the Trust participants to invest certain proceeds of debt issues and surplus funds.

The District's cash and investments at June 30, 2024, was invested in U.S. Treasury and Government Investment Funds totaling approximately $118.1 million. See "Note 2 - Cash and Investments" in the Notes Section of this report for detailed investment information.

Pension Benefits Trust Funding: The District's intent is to set aside additional funds in a separate, qualified trust fund, which may be directed into either the California Public Employees' Retirement System (CalPERS) and Contra Costa County Employee's Retirement Association (CCCERA) in the future. Annual budgeted amounts are contributed following the adoption of the budget. As of June 30, 2024, the District has a net pension liability of $25.3 million. See "Note 9 – Retirement" in the Notes Section of this report.

Other Post-Employment Benefits (OPEB)Trust Funding: As part of the annual budget development process, the District includes sufficient funding to cover the yearly cost of the Actuarially Determined Contribution (ADC) to be deposited into the OPEB Trust Fund by the District's Retiree Heath Funding Plan. Following acceptance of each fiscal year's audited financial statements for the District, the Board makes a determination as to how much of that year's remaining ADC (formerly Annual Required Contributions or ARC) will be funded by the District and deposited into the OPEB trust fund from all or part of the following sources in the hierarchical order listed below: 1) unanticipated revenue streams, 2) wastewater service charge revenues exceeding planned levels for the prior fiscal year, 3) unused wastewater operating contingency funds from the prior fiscal year, 4) wastewater operating budget savings from the prior fiscal year, 5) Ad Valorem tax revenues, and 6) wastewater general fund. As of June 30, 2024, the District OPEB trust was 97.0% funded with a net OPEB liability of $0.7 million. See "Note 10 - Other Post-Employment Benefits" in the Notes Section of this report.

FINANCIAL HIGHLIGHTS

The District's overall financial condition continues to be sound, as demonstrated by a stable revenue base, effective cost containment, stable net position, and appropriate fund reserves.

In FY23/24, the District managed its finances effectively and strengthened its financial position by adopting sufficient recycled water and wastewater rates to fund operations, capital infrastructure improvements, and OPEB Trust Fund contributions. The following results of operations indicate a continuing strong and stable fiscal position:

- Total assets plus deferred outflows exceeded total liabilities and deferred inflows by $242.2 million (net position)
- Net position increased by $14.4 million or 6.3% during the year to $242.2 million
- Operating revenue decreased $0.2 million or -0.3% to $43.4 million
- Operating expenses increased $5.7 million or 16.6% to $40.3 million
- Capital contributions decreased $2.0 million or -46.3% to $2.2 million

DEBT ADMINISTRATION

As of the end of FY23/24, the District had a long-term outstanding debt total of $32.7 million, compared to $34.1 million as of FY22/23. Prudent financial management policies and the District's sound financial position resulted in an "AA" credit rating from Standard & Poor's in November 2015.

BUDGET AND RATES

The adopted total operating and capital budget for FY23/24 was $46.2 million compared to $43.8 million for FY22/23. Sewer Service Charges (SSCs) did not increase for customers in Pittsburg/Antioch and Bay Point in FY23/24, compared to a 5.5% SSC increase for Pittsburg/Antioch customers and a 6.5% SSC increase for Bay Point customers in FY22/23 due to updated capital planning needs and implementation of 2021 Cost-of-Service (CoS) Study findings.

In response to Government Finance Officers Association's (GFOA) recommendation, the District included an estimate of the FY25/26 Budget in the FY24/25 Budget Book. This second-year budget forecast was submitted to the Board in support of future financial planning considerations and was not included in the funding appropriation request for FY24/25.

LONG-TERM INFRASTRUCTURE INVESTMENT CAPITAL IMPROVEMENT PROGRAM

The District's Capital Improvement Program (CIP) presents project needs and funding requirements to maintain and upgrade District infrastructure. Recommended CIP projects are based on master planning efforts, regulatory compliance needs, and ongoing infrastructure condition assessment activities. The five-year CIP defines and prioritizes projects for each of the five core resource recovery programs described above. A summary of the active major capital projects in FY23/24 is provided below.

- Nutrient Management: In November 2023, the District awarded a $6.3 million design services contract for the Secondary Process Improvements Phase 1 Project, which was originally intended to address a significant regulatory compliance vulnerability associated with aging infrastructure (i.e., existing tower trickling filters) and provide additional WWTP capacity to support growth in the service area through 2040 (at minimum). Following contract award, the regulatory mandate to meet nutrient removal requirements within the next ten years became clear, which required reconsideration of the original project approach. In response, staff identified that Phase 1 ($110 million) would include foundational improvements (~$20.7 million) to meet nutrient removal requirements, while also addressing aging infrastructure and capacity for growth needs. Phase 2 ($100 million) would be required to meet nutrient removal requirements in ten years.

- Cogeneration System Improvements: In June 2024, staff completed detailed design of a $20.0 million Cogeneration System Improvements Project on an accelerated schedule to support securing $6.5 million in tax credits under the federal Inflation Reduction Act, which requires projects to be in construction by December 31, 2024. This project is a critical element of the District's focus on "transforming wastewater to resources" via utilization of biogas generated from the wastewater treatment process in an onsite cogeneration system to meet 50-55% of the WWTP power demand.
- WWTP Switchgear Replacement Project: In FY23/24, the District substantially completed a milestone with successful activation of a new switchgear system to address reliability issues with existing power distribution system infrastructure. This new system, which distributes utility, cogeneration, and emergency backup power to 17 electrical load distribution centers, incorporates significant enhancements, including improved safety features, advanced power monitoring capabilities, automated connection of emergency backup power, and increased capacity to accommodate power demands for future large-scale WWTP capital projects.

AWARDS

The District was received several prestigious awards in FY23/24:

- National Association of Clean Water Agencies Silver Peak Performance Award for 2022
- GFOA FY23/24 Distinguished Budget Presentation Award
- GFOA FY22/23 Certificate of Achievement for Excellence in Financial Reporting

The Silver Peak Performance Award is presented to agencies that achieve NPDES permit effluent discharge compliance with no more than five violations in a calendar year. Achieving this prestigious, national honor distinguishes the District as an agency with a strong commitment to meeting regulatory compliance requirements.

GFOA of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its ACFR for FY22/23. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for one year only. The District believes its current FY23/24 ACFR continues to meet the Certificate of Achievement Program's requirements and is submitting it to GFOA to determine eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this Annual Comprehensive Financial Report on a timely basis could not have been accomplished without the efficient and dedicated service of the Finance Division and the cooperation and assistance received from other District staff.

In closing, the Board of Directors should be commended for its interest, dedicated support, and leadership in planning and conducting the District's financial operations responsively and progressively.

Sincerely,

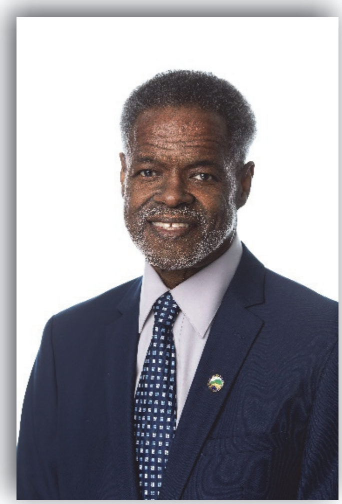
Vincent P. De Lange	Nitish Sharma
General Manager	Business Services Director

DELTA DIABLO
Principal Officers – June 30, 2024

Board of Directors

Delta Diablo has a three-member Board of Directors consisting of representatives appointed by the governing bodies of the three service areas: unincorporated Bay Point, City of Pittsburg, and City of Antioch.

Monica Wilson
Chair
Appointed by the Antioch City Council, represents the City of Antioch



Federal Glover
Director
Appointed by the Contra Costa County Board of Supervisors,
represents unincorporated Bay Point

Juan Antonio Banales
Director
Appointed by the Pittsburg City Council, represents the City of Pittsburg

District Management

Vince De Lange .... General Manager

Brian Thomas .... Deputy General Manager

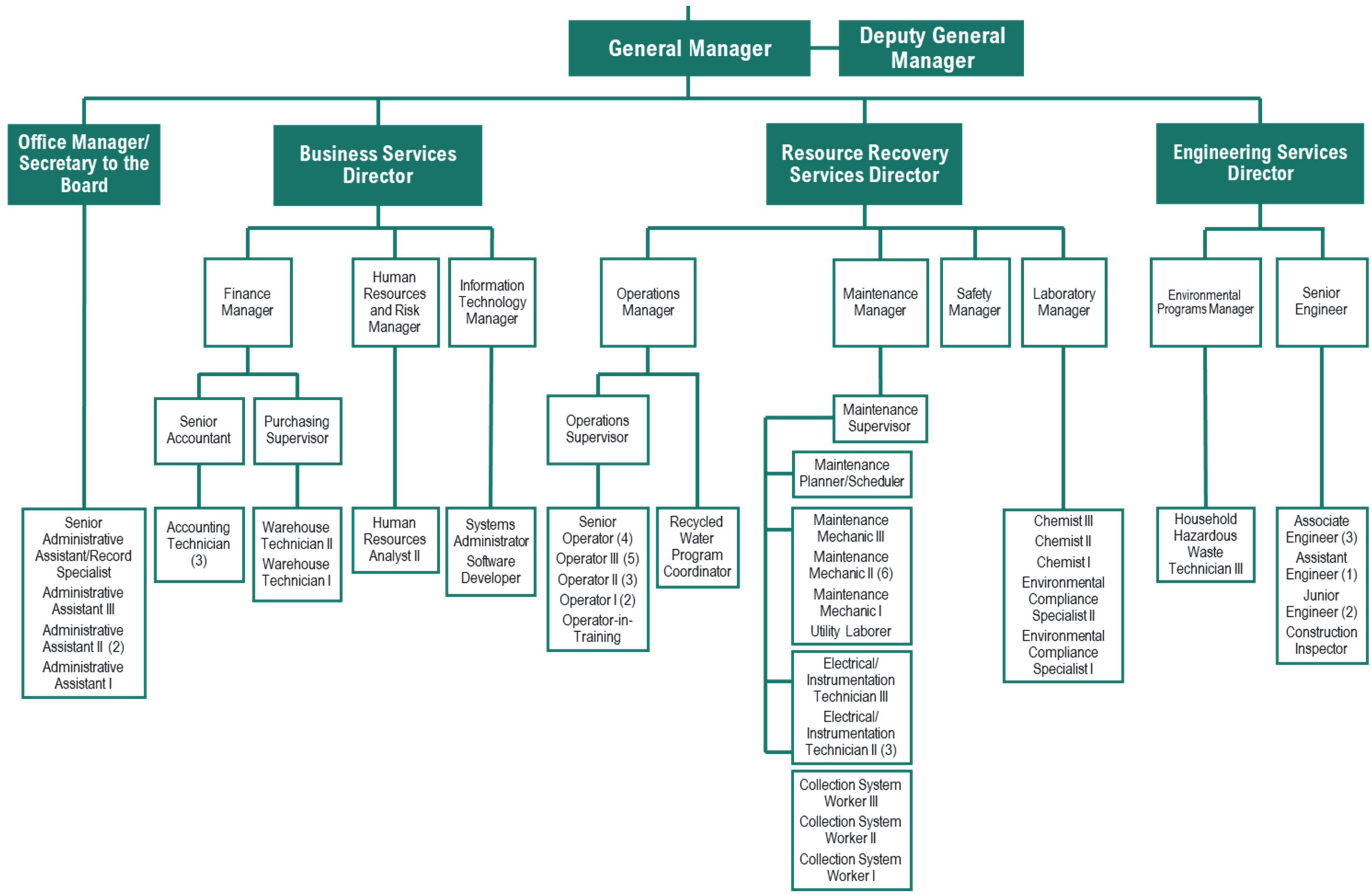
Nitish Sharma .... Business Services Director

Murat Bozkurt .... Engineering Services Director/District Engineer

Dean Eckerson .... Resource Recovery Services Director

Cecelia Nichols-Fritzler .... Office Manager/Secretary to the Board

DELTA DIABLO
Organization Chart



DELTA DIABLO
Vision, Mission, and Behavioral Values

Mission

Delta Diablo protects public health and the environment for our communities by safely providing exceptional wastewater conveyance, treatment, and resource recovery services in a sustainable and fiscally-responsible manner

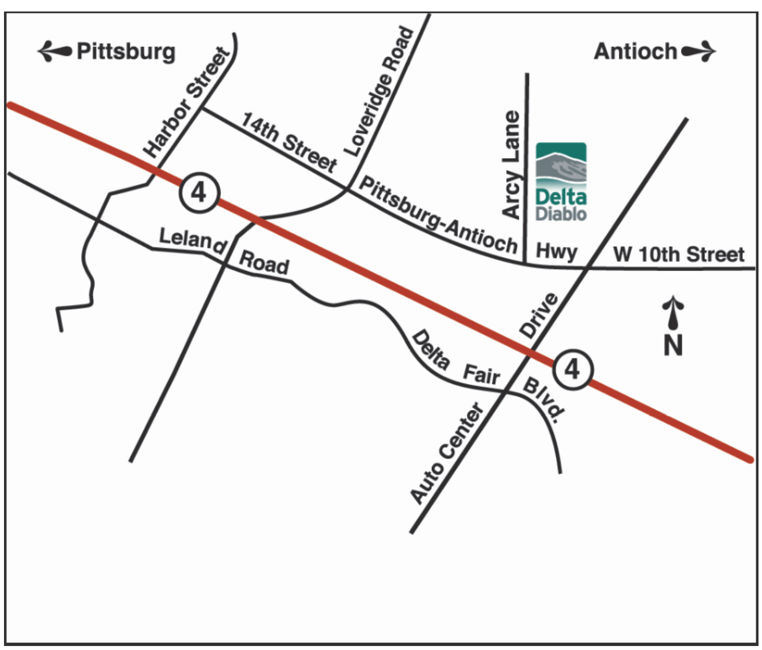
Vision

Delta Diablo will achieve sustained organizational excellence through dedicated commitment to public service, stewardship, innovation, industry leadership, and active engagement at all levels

Behavioral Values

- Serve as responsible stewards of valuable public resources at all levels in the organization
- Maintain public trust and confidence through excellent customer service, community engagement, transparency, and responsiveness
- Ensure a positive, safe, equitable, diverse, and inclusive work environment that promotes honest, transparent, ethical, and respectful interactions
- Communicate with integrity to share knowledge, inspire trust and camaraderie, and maintain authentic professional relationships
- Embrace and manage change to support implementation of innovative approaches that add value and drive sustained organizational improvement over time
- Foster a collaborative, team-based work culture that inspires engagement, solutions-oriented dialogue, and sound decision-making processes to achieve successful outcomes
- Reinforce accountability and ownership to ensure each employee is supported in effectively contributing to the District's overall success
- Model an open, proactive, and productive approach to resolving key issues to enhance organizational unity and alignment
- Actively seek opportunities to build a "learning" culture by supporting individual and peer professional development; expanding knowledge, skills, and abilities; learning from mistakes and "near misses"; and improving work processes and use of technology

DELTA DIABLO
Location Map



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Delta Diablo
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

TREATMENT PLANT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Delta Diablo
Antioch, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Delta Diablo (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 Delta Diablo, as of June 30, 2024, and the respective changes in financial position, and cash flows thereof for the years 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Delta Diablo 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.

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 Delta Diablo'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.

Accountancy Corporation
3478 Buskirk Avenue, Suite 217
Pleasant Hill, CA 94523

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion on 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2024, on our consideration of Delta Diablo'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 Delta Diablo'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 Delta Diablo's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The financial statements of the District as of for the year ended June 30, 2023, were audited by other auditors whose report has been furnished to us, dated December 8, 2023, expressed an unmodified opinion on those statements.

Maze + Associates

Pleasant Hill, California
November 27, 2024

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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. 3-12) ,and the District's basic financial statements (beginning on pg. 32). 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

This MD&A is intended to serve as an introduction to the District's Annual Comprehensive Financial Statements (ACFR), which consist of the Financial Statements, Notes to the Financial Statements, Supplementary Information, and Statistical Section.

Financial Statements

As a special-purpose government, the District reports its financial statements in accordance with business-type activities known as enterprise funds. Enterprise funds account for services provided to users on a total or partial cost-recovery basis. Enterprise funds are reported on an "accrual basis" of accounting, similar to private sector companies, under which revenues, and gains are recorded when earned, and all expenses, and losses are recorded when incurred.

The financial statements consist of the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, and Notes to Financial Statements.

The Statement of Net Position reports all of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position in a format displaying assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, to determine net position. Over time, increases or decreases in net position indicate whether the District's financial position improves or declines.

The Statement of Revenues, Expenses, and Changes in Net Position present information on the District's operating results, and how the net position changed during the fiscal year. Revenues are recorded when earned, and expenses are recorded when incurred, regardless of the timing of related cash flows. This statement measures the success of the District's operations over the past year. It can be used to determine whether the District has successfully recovered all its costs through user fees, and other charges.

The Statement of Cash Flows reflects cash, and cash equivalents resulting from operating, capital spending, related financing, non-capital financing, and investing activities. This statement summarizes cash inflows (receipts), and outflows (disbursements) without consideration of the timing of the event causing the obligation or receipt. It excludes non-cash transactions such as depreciation, and amortization.

The Notes to the Financial Statements (beginning on pg. 38) provide additional information essential to fully understanding the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements, and accompanying notes, the ACFR also presents an Introductory section, certain required supplementary information concerning the District's progress in funding its obligation to provide pension, and other post-employment healthcare benefits to its employees, supplementary information by fund, and a Statistical section.

FINANCIAL ANALYSIS

Financial Highlights

In FY23/24, the District managed its finances effectively, and strengthened its financial position by adopting sufficient service charges to fund operations, capital improvements, other post-employment benefits (OPEB), and maintain strong financial performance. The District implemented Governmental Accounting Standards Board (GASB) Statement Number 100, Accounting for Changes, and Error Corrections. This new accounting rule did not require changes to the District's financial report. The following results of operations in FY23/24 indicate a continuing strong, and stable fiscal position:

- Total assets plus deferred outflows of the District exceeded the total liabilities, and deferred inflows by $242.2 million (net position)
- Net position increased by $14.4 million (6.3%)
- Total assets plus deferred outflows increased $13.9 million (4.7%)
- Total liabilities plus deferred inflow of resources decreased by $0.5 million (-0.7%)
- Total operating revenue was $43.4 million, a decrease of $0.3 million (-0.6%)
- Total operating expenses were $40.3 million, an increase of $5.7 million (16.6%)
- Capital contributions were $2.2 million, a decrease of $1.9 million (-46.3%)

Financial Position

In FY23/24, the District's net position increased by $14.4 million (6.3%) to $242.2 million from $227.8 million. The most significant portion of the District's net position, $137.0 million (56.6%), is invested in capital assets necessary to provide services to its customers. Total assets plus deferred outflows increased by $13.9 million (4.7%) during the year to $311.1 million from $297.2 million. Total liabilities plus deferred inflow of resources decreased by $0.5 million (-0.7%) to $69.0 million from $69.4 million.

In FY22/23, the District's net position increased by $20.2 million (9.7%) to $227.8 million from $207.5 million. The most significant portion of the District's net position, $132.0 million (57.9%), is invested in capital assets necessary to provide services to its customers. Total assets plus deferred outflows increased by $20.9 million (7.6%) during the year to $297.2 million from $276.3 million. Total liabilities plus deferred inflow of resources increased by $0.6 million (1.0%) to $69.4 million from $68.8 million.

The FY23/24 increase in net position of $14.4 million was primarily due to net operating income of $3.1 million, and net nonoperating revenue of $11.3 million.

Table 1 below presents the District's Condensed Statement of Net Position for the FYs ended. June 30, 2024, 2023, and 2022:

Table 1

Condensed Statement of Net Position

	Fiscal Year Ended June 30			2024 vs 2023	2024 vs 2023	2023 vs 2022
	2024	2023	2022	Variance	Variance	Variance
Current, and other assets	$ 129,537,802	$ 119,051,661	$ 103,882,159	$ 10,486,141	8.8%	14.6%
Capital assets (net)	169,739,584	166,038,064	165,966,304	3,701,520	2.2%	0.0%
Total assets	299,277,386	285,089,725	269,848,463	14,187,661	5.0%	5.6%
Deferred outflow of resources	11,868,897	12,111,440	6,468,446	(242,543)	-2.0%	87.2%
Current liabilities	6,656,861	6,580,959	7,689,963	75,902	1.2%	-14.4%
Long-term liabilities	57,268,258	57,292,605	46,593,702	(24,347)	0.0%	23.0%
Total liabilities	63,925,119	63,873,564	54,283,665	51,555	0.1%	17.7%
Deferred inflows of resources	5,053,116	5,574,097	14,487,766	(520,981)	-9.3%	-61.5%
Net position						
Net investment in capital assets	137,042,489	131,968,915	130,948,976	5,073,574	3.8%	0.8%
Restricted	1,699,283	1,666,783	1,149,283	32,500	1.9%	45.0%
Unrestricted	103,426,276	94,117,806	75,447,219	9,308,470	9.9%	24.7%
Total net position	$ 242,168,048	$ 227,753,504	$ 207,545,478	$ 14,414,545	6.3%	9.7%

Results of Operations

In FY23/24, the District's total operating revenue was $43.4 million, and total operating expense was $40.3 million, which represented a decrease of $0.3 million, and an increase of $5.7 million, respectively, from FY22/23.

The major components of the District's financial results in FY23/24 were:

- Operating revenue decreased slightly by $0.3 million (-0.6%) when compared to the prior fiscal year. Decrease in the operating revenues can be attributable to a decrease in the service charges ($0.1 million), and a decrease in the cost recovery charges reported as work for others ($0.1 million).

- Operating expenses increased by $5.7 million when compared to prior fiscal year. The increase in operating expenses is due to a combination of factors, increase in salaries, and benefits ($4.1 million) which includes; one-time salary savings from vacant positions in previous year, increase in labor costs due to cost-of-living adjustments, and funding for new Systems Administrator position. , Increase in outside services and maintenance ($0.9 million), office, and operating expenses ($0.5 million); and costs of chemicals, and utilities ($0.6 million) is primarily due to inflation, supply chain issues, and general increase in price of products, and services.
- Non-operating revenues (expenses) increased by $0.2 million compared to prior year. Increase is primarily due to an increase in investments earnings ($3.4 million); increase in property taxes ($0.4 million); decrease in the capacity fee charges due to larger amount of growth/development in prior year (-$1.9 million); and decrease in other non-operating revenues from one-time Federal, and State grant revenues received in the previous year (-$1.7 million).

The major components of the District's financial results in FY22/23 were:

- Operating revenue increased by $1.0 million (2.3%) when compared to the prior fiscal year. Increase in the operating revenues can be attributable to an increase in the service charges ($0.4 million), and a increase in the cost recovery charges reported as work for others ($0.4 million)
- Operating expenses decreased by $1.1 million when compared to prior fiscal year. The decrease in operating expenses is due to a combination of factors, including salary savings from vacant positions, elimination of vacant positions, and the change in the pension, and retiree health obligations ($2.2 million); decrease in annual depreciation expense ($0.4 million); increase in office, and operating expenses ($0.4 million); and an increase in the costs of chemicals, and utilities ($0.7 million).
- Non-operating revenues (expenses) increased by $5.5 million compared to prior year. Increase is primarily due to an increase in investments earnings ($1.8 million); increase in property taxes ($0.4 million); increase in the capacity fee charges due to growth/development ($1.4 million); and increase in Federal, and State grant revenue ($1.7 million).

Table 2 below presents the District's Condensed Statement of Revenues, Expenses, and Changes in Net Position for the FYs ended June 30, 2024, 2023, and 2022:

Table 2

Condensed Statement of Revenues, Expenses and Changes in Net Position

	Fiscal Year Ended June 30			2024 vs 2023	2024 vs 2023	2023 vs 2022
	2024	2023	2022	Variance	Variance	Variance
Service charges	$41,890,315	$41,899,067	$41,451,868	$(8,752)	0.0%	1.1%
Other operating revenues	1,454,532	1,685,932	1,139,998	(231,400)	-13.7%	47.9%
Operating revenue	43,344,847	43,584,999	42,591,866	(240,152)	-0.6%	2.3%
Salaries, and benefits	17,710,925	13,633,499	15,794,982	4,077,426	29.9%	-13.7%
Chemicals, and utilities	5,576,211	4,937,097	4,242,413	639,114	12.9%	16.4%
Outside services, and maintenance	6,641,664	5,771,212	5,612,570	870,452	15.1%	2.8%
Depreciation, and amortization	6,757,135	6,793,955	7,179,370	(36,820)	-0.5%	-5.4%
Other operating expenses	3,566,953	3,391,747	2,820,151	175,206	5.2%	20.3%
Operating expense	40,252,888	34,527,510	35,649,486	5,725,378	16.6%	-3.1%
Operating Income/(Loss)	3,091,959	9,057,489	6,942,380	(5,965,530)	-65.9%	30%
Nonoperating income (expense)						
Property Taxes	4,465,209	4,085,561	3,686,204	379,648	9.3%	10.8%
Interest income	5,401,859	2,051,002	291,901	3,350,857	163.4%	602.6%
Capital facilities capacity charges	2,246,802	4,181,144	2,808,983	(1,934,342)	-46.3%	48.8%
Interest expense	(916,051)	(970,224)	(1,238,048)	54,173	-5.6%	-21.6%
Other non-operating	124,766	1,803,054	102,967	(1,678,288)	-93.1%	1651.1%
Nonoperating Income/(Expense), Net	11,322,585	11,150,537	5,652,007	172,048	1.5%	97.3%
Net income	14,414,544	20,208,026	12,594,387	(5,793,482)	-28.7%	60.5%
Net position - beginning of year, as previously stated	227,753,504	207,545,478	196,200,243	20,208,026	9.7%	5.8%
Prior period adjustment	-	-	(1,249,152)	-	0.0%	0.0%
Net position - beginning of year, as restated	227,753,504	207,545,478	194,951,091	20,208,026	9.7%	6.5%
Net position - end of year	$242,168,048	$227,753,504	$207,545,478	$14,414,544	6.3%	9.7%

Capital Assets

The District had capital assets (net of depreciation) of $169.7 million, $166.0 million, and $165.9 million as of June 30, 2024, 2023, and 2022, respectively. The District invests in many capital assets, including land, buildings, infrastructure improvements, wastewater treatment facilities, water reclamation facilities, hazardous waste facilities, transmission, and conveyance systems, pump stations, and machinery and equipment. In FY23/24, capital assets increased by $3.7 million, primarily due to $6.1 million in new construction for major projects, $0.1 million in new equipment, and a net change of $6.7 million in accumulated depreciation. The District capitalized $21.0 million, and had no wrote offs in construction-in-progress expenses.

Table 3 presents the District's Capital Assets, net of depreciation, for FY23/24, FY22/23, and FY21/22:

Table 3
Schedule of Capital Assets, Net of Depreciation

	Fiscal Year Ended June 30			2024 vs 2023	2024 vs 2023	2023 vs 2022
	2024	2023	2022	Variance	Variance	Variance
Land	$6,490,355	$6,490,355	$6,490,355	$ -	0.0%	0.0%
Construction in progress	19,806,729	30,402,272	24,762,527	(10,595,543)	-34.9%	22.8%
Treatment & collection system	142,572,453	128,026,697	133,859,045	14,545,756	11.4%	-4.4%
Equipment	829,171	1,063,437	784,650	(234,266)	-22.0%	35.5%
Capital Assets, Net of Depreciation	$169,698,708	$165,982,761	$165,896,577	$3,715,947	2.2%	0.1%

The District's net revenue, long-term debt, property tax revenue, and customer contributions are used to finance capital investments.

This year's major capital expenditures included:

Project	2024 Amount
Electrical Switchgear Replacement	$ 278,545
Antioch Pump Station & Conveyance Improvement	4,944
Manhole, Gravity Interceptor, and Easement Road Improvements	3,388,316
Digester No. 2 Cleaning, and Repair	627,740
Cogen System Improvements	1,660,385
Bay Point Collection System Point Repairs	128,124
Total	$ 6,088,054

The District's Capital Improvement Program (CIP) prioritizes capital needs with funding sources for five years. The plan is updated annually, and presented to the District's Board of Directors for approval. Each year, the District continues to improve its wastewater, and recycled water treatment facilities as well as conveyance, and distribution systems, to comply with more stringent environmental regulations, and minimize wastewater overflows, and/or service disruptions. For additional information, see Note 6 – Capital Assets in the Notes section of this report.

Debt Administration

The District had total net long-term debt outstanding of $32.7 million, $34.1 million, and $35.0 million as of June 30, 2024, 2023, and 2022, respectively. In FY23/24, long-term debt decreased by $1.4 million (-4.1%) due to scheduled principal repayments. The District did not issue any new bonded debt in FY23/24.

Table 4 presents the District's Long-Term Debt for the FY22/23, FY21/22, and FY20/21.

Table 4

Schedule of Long-Term Debt

	Fiscal Year Ended June 30			2024 vs 2023	2023 vs 2022
	2024	2023	2022	Variance	Variance
2010 RW State Revolving Fund (SRF) Loan	$2,224,966	$2,541,841	$2,858,472	-12.5%	-11.1%
2011 WW Installment Note Payable	989,992	1,091,577	1,184,838	-9.3%	-7.9%
2011 WW SRF Loan	2,589,125	2,841,601	3,087,679	-8.9%	-8.0%
2015 WW California Energy Commission Loan	262,306	313,209	363,614	-16.3%	-13.9%
2015 Bay Point SRF Loan	887,947	922,100	955,617	-3.7%	-3.5%
2016 Pittsburg SRF Loan	9,497,748	9,824,655	10,145,465	-3.3%	-3.2%
2016 WW SRF Loan	1,619,839	1,678,717	1,736,497	-3.5%	-3.3%
2019 WW SRF Loan	11,627,132	11,815,823	11,569,317	-1.6%	2.1%
2020 WW SRF Loan	2,956,392	3,039,626	3,115,829	-2.7%	-2.4%
Total Long-Term Debt	$32,655,447	$34,069,149	$35,017,328	-4.1%	-2.7%

The outstanding debt issued was used to fund improvements, replacements, and expansion of the wastewater treatment, and recycled water treatment facilities, conveyance and distribution systems, and wastewater collection systems. The primary funding source for debt repayment issued for expansion purposes is the Capital Facilities Capacity Charge (CFCC).

The District received a reaffirmation of its "AA" credit rating from Standard & Poor's in November 2015, which represents the District's very strong capacity to meet its financial commitments. The primary reason for the reaffirmation was the District Board's willingness to continue to adjust rates incrementally, and the very prudent approach to collect, and set aside funds for acquiring or constructing new capital assets and for the maintenance, rehabilitation, and replacement of current capital assets. Additionally, the District's strong financial performance, debt service coverage, and strong liquidity built on competitive rates; manageable capital plan with expansion costs historically financed from capacity fees; and a stable, and diverse customer base largely collected through the County's Teeter Plan supported the AA credit rating. For additional information, see Note 8 – Long-Term Debt in the Notes section of this report.

ECONOMIC FACTORS, AND NEXT FISCAL YEAR'S BUDGETS, AND RATES

Economic Factors

The District operates as an enterprise fund, and is, therefore, self-supporting. The District charges rates, and fees to users to cover the costs of operations, and capital improvements. Economic factors that may affect the District include, but are not limited to, the following:

- Economic cycle impacts CFCCs as new development projects are highly sensitive to the economic cycle.
- Interest rate, and/or investment return directly impact investment earnings, borrowing costs, and pension and OPEB Trust Fund contribution rates.
- Consumer price index (CPI), which is a measure of inflation. CPI for San Francisco/Bay Area Wage Earners directly impacts COLAs provided in the employee MOUs, and costs for supplies, and expenses.
- Crude oil prices impact the energy market for electricity, gas prices, and the chemicals used for wastewater treatment. The District's chemical, and utilities expenses ranged from $5.6 million to $4.2 million in the three years ending FY24/23.
- Changes in assessed property values affect the District's property tax revenue. When the housing market improves, the estimated property values increase, thereby increasing the District's property tax receipts. Conversely, any decline in the housing market will decrease property values, and correspondingly decrease property tax receipts for the District.

These factors, to the extent known, were considered in preparing the District's FY24/25 Budget.

Next Fiscal Year's Budget, and Rates:

In June 2024, the Board adopted the FY24/25 Budget, which included operating, and capital budgets, including debt service of $34.7 million, and $21.4 million, respectively. In response to GFOA's recommendation, the District included an estimate of the FY25/26 Budget in the FY24/25 Budget Book. The FY25/26 budget forecast was submitted to the Board to support future financial planning considerations, and was not included in the funding appropriation request for FY24/25. For a summary of the District's FY24/25 Budget, please visit the District's website at www.deltadiablo.org.

The District collected service charges at the same levels as FY 22/23 for customers while providing the same level of service.

REQUESTS FOR INFORMATION

The ACFR is designed to provide members of the public, legislative, and oversight bodies, customers, taxpayers, investors, and creditors with the District's finances, and demonstrate the District's accountability for the funding it receives. Questions regarding the information provided in this report or need additional financial information can be submitted through the District's website at www.deltadiablo.org or at the District office at 2500 Pittsburg-Antioch Highway, Antioch, California, 94509.

DELTA DIABLO
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2024	2023
CURRENT ASSETS		
Cash (Note 2)	$ 4,097,591	$ 21,353,368
Investments (Note 2)	84,105,033	36,841,159
Committed cash (Note 2)	316,645	-
Restricted investments (Note 2)	1,699,283	1,666,783
Committed investments (Note 2)	32,284,959	51,373,144
Accounts receivable	1,167,911	1,558,539
Interest receivable	546,812	556,819
Notes receivable, current portion (Note 3)	329,436	325,246
Leases receivable, current portion (Note 5)	86,907	85,010
Employee loans receivable, current portion (Note 4)	4,555	6,595
Materials and supplies (Note 1H)	1,086,956	1,068,859
Prepaid expenses	151,313	137,711
Total current assets	125,877,401	114,973,233
NON-CURRENT ASSETS		
Capital Assets (Note 6):		
Capital assets, non-depreciable	26,297,084	36,892,627
Depreciable capital assets, net of accumulated depreciation	143,401,624	129,090,134
Intangible right-to-use lease asset, net of accumulated amortization (Note 5)	40,876	55,303
Total capital assets, net	169,739,584	166,038,064
Other Non-Current Assets:		
Notes receivable, less current portion (Note 3)	2,060,070	2,389,506
Leases receivable, less current portion (Note 5)	1,598,230	1,685,137
Employee loans receivable, less current portion (Note 4)	2,101	3,785
Total other non-current assets	3,660,401	4,078,428
Total noncurrent assets	173,399,985	170,116,492
TOTAL ASSETS	299,277,386	285,089,725
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions (Note 9)	10,439,793	10,824,110
Related to OPEB (Note 10)	1,429,104	1,287,330
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,868,897	12,111,440

The accompanying notes are an integral part of these financial statements

DELTA DIABLO
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2024	2023
CURRENT LIABILITIES		
Accounts payable	$ 3,076,065	$ 2,558,957
Accrued payroll and benefits	406,699	319,367
Deposits payable	590,067	1,011,970
Unearned revenue	94,554	112,307
Compensated absences - current portion (Note 7)	861,564	868,447
Current portion of lease liability (Note 5)	14,444	14,173
Current portion of long-term debt (Note 8)	1,554,995	1,520,858
Accrued interest payable	58,473	174,880
Total current liabilities	6,656,861	6,580,959
NON-CURRENT LIABILITIES		
Long-term debt, net of current portion (Note 8)		
State revolving fund and California energy commission loans	30,220,870	31,558,298
Installment sales agreement	879,582	989,993
Total long-term debt, net of current portion	31,100,452	32,548,291
Compensated absences -net of current portion (Note 7)	140,018	84,655
Lease liability - noncurrent (Note 5)	27,204	41,649
Net pension liability (Note 9)	25,329,326	23,457,269
Net OPEB liability (Note 10)	671,258	1,160,741
Total long-term liabilities	57,268,258	57,292,605
TOTAL LIABILITIES	63,925,119	63,873,564
DEFERRED INFLOWS OF RESOURCES		
Related to leases (Note 5)	1,646,033	1,742,361
Related to pensions (Note 9)	927,613	1,648,597
Related to OPEB (Note 10)	2,479,470	2,183,139
Total deferred inflows of resources	5,053,116	5,574,097
NET POSITION (Note 12)		
Net investment in capital assets	137,042,489	131,968,915
Restricted for debt service	1,699,283	1,666,783
Unrestricted	103,426,276	94,117,806
TOTAL NET POSITION	$ 242,168,048	$ 227,753,504

The accompanying notes are an integral part of these financial statements

DELTA DIABLO
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Service charges	$ 41,890,315	$ 41,899,067
Discharge permits	131,425	109,225
Household hazardous waste permits	712,670	593,483
Miscellaneous	479,461	521,138
Work for others	130,976	462,086
Total operating revenues	43,344,847	43,584,999
OPERATING EXPENSES		
Salaries and benefits	17,710,925	13,633,499
Chemicals	2,693,941	1,971,983
Depreciation (Note 6)	6,742,708	6,779,529
Amortization	14,427	14,427
Office and operating expense	3,494,285	3,015,811
Outside service and maintenance	6,641,664	5,771,211
Utilities	2,882,270	2,965,114
Other	72,668	375,936
Total operating expenses	40,252,888	34,527,510
NET OPERATING INCOME (LOSS)	3,091,959	9,057,489
NONOPERATING REVENUES (EXPENSES)		
Interest expense	(916,051)	(970,224)
Interest income	5,401,859	2,051,002
Capital facilities capacity charges (Note 1I)	2,246,802	4,181,144
Lease revenue (Note 5)	124,538	95,111
Gain on sale of asset	228	-
State of federal grants	-	1,707,943
Property taxes	4,465,209	4,085,561
Total nonoperating revenues (expenses), net	11,322,585	11,150,537
CHANGE IN NET POSITION	14,414,544	20,208,026
NET POSITION, BEGINNING OF YEAR	227,753,504	207,545,478
NET POSITION, END OF YEAR	$ 242,168,048	$ 227,753,504

See accompanying notes to financial statements

DELTA DIABLO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 43,735,475	$ 43,288,881
Payments to employees	(16,374,649)	(16,118,043)
Payments to utilities	(2,882,270)	(2,965,114)
Payments to contractual/professional services	(7,063,567)	(9,258,141)
Payments to suppliers	(5,702,817)	(3,268,265)
Other receipts (payments)	(90,421)	86,150
Net cash provided by operating activities	11,621,751	11,765,468
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Taxes	4,465,209	4,085,561
State, federal and sub grants	-	1,707,943
Receipts (payments) on employee loans	2,040	(2,281)
Cash flows from noncapital financing activities	4,467,249	5,791,223
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(11,956,582)	(7,327,912)
Proceeds from sale of capital assets	228	-
Proceeds from loan agreements	109,909	2,746,619
Interest paid on long-term debt	(1,032,458)	(860,999)
Payment of long-term debt	(1,523,611)	(3,177,298)
Connection fees	2,246,802	4,181,144
Cash flows from capital and related financing activities	(12,155,712)	(4,438,446)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption and (acquisition) of investments	(26,404,634)	(28,393,217)
Receipts on note	(4,190)	303,415
Interest received on investments	5,411,866	1,595,011
Revenues from leases	124,538	17,324
Cash flows from investing activities	(20,872,420)	(26,477,467)
NET INCREASE IN CASH	(16,939,132)	(13,359,222)
CASH, BEGINNING OF YEAR	21,353,368	34,712,590
CASH, END OF YEAR	$ 4,414,236	$ 21,353,368
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash - Unrestricted	$ 4,097,591	$ 21,353,368
Cash - Committed	316,645	-
	$ 4,414,236	$ 21,353,368
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 3,091,959	$ 9,057,489
Adjustments to reconcile operating loss to cash flows from operating activities		
Depreciation	6,742,708	6,779,529
Amortization	14,427	14,427
Changes in assets and liabilities		
(Increase) decrease in receivables, net	390,628	124,975
(Increase) decrease in materials and supplies	(18,097)	(176,091)
(Increase) decrease in prepaid expenses	(13,602)	(18,432)
Increase (decrease) in A/P and accrued expenses	517,108	(1,514,947)
Increase (decrease) in accrued payroll and related expenses	135,812	59,427
Increase (decrease) in deposits payable	(421,903)	(57,931)
Increase (decrease) in unearned revenue	(17,753)	40,993
Increase (decrease) in net pension liability	1,535,390	(2,133,108)
Increase (decrease) in net OPEB liability	(334,926)	(410,863)
Net cash provided by operating activities	$ 11,621,751	$ 11,765,468
SCHEDULE OF NON CASH ACTIVITY		
Change in fair value of investments	$ (177,704)	$ 664,318

See accompanying notes to financial statements

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *General*

Delta Diablo (District), formerly known as Delta Diablo Sanitation District, was formed in 1955 and later incorporated in October 1976 to serve the cities of Antioch and Pittsburg and the unincorporated community of Bay Point. Treatment of the wastewater collected from the three communities began in 1982.

The District constructs and operates subregional wastewater facilities and is responsible for maintenance of the collection system in Bay Point.

The District is divided into three separate zones and may impose different service charges for each area in accordance with the benefits received by those areas.

The Other Post-Employment Benefit Trust Fund is an irrevocable trust to account for contributions and investment income restricted to pay medical benefits. Benefit and contribution provisions are established by the Board of Directors. Eligibility, actuarial interest rates, administration and certain other tasks are the responsibility of the Board established by action of the Board. The financial activities of the Plan have been included in these financial statements in the OPEB Trust Fund. The Plan does not issue separate financial statements.

B. *Reporting Entity*

As required by generally accepted accounting principles (GAAP), these basic financial statements present Delta Diablo and its component unit. The component unit discussed in the following paragraph is included in the District's reporting entity because of the significance of is operational or financial relationships with the District.

Blended Component Unit – The Delta Diablo Integrated Financing Corporation (Corporation) was organized November 1, 1988, under the Non-Profit Public Benefit Corporation Law of the State of California solely for the purpose of providing financial assistance to the District by acquiring, constructing, improving and financing various facilities, land and equipment, and by leasing or selling certain facilities, land and equipment for the use and benefit of the public served by the District. The Corporation has no members and the Board of Directors of the Corporation consists of the same persons who are serving as the Board of Directors of the District. There are no separate basic financial statements for the Corporation.

C. *Basis of Accounting*

Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. 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 U.S.A.

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position display information about Delta Diablo. Eliminations have been made to minimize the double counting of internal activities. Business-type activities are financed in whole or in part by fees charged to external parties.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

D. Budgets and Budgetary Accounting

The District annually prepares and presents a proposed annual operating and capital budget to the District's Board of Directors. The budget is reviewed and adopted by the Board. The District has a five-year Capital Improvement Program which is updated annually and adopted by the Board. Budgetary controls are used and maintained by the District to facilitate compliance with the annually appropriated budget.

E. Use of Estimates

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

F. Compensated Absences

The total amount of liability for compensated absences is reflected in the basic financial statements. See Note 7 for additional information regarding compensated absences.

G. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District defines cash and cash equivalents to include all cash and temporary investments with original maturities of three months or less from the date of acquisition.

H. Materials and Supplies

Inventories consist of operational materials and supplies, which are valued using the weighted average costing method.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Revenues – Capital Facilities Capacity Charges

Capital Facilities Capacity Charges (CFCC) are a one-time, non-discriminatory charge imposed at the time a structure is connected to the District's system, directly or indirectly, or an existing structure or category of use is expanded or increased. The charge is to pay for District facilities in existence at the time the charge is imposed, or to pay for new facilities to be constructed in the future, that are of benefit to the property being charged.

Revenues derived from these charges are used for the acquisition, construction and reconstruction of the wastewater collection, conveyance, treatment and disposal facilities of the District, to repay principal and interest on debt instruments, or to repay federal or state loans for the construction and reconstruction of the sewerage facilities, together with costs of administration and provisions for necessary reserves.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as inflow of resources (revenue) until that time.

K. Fair Value Hierarchy

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement, which became effective during the year ended June 30, 2024.

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.

M. Leases

Delta Diablo Lessee: The District is a lessee for a noncancellable 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.

Delta Diablo Lessor: The District is a lessor for three land 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 2 – CASH AND INVESTMENTS

A. Policies

The District and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to maximize security, the District employs the Trust Department of a bank as the custodian of all District managed investments, regardless of their form.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the District's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the District's name and places the District ahead of general creditors of the institution pledging the collateral.

The District's investments are carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year. In the District's case, fair value equals fair market value, since all District's investments are readily marketable.

NOTE 2 – CASH AND INVESTMENTS (Continued)

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted.

	June 30, 2024	June 30, 2023
Cash and cash equivalents	$ 4,097,591	$ 21,353,368
Investments	84,105,033	36,841,159
Restricted investments	1,699,283	1,666,783
Committed cash and cash equivalents	316,645	-
Committed investments	32,284,959	51,373,144
Cash and investments held with OPEB trust	20,050,942	18,046,718
Total Cash and Investments	$ 142,554,453	$ 129,281,172

The District's cash and investments consist of the following as of:

	June 30, 2024	June 30, 2023
Cash on hand	$ 600	$ 600
Cash with County Treasury Pool	2,626,767	2,611,191
Deposits with financial institutions	1,786,869	18,741,577
Investments	118,089,275	89,881,086
Cash and investments held with OPEB trust	20,050,942	18,046,718
Total Cash and Investments	$ 142,554,453	$ 129,281,172

NOTE 2 – CASH AND INVESTMENTS (Continued)

C. Investments Authorized by the California Government Code and the District's Investment Policy

The District's Investment Policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the District's Investment Policy, where it is more restrictive, that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Obligations	5 years	None	100%	None
United States Government Agency Obligations	5 years	A	100%	35%
State of California Obligations	5 years		100%	None
Local agency bonds, notes, warrants	5 years	A	10%	5%
Banker's Acceptances	180 days	A-1	40%	5%
Commercial Paper	270 days	A-1	40%	5%
United States Medium-Term Corporate Notes	5 years	A-1	30%	5%
Supranationals	5 years	AA	10%	None
Negotiable Certificates of Deposit	3 years	A	30%	5%
Local Agency Investment Fund	N/A	N/A	$75 Million per account	None
Local Government Investment Pools:				
California Asset Management Program	N/A	N/A	N/A	None
Money Market Mutual Funds	N/A	AAAm	15%	5%
Insured savings or money market accounts	N/A	AAAm	100%	None
Asset-backed securities	5 years	AAA	20%	5%

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value changes in market interest rates. The District generally manages its interest rate risk by holding investments to maturity which is required by the District's Investment Policy.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity or earliest call dates, at June 30, 2024:

Investment Type	12 Months or less	Total
California Local Agency Investment Fund	$ 48,059,640	$ 48,059,640
California Asset Management Program	70,027,962	70,027,962
Money Market Mutual Funds	1,673	1,673
Total Investments	$ 118,089,275	$ 118,089,275

NOTE 2 – CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity or earliest call dates, at June 30, 2023:

Investment Type	12 Months or less	Total
California Local Agency Investment Fund	$ 52,313,776	$ 52,313,776
California Asset Management Program	37,565,715	37,565,715
Money Market Mutual Funds	1,595	1,595
Total Investments	$ 89,881,086	$ 89,881,086

The District is a 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. The District 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 is 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, 2024 and 2023, these investments matured in an average of 217 and 260 days, respectively.

The District is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. At June 30, 2024 and 2023, these investments had an average maturity of 38 and 26 days, respectively.

Money market mutual funds are available for withdrawal on demand. At June 30, 2024 and 2023 these investments had an average of 32 and 8 days, respectively.

The District has authorized staff to deposit cash with the Contra Costa County Treasurer in a series of pooled accounts with cash from various other governmental entities within the County, for investment purposes. The County's investment policies are governed by State statutes. In addition, the County has an investment committee, which prescribes written investment policies regarding the types of investments that may be made. The policies limit amounts that may be invested in any one financial institution or amounts, which may be invested in long-term instruments. Interest earned from such time deposits and investments is allocated quarterly to the District based on its average daily cash balances. The fair value of the account at June 30, 2024 and 2023 was provided by the County Treasurer.

NOTE 2 – CASH AND INVESTMENTS (Continued)

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2024 for each investment type as provided by Moody's investment rating system:

Investment Type	Aaa	Total
Money Market Mutual Funds	$ 1,673	$ 1,673
Total	$ 1,673	1,673
Not Rated:		
California Local Agency Investment Fund		48,059,640
California Asset Management Program		70,027,962
Total Investments		$ 118,089,275

Presented below is the actual rating as of June 30, 2023 for each investment type as provided by Moody's investment rating system:

Investment Type	Aaa	Total
Money Market Mutual Funds	$ 1,595	$ 1,595
Total	$ 1,595	1,595
Not Rated:		
California Local Agency Investment Fund		52,313,776
California Asset Management Program		37,565,715
Total Investments		$ 89,881,086

F. Concentration Risk

There are no instances of concentration risk at June 30, 2024 and June 30, 2023.

G. Restricted Cash and Investments

The District segregates cash and investments into funds that are "Restricted" and "Unrestricted." Funds are "restricted" when limitations on use of the resources are imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provision or by enabling legislation. "Unrestricted" resources are designated by the Board of Directors through policy adoption, or constrained for a specific purpose by committees or officials with authority delegated by the Board.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Restricted for Debt Service – State Revolving Fund Loan – The District has restricted investments in reserves as required by the agreement between the District and the California State Water Resources Control Board State Revolving Fund Loan (SRF) in the amount of $1,699,283 and $1,666,783 at June 30, 2024 and 2023, respectively.

H. Board Committed Cash and Investments

The District has the following committed cash and investments as of June 30:

Committed for Economic Uncertainty – The District has committed investments to ensure the continued ability to provide wastewater services during budget shortfalls or unforeseen circumstances and provide adequate funding to mitigate overall rate volatility resulting from economic changes or events that significantly decrease the District's revenues or increase the District's operating costs. Funding amounted to $10,973,146 and $10,316,166 at June 30, 2024 and 2023, respectively.

Committed for Advanced Treatment (AT) – The District has committed investments for advanced treatment projects to meet more stringent anticipated discharge regulations (e.g., nutrient removal). Funding amounted to $21,128,458 and $20,141,512 at June 30, 2024 and 2023, respectively.

Committed for Self-Insurance – The District has committed investments to cover self-insured losses. Funding amounted to $500,000 at June 30, 2024 and 2023.

I. Fair Value Hierarchy

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

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2024:

Investment Type	Total
Investments Measured at Amortized Cost:	
Money Market Mutual Funds	$ 1,673
Investments Exempt from Fair Value Hierarchy:	
California Local Agency Investment Fund	48,059,640
Investments Measured at Net Asset Value Per Share:	
California Asset Management Program	70,027,962
Total Investments	$ 118,089,275

NOTE 2 – CASH AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2023:

Investment Type	Total
Investments Measured at Amortized Cost:	
Money Market Mutual Funds	$ 1,595
Investments Exempt from Fair Value Hierarchy:	
California Local Agency Investment Fund	52,313,776
Investments Measured at Net Asset Value Per Share:	
California Asset Management Program	37,565,715
Total Investments	$ 89,881,086

NOTE 3 – NOTES RECEIVABLE

Notes receivable at June 30 consisted of the following:

	2024	2023
Recycled Water:		
City of Antioch	$ 1,758,762	$ 2,009,241
City of Antioch - Surcharge	554,664	611,678
Saikap Investments Capital Charges	29,028	43,783
Household Hazardous Waste:		
Contra Costa County	47,052	50,050
Total Notes Receivable	2,389,506	2,714,752
Less: Current Portion	(329,436)	(325,246)
Long-Term Portion	$ 2,060,070	$ 2,389,506

Recycled Water (RW): City of Antioch – The District and the City of Antioch (City) entered into a Joint Powers Agreement on November 18, 2003, for the purpose of development and operation of a "Recycled Water Program" (the Project). Under the provisions of the agreement, the Project is to be jointly funded (50/50) by the District and the City. The District is authorized to design, construct, own, operate and regulate the facilities.

In fiscal year 2010/2011 (FY 2011), the District recognized a Note Receivable in the amount of $5,753,348 from the City of Antioch for their net share of the costs for this project. This note has an interest rate of .077% with principal and interest due annually commencing December 31, 2011 and maturing on December 31, 2030. On June 10, 2012, the District and the City of Antioch amended the Joint Powers Agreement to cap this Notes Receivable to a maximum of $5,000,000. As of June 30, 2024 and 2023, the outstanding balance was $1,758,762 and $2,009,241, respectively.

NOTE 3 – NOTES RECEIVABLE (Continued)

In fiscal year 2012, additional project cost share incurred in excess of $5 million in the amount of $1,102,272 will be financed by the District at an interest rate of 4.25% with principal and interest due monthly over a 20-year term commencing July 1, 2012 and maturing on June 1, 2032. This monthly installment is billed to the City of Antioch as a Recycled Water Surcharge and annually amounts to $81,908. The outstanding balance as of June 30, 2024 and 2023 was $554,664 and $611,678, respectively.

Saikap Investments – On March 2, 2023, the District entered into an alternative payment agreement with Saikap Investments LLC for Capital Facilities Capital Charges (CFCCs). The total cost of the permit was $63,040, $15,760 of which (25%) was paid upon issuance of the permit. The remaining balance of $47,280 is recorded as a note receivable with an 8.5% annual interest rate. Payments of $1,493, comprised of principal and interest, are due on the first day of the month beginning April 1, 2023, with the final payment due March 1, 2026. The outstanding balance as of June 30, 2024 and 2023 was $29,028 and $43,783, respectively.

Household Hazardous Waste (HHW) – The District owns and operates a Household Hazardous Waste (HHW) and a Conditionally Exempt Small Quantity Generator (CESQG) waste collection facility. In an agreement dated July 1, 2002, Contra Costa County, Ironhouse Sanitary District and the Cities of Antioch, Brentwood and Pittsburg (Subscribers) agreed to reimburse the District for capital costs in planning and constructing the household hazardous waste facility.

On April 9, 2008, this agreement was amended and includes capital cost sharing minus any grants received for the planning and construction of the new facility expansion. The Delta Household Hazardous Waste Collection Facility (DHHWCF) expansion was completed in September 2009. Per the provisions of this amendment, the outstanding principal balance from the original facility construction will be combined with the new facility expansion costs, to be re-paid over a 25-year period with interest at 6% per annum. Total capital costs were allocated to the Subscribers based on the number of housing units in each Subscriber's jurisdiction. The City of Brentwood and Ironhouse Sanitary District have paid their respective shares in full. The total outstanding balance of the loan as of June 30, 2024 and 2023 were $47,502 and $50,050, respectively.

NOTE 4 – EMPLOYEE COMPUTER LOANS RECEIVABLE

The District provides a zero interest loan to its employees for the purchase of personal computers. These loans are payable in a maximum of 78 equal payroll deductions (3 years). The maximum amount each employee may borrow is $2,500. The loan receivable balances were as follows as of June 30:

	2024	2023
Balance at beginning of year	$ 10,380	$ 8,099
New loans	4,524	6,699
Repayments	(8,248)	(4,418)
Ending balance	6,656	10,380
Less: Current portion	(4,555)	(6,595)
Long-term portion	$ 2,101	$ 3,785

NOTE 5 – LEASES

The District has several leasing arrangements, summarized below.

A. Lessee Activities

The District has accrued liabilities for one equipment lease. The discount rate used in the calculation of the lease liability was 1.9%. The remaining liability for the lease was $41,648 and $55,822 as of June 30, 2024 and 2023, respectively. Right to use assets, net of amortization, for the lease was $40,876 at June 30, 2024, and $55,303 as of June 30, 2023. The District is required to make monthly principal and interest payments of $1,259. Final payment on these leases is expected in fiscal year 2027. Activity for the current year is as follows:

Balance at June 30, 2023	Deductions	Balance at June 30, 2024	Current Portion
$ 55,822	$ 14,174	$ 41,648	$ 14,444

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

For the Year Ending June 30	Principal	Interest	Total
2025	$ 14,444	$ 666	$ 15,110
2026	14,721	389	15,110
2027	12,483	109	12,592
	$ 41,648	$ 1,164	$ 42,812

B. Lessor Activities

The District has accrued a receivable for three land leases. The remaining receivable for these leases was $1,685,137 and $1,770,147 for the years ended June 30, 2024 and 2023, respectively. Deferred inflows related to these leases were $1,646,033 and $1,742,361 as of June 30, 2024 and 2023, respectively. Interest revenue recognized on these leases was $5,713 and $5,991 for the years ended June 30, 2024 and 2023, respectively. Principal receipts of $35,238 and $95,111 were recognized as revenue during the fiscal years ended June 30, 2024 and 2023, respectively. Final receipt is expected in fiscal year 2050.

Delta Energy Center, LLC (DEC) and Calpine Corporation entered into an operating lease with the District, effective December 11, 2002, to lease real property located at 2600 Pittsburg-Antioch Highway, in Pittsburg, for a cooling tower site. The base rent for the leased land started at $32,500 per year and is set to escalate every five years based on changes in the Consumer Price Index. The current rate is $36,540 per year. The area leased is 260 feet by 50 feet, on land that is not targeted for District improvements. The agreement terminates May 31, 2050. Minimum future rentals total $917,667 and $951,527 at June 30, 2024 and 2023, respectively. The lessee, DEC, retains an option to terminate the lease agreement by providing a thirty-day written notice to the District.

NOTE 5 – LEASES (Continued)

American Tower entered into an operating lease with the District, effective August 1, 2014, to lease a cell phone tower on the District's property. The base rent for the leased tower started at $2,400 per month and is set to increase 3% each year during the term. The current rate is $3,131 per month. The agreement terminates on August 1, 2024, with three automatic successive 5-year extension periods, unless American Tower terminates it at the end of the then current term. Minimum future rentals total $703,914 and $739,015 at June 30, 2024 and 2023, respectively.

Verizon entered into an operating lease with the District, effective March 1, 2013, to lease a cell phone tower on the District's property. The base rent for the leased tower started at $1,000 per month and is set to increase 3% each year during the term. The current rate is $1,384 per month. The agreement terminates on February 28, 2028, with a 5-year extension period, unless Verizon terminates it at the end of the then current term. Minimum future rentals total $63,556 and $79,605 at June 30, 2024 and 2023, respectively.

The total remaining minimum future rental receipts for the three leasing arrangements are as follows:

For the Year Ending June 30	Minimum Future Rentals
2025	$ 86,907
2026	88,858
2027	90,866
2028	86,698
2029	76,126
2030 - 2034	404,896
2035 - 2039	449,782
2040 - 2044	184,540
2045 - 2049	182,650
2050	33,814
	$ 1,685,137

NOTE 6 – CAPITAL ASSETS

Property, plant and equipment are recorded at the time of purchase and are capitalized at cost. The District capitalizes as part of the asset cost, any significant interest incurred during the construction phase of the asset. Contributed capital assets are valued at their estimated fair market value on the date contributed. Donated capital assets, donated works of art and similar items, and capital assts received in a service concession arrangement are reported at acquisition value rather than fair value. The District defines capital assets as property, plant and equipment with an initial individual cost of $5,000 and an estimated useful life in excess of one year.

Depreciation is provided using the straight-line method for assets other than land and construction in progress. Estimated useful lives are as follows:

Conveyance and collection systems	50 years
Treatment plant	40 years
Office furniture	15 years
Shop, lab and other equipment	10 years
Computer equipment	3 years
Vehicles	3 years

NOTE 6 – CAPITAL ASSETS (Continued)

Changes in property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2024:

	Balance at June 30, 2023	Additions	Transfers	Expensed (CIP) or Retired	Balance at June 30, 2024
Capital assets not being depreciated:					
Land	$ 6,490,355	$ -	$ -	$ -	$ 6,490,355
Construction in Progress	30,402,272	12,047,868	(20,962,912)	(1,680,499)	19,806,729
Total capital assets not being depreciated	36,892,627	12,047,868	(20,962,912)	(1,680,499)	26,297,084
Capital assets being depreciated:					
Treatment & Collection System	280,404,930	-	20,701,973	-	301,106,903
Equipment	7,431,466	91,286	260,939	-	7,783,691
Intangible Right-to-Use Lease Asset	72,134	-	-	-	72,134
Total capital assets being depreciated	287,908,530	91,286	20,962,912	-	308,962,728
Less accumulated depreciation for:					
Treatment & Collection System	152,378,233	6,156,217	-	-	158,534,450
Equipment	6,368,029	586,491	-	-	6,954,520
Intangible Right-to-Use Lease Asset	16,831	14,427	-	-	31,258
Total accumulated depreciation	158,763,093	6,757,135	-	-	165,520,228
Net capital assets being depreciated	129,145,437	(6,665,849)	20,962,912	-	143,442,500
Total Capital Assets, net	$ 166,038,064	$ 5,382,019	$ -	$ (1,680,499)	$ 169,739,584

Changes in property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2023:

	Balance at June 30, 2022	Additions	Transfers	Expenseed (CIP) or Retired	Balance at June 30, 2023
Capital assets not being depreciated:					
Land	$ 6,490,355	$ -	$ -	$ -	$ 6,490,355
Construction in Progress	24,762,524	9,495,783	(1,147,280)	(2,708,755)	30,402,272
Total capital assets not being depreciated	31,252,879	9,495,783	(1,147,280)		36,892,627
Capital assets being depreciated:					
Treatment & Collection System	280,077,490	-	327,440	-	280,404,930
Equipment	6,532,938	78,688	819,840	-	7,431,466
Intangible Right-to-Use Lease Asset	72,134	-	-	-	72,134
Total capital assets being depreciated	286,682,562	78,688	1,147,280	-	287,908,530
Less accumulated depreciation for:					
Treatment & Collection System	146,218,445	6,159,788	-	-	152,378,233
Equipment	5,748,288	619,741	-	-	6,368,029
Intangible Right-to-Use Lease Asset	2,404	14,427	-	-	16,831
Total accumulated depreciation	151,969,137	6,793,956	-	-	158,763,093
Net capital assets being depreciated	134,713,425	(6,715,268)	1,147,280	-	129,145,437
Total Capital Assets, net	$ 165,966,304	$ 2,780,515	$ -	$ -	$ 166,038,064

Construction in progress represents construction of treatment facilities and conveyance systems.

NOTE 7 – COMPENSATED ABSENCES

Accumulated unpaid vacation and compensatory time have been accrued at year end. Accumulated unpaid sick pay is not included in the amount for accrued benefits due to the contingent nature of any future payment.

The changes in compensated absences were as follows for the fiscal years ended June 30:

	2024	2023
Beginning Balance	$ 953,102	$ 881,425
Additions	816,830	795,597
Payments	(768,350)	(723,920)
Ending Balance	$ 1,001,582	$ 953,102
Current Portion	$ 861,564	$ 868,447
Non-Current Portion	$ 140,018	$ 84,655

NOTE 8 – LONG-TERM DEBT

A. Current Year Transactions and Balances

The changes in the District's long-term obligations during the year ended June 30, 2024 consisted of the following:

Direct Borrowings:	Original Issue Amount	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Amount due within one year
2010 RW State Revolving Fund Loan .077% due 4/03/2030	$ 6,325,503	$ 2,541,841	$ -	$ 316,875	$ 2,224,966	$ 317,119
2011 WW Installment Sale Agreement 4.9%, due 6/24/2031	2,344,210	1,091,577	-	101,585	989,992	110,410
2011 WW State Revolving Fund Loan 2.60%, due 4/03/2033	5,041,873	2,841,601	-	252,476	2,589,125	259,040
2015 WW California Energy Commission Loan 1.00%, due 06/22/2029	700,000	313,209	-	50,903	262,306	51,420
2015 Bay Point State Revolving Fund Loan 1.9% due 11/01/2044	1,188,820	922,100	-	34,153	887,947	34,802
2016 Pittsburg State Revolving Fund Loan 1.9% due 11/1/2046	12,000,000	9,824,655	-	326,907	9,497,748	333,117
2016 WW State Revolving Fund Loan 1.9% due 12/30/2046	2,054,000	1,678,717	-	58,878	1,619,839	59,997
2019 WW State Revolving Fund Loan 1.9% due 12/1/2050	13,500,000	11,815,823	109,909	298,600	11,627,132	304,274
2020 WW State Revolving Fund Loan 1.9% due 12/30/2050	3,198,734	3,039,626	-	83,234	2,956,392	84,816
Total Long-Term Debt		34,069,149	$ 109,909	$ 1,523,611	32,655,447	$ 1,554,995
Less: Amount due within one year		(1,520,858)			(1,554,995)	
Total Long-Term Debt, net		$ 32,548,291			$ 31,100,452	

NOTE 8 – LONG-TERM DEBT (Continued)

The changes in the District's long-term obligations during the year ended June 30, 2023 consisted of the following:

Direct Borrowings:	Original Issue Amount	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Amount due within one year
2010 State Revolving Fund Loan .077% due 4/03/2030	$ 6,325,503	$ 2,858,472	$ -	$ 316,631	$ 2,541,841	$ 316,875
2011 Installment Sale Agreement 4.9%, due 6/24/2031	2,344,210	1,184,837	-	93,260	1,091,577	101,584
2011 State Revolving Fund Loan 2.60%, due 4/03/2033	5,041,873	3,087,679	-	246,078	2,841,601	252,476
2015 California Energy Commission Loan 1.00%, due 06/22/2029	700,000	363,614	-	50,405	313,209	50,902
2015 Bay Point State Revolving Fund Loan 1.9% due 11/01/2044	1,188,820	955,617	-	33,517	922,100	34,154
2016 PB State Revolving Fund Loan 1.9% due 11/1/2046	12,000,000	10,145,465	-	320,810	9,824,655	326,907
2016 WW State Revolving Fund Loan 1.9% due 12/30/2046	2,054,000	1,736,498	-	57,781	1,678,717	58,878
2019 WW State Revolving Fund Loan 1.9% due 12/30/2052	13,500,000	11,569,317	246,506	-	11,815,823	295,848
2020 WW State Revolving Fund Loan 1.9% due 12/30/2050	3,198,734	3,115,829	5,480	81,683	3,039,626	83,234
Total Long-Term Debt		35,017,328	$ 251,986	$ 1,200,165	34,069,149	$ 1,520,858
Less: Amount due within one year		(1,200,165)			(1,520,858)	
Total Long-Term Debt, net		$ 33,817,163			$ 32,548,291	

B. 2010 RW State Revolving Fund Loan

The District entered into a loan contract with the State of California Water Resources Control Board on July 8, 2009, for the purpose of financing the Antioch/Delta Diablo Sanitation District Recycled Water Project. The loan amount totals $6,325,503 with a stated interest rate of .077% per annum over a 20-year term. The City of Antioch owes the District $5,000,000 of this amount as part of their cost share for the Recycled Water Antioch Project (see Note 3 - Notes Receivable). Principal payments are due annually beginning on December 31, 2011 through the fiscal year 2030/31 and are paid from revenue received from the City of Antioch.

C. 2011 Installment Sale Agreement

On June 9, 2011, the District entered into an installment sale agreement (agreement) with Municipal Finance Corporation, which was subsequently assigned to City National Bank on June 22, 2011, for the purpose of financing a solar energy project. The agreement amount totals $2,344,210 with a stated interest of 4.9% per annum, and is payable from revenues of the District. Principal and interest payments are due semi-annually on December 24 and June 24, commencing December 24, 2011 and maturing on June 24, 2031. The outstanding loan from directing borrowings contain a provision that in an event of default, they declare all principal components of the unpaid installment payments, together with all accrued and unpaid interest components immediately due.

NOTE 8 – LONG-TERM DEBT (Continued)

D. 2011 WW State Revolving Fund Loan

The District entered into a loan contract with the State of California Water Resources Control Board on March 25, 2011, for the purpose of financing the Aeration System Improvement Project. The loan amount totals $5,041,873 with a stated interest rate of 2.60% per annum. Principal payments are due annually beginning on April 3, 2014 through the fiscal year 2033.

E. 2015 California Energy Commission Loan

The District entered into a loan agreement with the California Energy Resources Conservation Development Commission on October 10, 2013, for the purpose of financing the Energy Savings Project. The project consists of energy savings projects to be installed at the Wastewater Treatment Plant. The loan amount totals $700,000 at 1.00% interest per annum on the unpaid principal. Principal and interest payments are due semi-annually beginning on December 22, 2015 through the fiscal year 2029.

F. 2015 Bay Point State Revolving Fund Loan

On October 8, 2014, the District entered into a loan agreement with the State of California Water Resources Control Board for the purpose of financing the Bay Point Wastewater Infrastructure Repair and Rehabilitation Project (Phase 1). The loan principal totals $1,188,820 with a 30-year term and stated interest of 1.9% per annum. Principal and interest payments are due semi-annually, on November 1 and May 1, commencing on November 1, 2015 and maturing on November 1, 2044.

G. 2016 Pittsburg State Revolving Fund Loan

On October 24, 2014, the District entered into a loan agreement with the State of California Water Resources Control Board for the purpose of financing the Pittsburg Forcemain Improvement Project. The loan principal totals $12,000,000 with a 30-year term and stated interest of 1.9% per annum. Principal and interest payments are due semi-annually, on November 1 and May 1, commencing November 1, 2017 and maturing on November 1, 2046, from the Waste Water Fund (75%) and Bay Point Collection Fund (25%).

H 2016 Wastewater State Revolving Fund Loan

On August 8, 2014, the District entered into a loan agreement with the State of California Water Resources Control Board for the purpose of financing Bay Point Wastewater Infrastructure Repair and Rehabilitation Project (Phase 3). The loan principal totals $2,054,000 with a 30-year term and stated interest of 1.9% per annum. Principal and interest payments are due semi-annually, on November 1 and May 1, commencing on November 1, 2016 and maturing on November 1, 2045.

NOTE 8 – LONG-TERM DEBT (Continued)

I. 2019 Wastewater State Revolving Fund Loan

On August 8, 2014, the District entered into a loan agreement with the State of California Water Resources Control Board for the purpose of financing the Pump Station Facility Repair (Phase 2). The loan principal totals $13,500,000 with a 30-year term and stated interest of 1.9% per annum. Principal payments are due annually on December 31, and interest payments are due semi-annually, on June 30 and December 31. Payments commence on December 31, 2023 and mature on December 31, 2052.

J. 2020 Wastewater State Revolving Fund Loan

On August 8, 2014, the District entered into a loan agreement with the State of California Water Resources Control Board for the purpose of financing 2017 Sewer Pipeline Repair (Phase 4). The loan principal totals $3,198,734 with a 30-year term and stated interest of 1.9% per annum. Principal payments are due annually on December 1, and interest payments are due semi-annually, on December 1 and June 1. Payments commence on December 1, 2021 and mature on December 1, 2050.

K. Debt Service Requirements

Annual debt service requirements are shown below for all long-term debt as of June 30, 2024:

	Direct Borrowings		
For The Year Ending June 30	Principal	Interest	Total
2025	$ 1,554,995	$ 616,130	$ 2,171,125
2026	1,587,373	587,442	2,174,815
2027	1,620,779	557,810	2,178,589
2028	1,655,260	527,199	2,182,459
2029	1,690,860	495,560	2,186,420
2030 - 2034	6,862,320	2,007,212	8,869,532
2035 - 2039	5,121,998	1,440,335	6,562,333
2040 - 2044	5,627,431	932,921	6,560,352
2045 - 2049	4,655,652	404,944	5,060,596
2050 - 2053	2,278,779	82,305	2,361,084
Total payments due	$ 32,655,447	$ 7,651,858	$ 40,307,305

NOTE 9 – RETIREMENT

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 employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 9 – RETIREMENT (Continued)

A. General Information about the Pension Plans

Plan Description – All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Rate Plan. The District's Miscellaneous Rate Plan are part of the public agency cost-sharing multiple-employer, which is administered by the California Public Employees' Retirement System (CalPERS). The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. Benefit provisions under the Plan are established by State statute and Board 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, 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, 2024, are summarized as follows:

		Miscellaneous	
	Tier I	Tier II	Tier III
Hire date	Prior to 6/30/12	6/30/12 to 12/31/12 and employees hired on or after 1/1/13 who are not a "new member"	On or after 1/1/13; new member
Benefit formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	55	62
Monthly benefits, as a % of eligible compensation	2.70%	2.00%	2.00%
Required employee contribution rates	8.00%	7.00%	8.00%
Required employer contribution rates	15.850%	12.370%	7.910%

CalPERS collects employer 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 toward the unfunded liability (UAL). The District's total UALs for 2024 and 2023 were $1,475,786 and $1,607,212 respectively.

NOTE 9 – RETIREMENT (Continued)

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.

For the year ended June 30, the contributions to the Plan were as follows:

	2024	2023
	Miscellaneous Tier I, II & III	Miscellaneous Tier I, II & III
Contributions - employer	$ 2,604,552	$2,519,840

B. 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 employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of June 30, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	2024	2023
	Proportionate Share of Net Pension Liability	Proportionate Share of Net Pension Liability
CCCERA Plan (12/31)	$ 1,834,038	$ 1,841,942
Miscellaneous Tier I, II & III	23,495,288	21,615,327
Total Net Pension Liability	$ 25,329,326	$ 23,457,269

NOTE 9 – RETIREMENT (Continued)

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 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, 2022 and 2023 was as follows:

	Miscellaneous Tier I, II & III
Proportion - June 30, 2022	0.46194%
Proportion - June 30, 2023	0.46987%
Change - Increase (Decrease)	0.00793%

For the year ended June 30, 2024 and 2023, the District's recognized actuarial pension expense of $4,149,766 and $211,965, respectively. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Tier I, Tier II, & III	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	$ 2,604,552	$ -
Differences between actual and expected experience	1,200,266	(186,190)
Changes in assumptions	1,418,516	-
Change in employer's proportion	264,163	(83,201)
Net differences in actual contributions and proportionate contributions	-	(529,070)
Net differences between projected and actual earnings on pension plan investments	3,804,099	-
Total	$ 9,291,596	$ (798,461)

Deferred outflows of $2,604,552 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, 2025.

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

Miscellaneous -Tier I, II, & III	
Year Ended June 30	Annual Amortization
2025	$ 1,707,018
2026	1,164,789
2027	2,907,621
2028	109,155

NOTE 9 – RETIREMENT (Continued)

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Tier I, Tier II, & III	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	$ 2,519,840	$ -
Differences between actual and expected experience	434,078	(290,727)
Changes in assumptions	2,214,942	-
Changes in employer's proportion	193,360	(132,144)
Net differences in actual contributions and proportionate contributions	-	(821,778)
Net differences between projected and actual earnings on pension plan investments	3,959,354	-
Total	$ 9,321,574	$ (1,244,649)

Deferred outflows of $2,519,840 related to contributions subsequent to the measurement date, was recognized as a reduction of the net pension liability in the current fiscal year.

Actuarial Assumptions – The total pension liability in the June 30, 2022 valuation was determined using the following actuarial assumptions:

	All Plans
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%
Salary Increases	Varies by entry age and service
Mortality	Derived using CalPERS Membership data for all Funds. The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Acturies. For more details, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.
Post Retirement Benefit Increases	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

NOTE 9 – RETIREMENT (Continued)

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 6.90%. The projection of cash flows used to determine the discount rate for the Plan 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 for all. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10[1,2]
Global Equity - cap-weighted	30.0%	4.45%
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%

1. An expected inflation of 2.30% used for this period
2. Figures are based on the 2021-22 Asset Liability Management stuffy

NOTE 9 – RETIREMENT (Continued)

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 at June 30, 2023 and 2022 measurement date, respectively:

Measurement Date: June 30, 2023

	5.90% (1% decrease)	6.90% (Current rate)	7.90% (1% increase)
Net Pension Liability	$ 35,344,755	$ 23,495,288	$ 13,742,159

Measurement Date: June 30, 2022

	5.90% (1% decrease)	6.90% (Current rate)	7.90% (1% increase)
Net Pension Liability	$ 32,782,405	$ 21,615,327	$ 12,427,592

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

C. Contra Costa County Employees Retirement Association Closed Plan

The District discontinued participation in the Contra Costa County Employees Retirement Association (CCCERA) effective June 20, 2004. The termination agreement provides for an evaluation of any additional liability owed to CCCERA every three years. CCCERA retained certain assets contributed by the District and they remain responsible for retiree benefits for retirees and deferred vested members who were not transferred to the CalPERS system. The designation of 3.75% of payroll annually for Employee Benefit Costs will be a source of funds to address this or other liabilities due. CCCERA's actuary has conducted and determined the District's termination liability using the triennial experience analysis as of December 31, 2015. Based on this analysis and in accordance with the termination agreement with CCCERA, the District's unfunded obligation of $2,017,307 is to be amortized over 15 years, resulting in annual payments of $221,489 starting December 31, 2016. The actuarial pension expense for CCCERA was $71,639 and $174,767 for the years ended June 30, 2024 and 2023, respectively. The next triennial actuarial valuation is expected on November 2025. As of June 30, 2024 and 2023, in accordance with GASB 68, the District recorded a net pension liability of $1,834,038 and $1,841,942 under the CCCERA plan, as well as deferred outflows of $1,148,197 and $1,502,536 and deferred inflows of $129,152 and $403,948, respectively.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description and Funding Policy

The District provides post-retirement health care benefits to eligible retirees pursuant to Memorandums of Understanding (MOU) with employee bargaining groups. Under the MOU, the District contracts with the California Public Employees' Retirement System (CalPERS) to provide post-retirement health benefits to eligible retirees through the Public Employees' Medical and Hospital Care Act (PEMHCA) program. The District administers a defined-benefit post-employment healthcare plan. On December 9, 2009, the District established an irrevocable exclusive agent multiemployer benefit trust administered by Public Agency Retirement Services (PARS). The trust is used to accumulate and invest assets necessary to reimburse retirees. PARS issues no separate financial reports for the OPEB trust.

OPEB benefits vary by employee hire date, length of service, and CalPERS service credits. The District plans to fund the benefits provided under the plan over a 30-year, with minimal impacts on District ratepayers. As part of the annual budget development process, the District Board includes sufficient funding to cover the Actuarially Determined Contributions (ADC) based on the actuarial report prepared in compliance with GASB 75. The annual ADC is deposited in the OPEB trust fund managed by PARS.

On July 14, 2010, the Board adopted the District's Retiree Health Funding Plan, which includes the cost-sharing of the retiree health benefits with employees. Effective July 1, 2010, employees will contribute 1% of their base salary towards pre-funding the OPEB liability in the trust fund. Effective July 1, 2011, employees' contribution to pre-fund the OPEB liability will increase to 2% and 3% on July 1, 2012.

As of the fiscal year ended June 30, 2024, the MOUs stipulate that only Local One AFSCME Council 57 for Professional and Technical Representation Bargaining Unit and Management Association employees hired on or before October 15, 2022; and Local One AFSCME Council 57 for the Operations & Maintenance Representation Bargaining Unit hired on or before February 4, 2023, are required to contribute 3% of salaries to the OPEB Trust. The District continues to fund the OPEB liability based on the ADC determined for the fiscal year.

	Fiscal Years Ended June 30, 2024 and 2023
Plan Type	Single Employer
OPEB Trust	Yes
Special Funding Situation	No
Nonemployer Contributing Entity	No

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30:

	2024	2023
Active plan members	67	66
Inactive employees or beneficiaries currently receiving benefit payments	72	68
Inactive employees entitled to but not yet receiving benefit payments	0	6
Total	139	140

B. *Net OPEB Liability*

Actuarial Methods and Assumptions – The District net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2024 to determine the $20,742,190 total OPEB liability June 30, 2024, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Actuarial Assumptions:	
Contribution Policy	Pre-funded through PARS with the Balanced Portfolio. District contributes at least the actuarially determined contribution. Employees (P&T and management hired on or before October 15, 2022; O&M hired on or before February 4, 2023) contribute to 3% of reported PERSable payroll.
Discount Rate and Long-Term Expected Rate of Return on Assets	5.75% at June 30, 2024 5.75% at June 30, 2023 Expected District contributions projected to keep sufficient plan assets to pay all benefits from trust.
General Inflation	2.30% annually
Mortality , Retirement, Disability, Termination	CalPERS 2020-2019 experience study
Mortality Improvement	Mortality projected fully generations with Scale MP-2020
PEMHCA Improvement	3.00% annually
Salary Increases	2.80%
Medical Trend	Non-Medicare - 6.80% for 2024, decreasing to an ultimate rate of 4.04% in 2075 Medicare - 4.90% for 2024, decreasing to an ultimate rate of 4.04% in 2075.
Participation at Retirement	Actives covered & surviving spouse hired < 1/1/09 - 100% Actives covered & surviving spouse hired ≥ 1/1/09

CalPERS Service	Participation
<10	0%
10-14	90%
15-19	95%
≥20	100%

Retirees & surviving spouses
Participating - 100%
Waived < 65 - 5% at 65
Waived ≥ 65 - 0%

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables as of June 30:

2024

Asset Class	Target Allocation	Expected Return
Equity		
Domestic	47.00%	7.50%
International Developed	7.00%	7.10%
Emerging Markets	4.00%	7.40%
REITs	2.00%	7.00%
Fixed Income		
Short-Term Bonds	6.80%	3.70%
Core Fixed Income	27.00%	4.70%
High-Yield	1.20%	6.80%
Cash	5.00%	2.70%
Total	100%	
Expected Return		6.60%
Expected Return, Net of Fees		5.75%
Expected Volatility		9.70%

2023

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60%	4.56%
Fixed Income	35%	0.78%
Cash	5%	(0.50%)
Total	100%	
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return		5.75%

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Discount Rate – The discount rate used to measure the total OPEB liability was 5.75% for 2024 and 2023. 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.

C. Changes in Net OPEB Liability

The changes in the Net OPEB Liability follows as of June 30, 2024:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2023	$ 19,405,198	$ 18,244,457	$ 1,160,741
Changes Recognized for the Measurement Period:			
Service Cost	757,318	-	757,318
Interest on the total OPEB liability	1,122,237	-	1,122,237
Difference between expected and actual experience	(598,369)	-	(598,369)
Changes of assumptions	1,346,507	-	1,346,507
Contributions from the employer	-	271,161	(271,161)
Contributions from the employer (implicit subsidy)	-	244,000	(244,000)
Contributions from the employees	-	271,161	(271,161)
Net investment income	-	2,369,983	(2,369,983)
Administrative expenses	-	(39,129)	39,129
Benefit payments and refunds	(1,046,701)	(1,046,701)	-
Implicit subsidy credit	(244,000)	(244,000)	-
Net Changes during July 1, 2023 to June 30, 2024	1,336,992	1,826,475	(489,483)
Balance at June 30, 2024	$ 20,742,190	$ 20,070,932	$ 671,258

The changes in the Net OPEB Liability follows as of June 30, 2023:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2022	$ 20,231,442	$ 17,266,466	$ 2,964,976
Changes Recognized for the Measurement Period:			
Service Cost	737,049	-	737,049
Interest on the total OPEB liability	1,218,092	-	1,218,092
Difference between expected and actual experience	(1,165,043)	-	(1,165,043)
Changes in benefit terms	(198,894)	-	(198,894)
Changes of assumptions	(83,511)	-	(83,511)
Contributions from the employer	-	621,708	(621,708)
Contributions from the employees	-	250,708	(250,708)
Net investment income	-	1,480,093	(1,480,093)
Administrative expenses	-	(40,581)	40,581
Benefit payments and refunds	(1,333,937)	(1,333,937)	-
Net Changes during July 1, 2022 to June 30, 2023	(826,244)	977,991	(1,804,235)
Balance at June 30, 2023	$ 19,405,198	$ 18,244,457	$ 1,160,741

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

D. Sensitivity of the Net OPEB Liability

The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as of June 30:

Plan's Net OPEB Liability/(Asset) at June 30, 2024

Discount Rate -1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate +1% (6.75%)
$ 3,175,431	$ 671,258	$ (1,413,469)

Plan's Net OPEB Liability/(Asset) at June 30, 2023

Discount Rate -1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate +1% (6.75%)
$ 3,505,893	$ 1,160,741	$ (789,908)

The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

Plan's Net OPEB Liability/(Asset) at June 30, 2024

1% Decrease (5.00%)	Current Trend (6.00%)	1% Increase (7.00%)
$ (1,717,354)	$ 671,258	$ 3,593,088

Plan's Net OPEB Liability/(Asset) at June 30, 2023

1% Decrease (5.00%)	Current Trend (6.00%)	1% Increase (7.00%)
$ (1,146,910)	$ 1,160,741	$ 3,981,545

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

E. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of $180,235. As of June 30, 2024 the District 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	$ -	$ (1,642,257)
Changes of assumptions	1,429,104	(420,003)
Net difference between projected and actual earnings on OPEB plan investments	-	(417,210)
Total	$ 1,429,104	$ (2,479,470)

The District did not have any contributions subsequent to the measurement date to report as deferred outflows of resources as of June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Measurement Period Ended June 30	Annual Amortization
2025	$ (535,900)
2026	135,736
2027	(424,016)
2028	(340,290)
2029	78,478
Thereafter	35,626

For the year ended June 30, 2023, the District recognized OPEB expense of $210,845. As of June 30, 2023 the District 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	$ -	$ (1,584,469)
Changes of assumptions	446,553	(598,670)
Net difference between projected and actual earnings on OPEB plan investments	840,777	-
Total	$ 1,287,330	$ (2,183,139)

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The District joined together with other entities to form the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool currently operating as a common risk management and insurance program for 60 member entities. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost. The District pays an annual premium to CSRMA for its general liability, property damage, workers compensation insurance and automobile coverage.

CSRMA is governed by a Board composed of one representative from each member agency. The Board controls the operations of CSRMA including selection of management and approval of operating budgets, independent of any influence by member entities.

CSRMA is not a component unit of the District and the District's share of assets, liabilities, and equity has not been calculated.

The following is a summary of the insurance policies in force carried by the District as of June 30, 2024:

Type of Coverage	Limits	Deductibles
General Liability	$ 15,500,000	$ 100,000
Excess General Liability	10,000,000	None
Worker's Compensation	1,000,000	None
Excess Worker's Compensation Liability	Statutory Limit	None
Special Form Property	228,832,448	25,000
Public Entity Pollution Liability	2,000,000	100,000
Cyber Liability Coverage	2,000,000	None
Master Crime Liability	2,000,000	2,500
Auto Comprehensive and Collision	1,499,683	1,000/2,000

The District also maintains employee fidelity bonds to protect against the risk of employee theft or defalcation. Settled claims for CSRMA or employee fidelity bonds have not exceeded coverage in any of the past three fiscal years. Audited financial statements of CSRMA may be obtained at 560 Mission Street, 6th Floor, San Francisco, CA 94105.

The District did not record a liability for outstanding claims at fiscal year-end, as management believes that the claims were minimal.

NOTE 12 – NET POSITION

Net Position is the excess of all the District's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into three categories. These captions apply only to Net Position, which is determined only at the District-wide level, and are described below:

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

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

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

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. Purchase Commitments

The District has a number of purchase commitments for ongoing operating and capital projects that involves multi-year contracts. Purchase commitments related to these multi-year contracts are approximately $12,575,832 and $9,938,948 as of June 30, 2024 and 2023, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

Delta Diablo

Cost-Sharing Multiple-Employer Defined Pension Plan

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

AS OF THE MEASUREMENT DATE

Last 10 Years*

	Miscellaneous									
	Tier I & II	**Tier I & II**	**Tier I & II**	**Tier I & II**	**Tier I & II**	**Tier I & II**	**Tier I & II**	**Tier I & II**	**Tier I & II**	**Tier I & II**
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/Asset	0.1883%	0.1871%	0.1905%	0.1665%	0.1622%	0.3823%	0.3757%	0.3817%	0.3747%	0.3345%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$ 23,495,288	$ 21,615,327	$ 10,302,215	$ 18,111,057	$ 16,618,622	$ 15,143,491	$ 15,484,151	$ 13,258,795	$ 10,279,890	$ 10,961,818
Plan's Covered Payroll	$ 9,087,747	$ 8,903,746	$ 9,484,075	$ 9,370,990	$ 9,473,230	$ 9,738,463	$ 8,705,573	$ 8,075,458	$ 8,138,640	$ 7,681,566
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	258.54%	242.77%	108.63%	193.27%	175.43%	155.50%	177.86%	164.19%	126.31%	142.70%
Plan's Fiduciary Net Position	$ 64,119,052	$ 60,303,980	$ 66,315,908	$ 56,855,501	$ 52,339,949	$ 50,164,464	$ 45,367,518	$ 40,904,049	$ 40,032,145	$ 39,249,319

DELTA DIABLO

Multiple-Employer Defined Pension Plan

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 Years*

	2015	2016	2017	2018	2019
Contractually required contributions (actuarially determined)	$ 1,251,178	$ 1,669,912	$ 1,663,037	$ 1,710,608	$ 1,880,696
Contributions in relation to the actuarially determined contributions	(1,251,178)	(1,669,912)	(1,663,037)	(1,710,608)	(1,880,696)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 8,138,640	$ 8,075,458	$ 8,705,573	$ 9,783,463	$ 9,473,230
Contributions as a percentage of covered payroll	15.37%	20.68%	19.10%	17.48%	19.85%

	2020	2021	2022	2023	2024
Contractually required contributions (actuarially determined)	$ 2,071,446	$ 2,273,068	$ 2,348,213	$ 2,519,840	$ 2,519,840
Contributions in relation to the actuarially determined contributions	(2,071,446)	(2,273,068)	(2,348,213)	(2,519,840)	(2,519,840)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 9,370,990	$ 9,484,075	$ 8,903,746	$ 9,280,770	$ 9,087,747
Contributions as a percentage of covered payroll	22.10%	23.97%	26.37%	27.15%	27.73%

Notes to Schedule:

Valuation date:	June 30, 2022
Measurement date:	June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Recognize actuarial gains and losses related to changes in total pension liability and fiduciary net position in the pension expense systematically over time.
Asset valuation method	5- year straight-line
Inflation	2.30%
Salary increase	Varies by Entry Age and Service
Discount rate	6.90%
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds. The post-retirement mortality rates include 15 years of mortality improvements using Society of Actuaries Scale MP-2016. For more details, please refer to the 2021 experience study report.

DELTA DIABLO
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Measurement date June 30:	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service Cost	$ 757,318	$ 737,049	$ 681,842	$ 794,754	$ 771,606	$ 779,569	$ 725,000	$ 702,000
Interest on the OPEB liability	1,122,237	1,218,092	1,190,784	1,264,614	1,206,322	1,203,775	1,122,000	1,056,000
Differences between actual and expected experience	(598,369)	(1,165,043)	-	(956,197)	-	(631,144)	-	-
Change of benefit terms	-	(198,894)	-	-	-	-	182,000	(12,000)
Change of assumptions	1,346,507	(83,511)	562,616	(1,024,220)	-	362,822	-	-
Benefit paid to retirees	(1,290,701)	(1,333,937)	(1,149,005)	(1,145,656)	(991,130)	(859,910)	(781,000)	(720,000)
Net change in total OPEB liability	1,336,992	(826,244)	1,286,237	(1,066,705)	986,798	855,112	1,248,000	1,026,000
Total OPEB liability - beginning	19,405,198	20,231,442	18,945,205	20,011,910	19,025,112	18,170,000	16,922,000	15,896,000
Total OPEB liability - ending (a)	$ 20,742,190	$ 19,405,198	$ 20,231,442	$ 18,945,205	$ 20,011,910	$ 19,025,112	$ 18,170,000	$ 16,922,000
Plan Fiduciary Net Position								
Employer contributions	$ 515,161	$ 621,708	$ 611,177	$ 1,139,773	$ 1,202,808	$ 1,208,525	$ 1,592,000	$ 1,505,000
Employee contributions	271,161	250,708	273,177	278,341	278,048	281,058	282,000	262,000
Net investment income	2,369,983	1,480,093	(2,812,836)	4,347,665	467,104	896,214	935,000	1,236,000
Benefit paid to retirees	(1,290,701)	(1,333,937)	(1,149,005)	(1,145,656)	(991,130)	(859,910)	(781,000)	(720,000)
Administrative expense	(39,129)	(40,581)	(43,756)	(40,922)	(36,736)	(34,473)	(33,000)	(26,000)
Net change in plan fiduciary position	1,826,475	977,991	(3,121,243)	4,579,201	920,094	1,491,414	1,995,000	2,257,000
Plan fiduciary net position - beginning	18,244,457	17,266,466	20,387,709	15,808,508	14,888,414	13,397,000	11,402,000	9,145,000
Plan fiduciary net position - ending (b)	$ 20,070,932	$ 18,244,457	$ 17,266,466	$ 20,387,709	$ 15,808,508	$ 14,888,414	$ 13,397,000	$ 11,402,000
Net OPEB liability (asset) - ending (a)-(b)	$ 671,258	$ 1,160,741	$ 2,964,976	$ (1,442,504)	$ 4,203,402	$ 4,136,698	$ 4,773,000	$ 5,520,000
Plan fiduciary net position as a percentage of the total OPEB liability	96.76%	94.02%	85.34%	107.61%	79.00%	78.26%	73.73%	67.38%
Covered payroll	$ 8,136,497	$ 8,375,550	$ 9,111,767	$ 9,283,462	$ 9,254,288	$ 9,371,057	$ 9,385,000	$ 8,724,000
Net OPEB liability as a percentage of covered-employee payroll	8.25%	13.86%	32.54%	-15.54%	45.42%	44.14%	50.86%	63.27%

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

The term Covered-employee payroll is used because there are employees receiving benefits not based on wages.

DELTA DIABLO
Retiree Health Funding Plan
SCHEDULE OF OPEB CONTRIBUTIONS
Last 10 Years*

Fiscal Year Ended June 30,	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	$ 926,000	$ 920,000	$ 910,000	$ 878,000	$ 831,000	$ 614,000	$ 591,000	$ 533,000
Contributions in relation to the actuarially determined contributions	1,642,483	1,592,000	1,208,525	1,202,808	1,139,773	611,177	621,708	515,161
Contribution deficiency (excess)	$ (716,483)	$ (672,000)	$ (298,525)	$ (324,808)	$ (308,773)	$ 2,823	$ (30,708)	$ 17,839
Covered-Employee payroll **	$ 8,724,000	$ 9,385,000	$ 9,371,057	$ 9,254,288	$ 9,283,462	$ 9,111,767	$ 8,375,550	$ 8,136,497
Contributions as a percentage of covered-employee payroll	18.83%	16.96%	12.90%	13.00%	12.28%	6.71%	7.42%	6.33%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

	Actuarial Assumptions
Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Closed period, level percent of pay
Amortization Period	22 years
Asset Valuation Method	Investments gains and losses spread over 5-year rolling period
Discount Rate	5.75%
General Inflation	2.30%
Medical Trend	6.80%, trending down to 4.04%
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP- 2018
Payroll increase	Aggregate - 3% annually. Merit - CalPERS 1997-2015 Experience study
All Other Assumptions	Same as those used to determine the total OPEB liability

* FY 2018 was the first year of implementation.
** The District makes contributions based on the Actuarially Determined Contributions, not on the measure of pay.

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SUPPLEMENTARY INFORMATION

DELTA DIABLO
SUPPLEMENTARY SCHEDULE OF NET POSITION
PROPRIETARY FUND TYPE - ENTERPRISE FUND
JUNE 30, 2024

	Wastewater	Wastewater Expansion	Recycled Water Facility
ASSETS			
CURRENT ASSETS			
Cash	$ 3,229,649	$ 474,664	$ 71,931
Investments	62,119,307	15,329,839	2,275,832
Committed cash	316,645	-	-
Restricted investments	1,276,023	133,222	-
Committed investments	23,194,770	-	5,650,794
Accounts receivable	500,486	-	357,124
Due from other funds	76,666	-	-
Interest receivable	432,065	934	60,550
Current portion of notes receivable	-	16,059	310,156
Current portion of lease receivable	86,907	-	-
Current portion of employee computer loans receivable	4,555	-	-
Inventory	960,292	-	126,664
Prepaid expenses	128,616	-	22,697
Total current assets	92,325,981	15,954,718	8,875,748
NON-CURRENT ASSETS			
CAPITAL ASSETS			
Capital assets, non depreciable	25,151,909	-	-
Depreciable capital assets, net of accumulated depreciation	108,947,976	-	25,549,569
Intangible right-to-use lease asset, net of accumulated amortization	40,876	-	-
Total capital assets, net	134,140,761	-	25,549,569
OTHER NON-CURRENT ASSETS			
Notes receivable, less current portion	-	12,969	2,003,270
Leases receivable, less current portion	1,598,230	-	-
Interfund receivables	4,000,000	-	-
Employee loans receivable, less current portion	2,101	-	-
Total other non-current assets	5,600,331	12,969	2,003,270
TOTAL ASSETS	232,067,073	15,967,687	36,428,587
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	10,439,793	-	-
Related to OPEB	1,429,104	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,868,897	-	-
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	2,242,661	31,137	99,380
Due to other funds	-	-	-
Accrued payroll and benefits	380,026	53	12,155
Deposits payable	528,702	-	20,884
Unearned revenue	18,474	29,028	-
Compensated absences - current portion	861,564	-	-
Lease liability - current portion	14,444	-	-
Current portion of long-term debt	974,982	83,279	317,119
Accrued interest payable	38,595	7,256	-
Total current liabilities	5,059,448	150,753	449,538
NON-CURRENT LIABILITIES			
Long-term debt, net of current portion:			
State revolving fund loans	20,737,301	2,291,158	1,907,848
Installment sales agreement	879,582	-	-
Compensated absences - due in more than one year	140,018	-	-
Lease Liability - noncurrent portion	27,204	-	-
Interfund payable	4,000,000	-	-
Net pension liability	25,329,326	-	-
Net OPEB Liability	671,258	-	-
Total non - current liabilities	51,784,689	2,291,158	1,907,848
TOTAL LIABILITIES	56,844,137	2,441,911	2,357,386
DEFERRED INFLOWS OF RESOURCES			
Related to leases	1,646,033	-	-
Related to pensions	927,613	-	-
Related to OPEB	2,479,470	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	5,053,116	-	-
NET POSITION			
Net investment in capital assets	111,507,248	(2,374,437)	23,324,602
Restricted for debt service	1,276,023	133,222	-
Unrestricted	69,255,446	15,766,991	10,746,599
TOTAL NET POSITION	$ 182,038,717	$ 13,525,776	$ 34,071,201

Hazardous Waste	Street Sweeping	Bay Point	Total
$ 89,691	$ -	$ 231,656	$ 4,097,591
160,000	1,183,152	3,036,903	84,105,033
-	-	-	316,645
-	-	290,038	1,699,283
-	-	3,439,395	32,284,959
295,239	1,076	13,986	1,167,911
-	-	-	76,666
-	10,660	42,603	546,812
3,221	-	-	329,436
-	-	-	86,907
-	-	-	4,555
-	-	-	1,086,956
-	-	-	151,313
548,151	1,194,888	7,054,581	125,954,067
273	-	1,144,902	26,297,084
1,123,022	-	7,781,057	143,401,624
-	-	-	40,876
1,123,295	-	8,925,959	169,739,584
43,831	-	-	2,060,070
-	-	-	1,598,230
-	-	-	4,000,000
-	-	-	2,101
43,831	-	-	7,660,401
1,715,277	1,194,888	15,980,540	303,354,052
-	-	-	10,439,793
-	-	-	1,429,104
-	-	-	11,868,897
233,296	64,101	405,490	3,076,065
-	76,666	-	76,666
4,623	-	9,842	406,699
-	-	40,481	590,067
47,052	-	-	94,554
-	-	-	861,564
-	-	-	14,444
-	-	179,615	1,554,995
-	-	12,622	58,473
284,971	140,767	648,050	6,733,527
-	-	5,284,563	30,220,870
-	-	-	879,582
-	-	-	140,018
-	-	-	27,204
-	-	-	4,000,000
-	-	-	25,329,326
-	-	-	671,258
-	-	5,284,563	61,268,258
284,971	140,767	5,932,613	68,001,785
-	-	-	1,646,033
-	-	-	927,613
-	-	-	2,479,470
-	-	-	5,053,116
1,123,295	-	3,461,781	137,042,489
-	-	290,038	1,699,283
307,011	1,054,121	6,296,108	103,426,276
$ 1,430,306	$ 1,054,121	$ 10,047,927	$ 242,168,048

DELTA DIABLO
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE - ENTERPRISE FUND
For the Year Ended June 30, 2024

	Wastewater	Waste Water Expansion	Recycled Water Facility
OPERATING REVENUES			
Service charges	$ 36,013,960	$ -	$ 3,917,831
Discharge permits	131,425	-	-
Household hazardous waste permits	-	-	-
Miscellaneous	479,168	-	95
Work for others	128,550	-	9
Total operating revenues	36,753,103		3,917,935
OPERATING EXPENSES			
Salaries and benefits	16,286,485	$10,388	764,483
Chemicals	1,357,341	-	1,336,551
Depreciation	5,119,803	-	1,380,640
Amortization	14,427		-
Office and operating expense	3,081,766	332	342,089
Outside services and maintenance	4,485,169	148,009	216,657
Utilities	2,049,658	-	831,774
Other	72,668	-	-
Total operating expenses	32,467,317	158,729	4,872,194
OPERATING INCOME (LOSS)	4,285,786	(158,729)	(954,259)
NONOPERATING REVENUES (EXPENSES)			
Interest expense	(763,660)	($45,368)	(1,957)
Interest income	4,454,115	336,659	322,838
Capital facilities capacity charges	-	2,246,802	-
Lease revenue	124,538	-	-
Gain on sale of assets	228	-	-
State and federal grants	-	-	-
Property taxes	3,951,361	513,848	-
Total nonoperating revenues (expenses), net	7,766,582	3,051,941	320,881
NET INCOME (LOSS) BEFORE TRANSFERS	12,052,368	2,893,212	(633,378)
Transfers in	20,893,960	-	-
Transfers out	(21,051,424)	(9,677)	(375,300)
Total transfers in (out)	(157,464)	(9,677)	(375,300)
NET INCOME (LOSS) AFTER TRANSFERS	11,894,904	2,883,535	(1,008,678)
NET POSITION, BEGINNING OF YEAR	170,143,813	10,642,241	35,079,879
NET POSITION, END OF YEAR	$ 182,038,717	$ 13,525,776	$ 34,071,201

Hazardous Waste	Street Sweeping	Bay Point	Total
$ -	$ 656,612	$ 1,301,912	$ 41,890,315
-	-	-	131,425
712,670	-	-	712,670
198	-	-	479,461
2,417	-	-	130,976
715,285	656,612	1,301,912	43,344,847
297,292	-	352,277	17,710,925
-	-	49	2,693,941
36,024	-	206,241	6,742,708
-	-	-	14,427
59,995	-	10,103	3,494,285
987,294	778,312	26,223	6,641,664
838	-	-	2,882,270
-	-	-	72,668
1,381,443	778,312	594,893	40,252,888
(666,158)	(121,700)	707,019	3,091,959
-	-	(105,066)	(916,051)
4,085	40,320	243,842	5,401,859
-	-	-	2,246,802
-	-	-	124,538
-	-	-	228
-	-	-	-
-	-	-	4,465,209
4,085	40,320	138,776	11,322,585
(662,073)	(81,380)	845,795	14,414,544
632,682			21,526,642
(131)	-	(90,110)	(21,526,642)
632,551	-	(90,110)	-
(29,522)	(81,380)	755,685	14,414,544
1,459,828	1,135,501	9,292,242	227,753,504
$ 1,430,306	$ 1,054,121	$ 10,047,927	$ 242,168,048

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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*

To the Board of Directors
Delta Diablo
Antioch, California

We have audited, in accordance with the 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 basic financial statements of Delta Diablo (District), California, as of and for the year ended June 30, 2024, and have issued our report thereon dated November 27, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Accountancy Corporation
3478 Buskirk Avenue, Suite 217
Pleasant Hill, CA 94523

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We have also issued a separate Memorandum on Internal Control dated November 27, 2024 which is an integral part of our audit and should be read in conjunction with this report.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze + Associates

Pleasant Hill, California
November 27, 2024

STATISTICAL SECTION

RECYCLED WATER FACILITY – CHLORINE CONTACT TANKS

This section of the District's Annual Comprehensive Financial Report provides detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. Information provided in this section is not subject to an independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Net Position By Component 90

Condensed Statement of Revenues, Expenses and Changes in Net Position 91

Total Revenues By Source 92

Total Expenses By Category 93

Revenue Capacity

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

Major Revenue Base and Rates 94

Service Charges and Service Charges as a Percentage of Total Operating Revenue 95

Principal Customers 95

Debt Capacity

These schedules contain information to help the reader assess the affordability of the District's current level of outstanding debt and its ability to issue additional debt in the future.

Outstanding Debt By Type and Debt Per Capita 96

Pledged Revenue Coverage 97

Demographics and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Principal Employers in Contra Costa County 98

Demographic and Economic Statistics - District Service Area and Contra Costa County 99

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and activities/programs it performs.

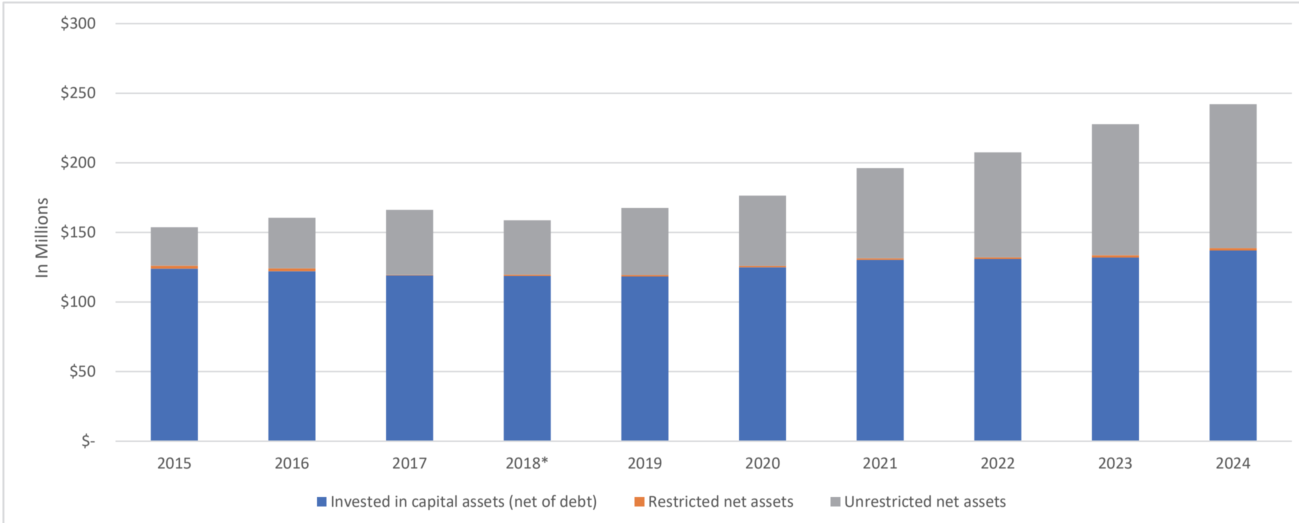
About the District 100

Number of District Employees By Department/Function 101

Operating and Capital Indicators By Program 102

Sources: Unless otherwise noted, the information in these schedules is derived from the annual audited financial reports for the relevant year.

DELTA DIABLO
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)



	2015	2016	2017	2018*	2019	2020	2021	2022	2023	2024
Net Position Component										
Invested in capital assets (net of debt)	$ 123,992,770	$ 122,139,055	$ 119,128,874	$ 118,740,378	$ 118,356,795	$ 124,929,747	$ 130,291,859	$ 130,948,976	$ 131,968,915	$ 137,042,489
Restricted net assets	2,087,120	2,086,398	378,358	929,736	1,008,283	1,008,283	1,149,283	1,149,283	1,666,783	1,699,283
Unrestricted net assets	27,642,843	36,317,897	46,684,135	39,072,410	48,218,545	50,479,335	64,759,101	75,447,219	94,117,806	103,426,276
Total Net Position	**$ 153,722,733**	**$ 160,543,350**	**$ 166,191,367**	**$ 158,742,524**	**$ 167,583,623**	**$ 176,417,365**	**$ 196,200,243**	**$ 207,545,478**	**$ 227,753,504**	**$ 242,168,048**

Source: Delta Diablo Audited Financial Statements
* Includes GASB 68 prior year adjustment of $6M and a $3.7M write-off of construction in progress.

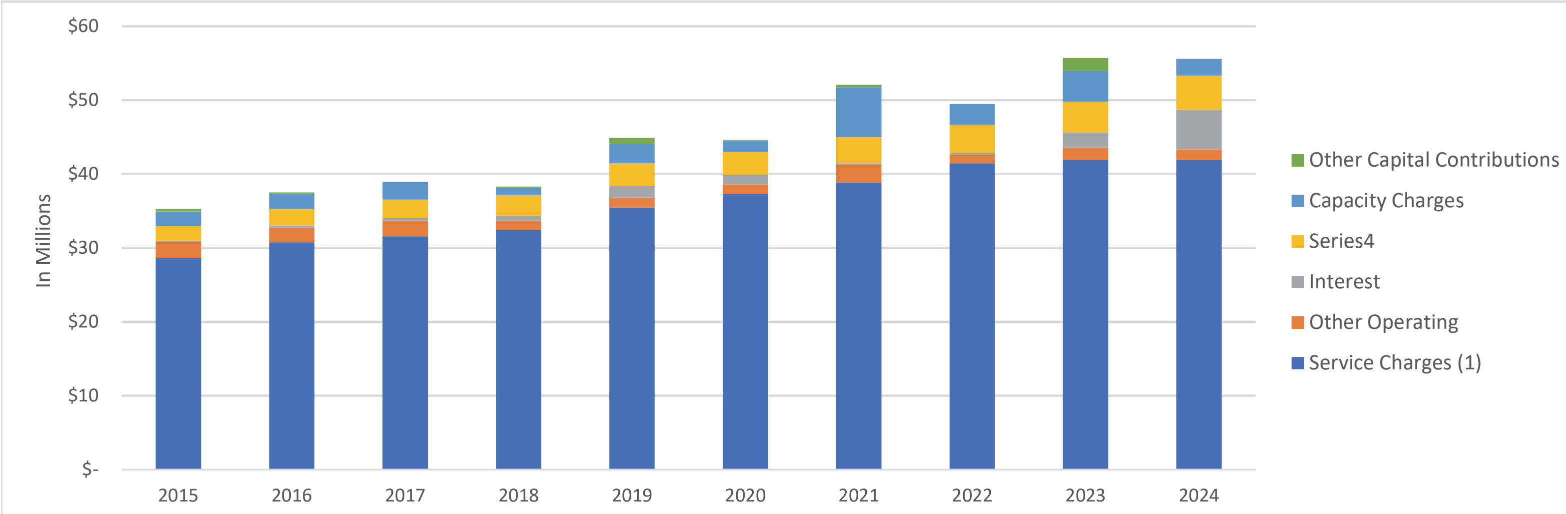
DELTA DIABLO
Condensed Statement of Revenues, Expenses, and Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating Revenues										
Service charges [1]	$ 28,626,113	$ 30,755,640	$ 31,572,922	$ 32,389,604	$ 35,484,438	$ 37,312,576	$ 38,867,117	$ 41,451,868	$ 41,899,067	$ 41,890,315
Discharge permits	158,950	145,750	124,250	161,900	144,000	150,600	140,700	122,425	109,225	131,425
Household hazardous waste operating fees	450,714	468,206	472,479	471,923	497,828	424,924	552,305	543,987	593,483	712,670
Miscellaneous	641,137	699,005	613,001	499,084	465,796	471,531	345,200	387,038	521,138	479,461
Work for Others [2]	896,889	676,712	912,159	170,081	215,136	248,294	1,305,770	86,548	462,086	130,976
Total operating revenues	30,773,803	32,745,313	33,694,811	33,692,592	36,807,198	38,607,925	41,211,092	42,591,866	43,584,999	43,344,847
Operating Expenses										
Salaries and benefits	12,304,139	12,796,436	16,951,986	18,083,303	17,604,581	16,279,300	13,805,207	15,849,013	13,633,499	17,710,925
Chemicals	1,078,924	1,160,518	1,027,234	1,178,138	1,405,512	1,299,877	1,478,113	1,555,667	1,971,983	2,693,941
Depreciation (Note 6)	6,959,201	6,993,567	6,881,767	6,897,318	6,926,195	7,202,996	6,961,060	7,176,966	6,779,529	6,742,708
Amortization (Note 6)								2,404	14,427	14,427
Office expense and operating expense	1,844,178	1,942,438	1,998,743	2,100,498	1,901,272	1,944,002	2,466,319	2,528,359	3,015,811	3,494,285
Outside service and maintenance	4,445,466	5,265,128	4,137,773	5,352,273	5,652,901	5,410,194	4,693,849	5,608,812	5,771,211	6,641,664
Utilities	1,488,843	1,488,734	1,745,270	1,730,048	1,799,370	1,774,024	2,045,451	2,686,744	2,965,114	2,882,270
Other	62,813	171,067	160,809	137,165	85,252	1,427,727 [4]	238,513	241,521	375,936	72,668
Total operating expenses	28,183,564	29,817,888	32,903,582	35,478,743	35,375,083	35,338,120	31,688,512	35,649,486	34,527,510	40,252,888
Operating Income/(Loss)	**2,590,239**	**2,927,425**	**791,229**	**(1,786,151)**	**1,432,115**	**3,269,805**	**9,522,580**	**6,942,380**	**9,057,489**	**3,091,959**
Non-Operating Revenues (Expenses)										
Interest expense	(735,098)	(662,132)	(371,091)	(572,957)	(670,360)	(432,608)	(597,771)	(1,238,048)	(970,224)	(916,051)
Interest income	207,369	297,905	359,034	678,535	1,606,118	1,243,479	241,502	291,901	2,051,002	5,401,859
Capital facilities capacity charges	1,926,982	2,031,409	2,359,761	992,717	2,636,962	1,540,614	6,757,343	2,808,983	4,181,144	2,246,802
Lease revenue	36,125	36,125	36,540	36,332	36,540	36,540	85,872	96,452	95,111	124,538
Gain (Loss) on sale of asset	4,034	(217,711)	3,739	29,357	11,277	13,086	517	6,515	-	228
State and Federal grants	160,683	37,500	-	194,014	519,391	51,758	323,275	-	1,707,943	-
Subgrants	203,021	139,638	13,298	4,567	291,476			-	-	-
Property taxes	1,974,773	2,230,458	2,455,507	2,679,597	2,977,580	3,111,068	3,449,560	3,686,204	4,085,561	4,465,209
Total non-operating revenues/(expenses), net	3,777,889	3,893,192	4,856,788	4,042,162	7,408,984	5,563,937	10,260,298	5,652,007	11,150,537	11,322,585
Net Income/(Loss)	**6,368,128**	**6,820,617**	**5,648,017**	**2,256,011**	**8,841,099**	**8,833,742**	**19,782,878**	**12,594,387**	**20,208,026**	**14,414,544**
Net Position, Beginning of Year	159,157,292	153,722,733	160,543,350	166,191,367	158,742,524	167,583,623	176,417,365	196,200,243	207,545,478	227,753,504
Prior Period Adjustment [3]	(11,802,687)			(9,704,854)				(1,249,152)		
Net Position, End of Year	$ 153,722,733	$ 160,543,350	$ 166,191,367	$ 158,742,524	$ 167,583,623	$ 176,417,365	$ 196,200,243	$ 207,545,478	$ 227,753,504	$ 242,168,048

Source: Delta Diablo Audited Financial Statements

Note: (1) Service Charges is comprised of Wastewater Sewer Service, Recycled Water, Street Sweeping, and Bay Point Collection Charges.
(2) Prior to FY18/19, overhead from capital projects was reported as Work for Others. Commencing FY18/19, reported as transfer and eliminated for entity-wide statements.
(3) Implementation of GASB 68 and 75; write-off of construction in progress.
(4) Write-off of construction in progress.

DELTA DIABLO
Total Revenue By Source
Last Ten Fiscal Years
(accrual basis of accounting)



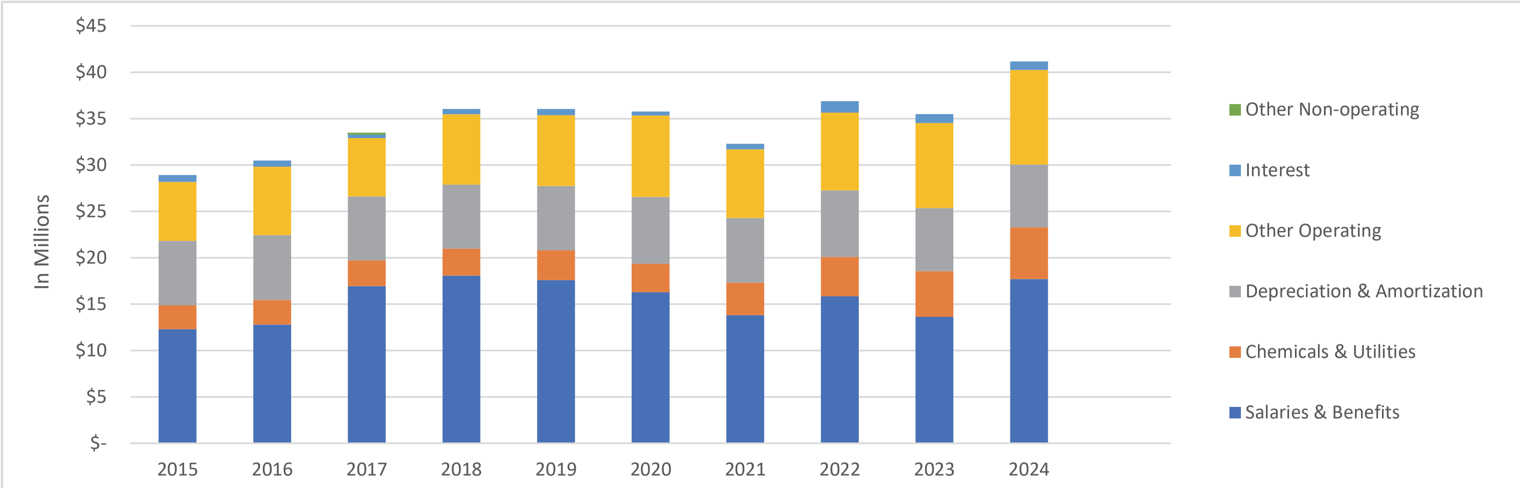
Revenue Sources							
Fiscal Year	Service Charges [1]	Other Operating	Interest	Other Non-Operating	Capacity Charges	Other Capital Contributions [2]	Total
2015	$ 28,626,113	$ 2,147,690	$ 207,369	$ 2,014,932	$ 1,926,982	$ 363,704	$ 35,286,790
2016	30,755,640	1,989,673	297,905	2,266,583	2,031,409	177,138	37,518,348
2017	31,572,922	2,121,889	359,034	2,495,786	2,359,761	13,298	38,922,690
2018	32,389,604	1,302,988	678,535	2,745,286	992,717	198,581	38,307,711
2019	35,484,438	1,322,760	1,606,118	3,025,397	2,636,962	810,867	44,886,542
2020	37,312,576	1,295,349	1,243,479	3,160,694	1,540,614	51,758	44,604,470
2021	38,867,117	2,343,975	241,502	3,535,949	6,757,343	323,275	52,069,161
2022	41,451,868	1,139,998	291,901	3,789,171	2,808,983	-	49,481,921
2023	41,899,067	1,685,932	2,051,002	4,180,672	4,181,144	1,707,943	55,705,760
2024	41,890,315	1,454,532	5,401,859	4,589,975	2,246,802	-	55,583,483

Source: Delta Diablo Audited Financial Statements

Note: [1] Service Charges is comprised of Wastewater Sewer Service, Recycled Water, Street Sweeping, and Bay Point Collection Charges.

[2] The District received capital contributions either in the form of State, Subgrants and/or Federant grants.

DELTA DIABLO
Total Expense By Category
Last Ten Fiscal Years
(accrual basis of accounting)



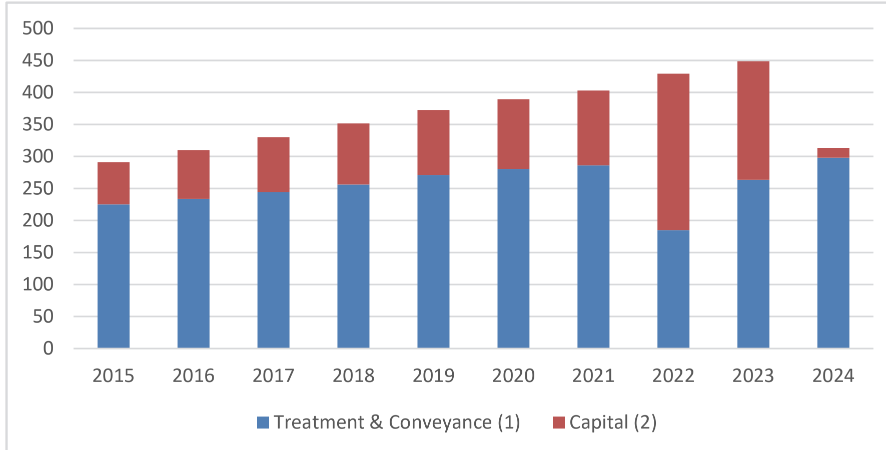
Expense Categories							
Fiscal Year	**Salaries & Benefits**	**Chemicals & Utilities**	**Depreciation & Amortization**	**Other Operating**	**Interest**	**Other Non-operating**	**Total**
2015	$ 12,304,139	$ 2,567,767	$ 6,959,201	$ 6,352,457	$ 735,098		$ 28,918,662
2016	12,796,436	2,649,252	6,993,567	7,378,633	662,132	217,711 (2)	30,697,731
2017	16,951,986	2,772,504	6,881,767	6,297,325	371,091		33,274,673
2018	18,083,303 (1)	2,908,186	6,897,318	7,589,936	572,957		36,051,700
2019	17,604,581 (1)	3,204,882	6,926,195	7,639,425	670,360		36,045,443
2020	16,279,300	3,073,901	7,202,996	8,781,923	432,608		35,770,728
2021	13,805,207	3,523,564	6,961,060	7,398,681	597,771		32,286,283
2022	15,849,013	4,242,411	7,179,370	8,378,692	1,238,048		36,887,534
2023	13,633,499	4,937,097	6,793,956	9,162,958	970,224		35,497,734
2024	17,710,925	5,576,211	6,757,135	10,208,617	916,051		41,168,939

Source: Delta Diablo Audited Financial Statements

Note: (1) Includes adjustment for Implementation of GASB 68.

(2) Loss on disposition of capital assets.

DELTA DIABLO
Major Revenue Base and Rates
Last Ten Fiscal Years



Fiscal Year	Annual Sewer Service Charge: Treatment & Conveyance [1]	Annual Sewer Service Charge: Capital [2]	Annual Sewer Service Charge: Total	Capacity Charges [3]
2015	225	66	291	4,444
2016	234	76	310	4,444
2017	244	86	330	4,444
2018	256	95	352	4,444
2019	271	102	373	4,444
2020	281	109	389	4,444
2021	286	117	403	4,444
2022	185	245	429	4,444
2023	264	185	449	4,444
2024	298	15	314	4,444

Source: Delta Diablo Rate Ordinance

Note: (1) Average annual flat fee (Zone 1-3) per Equivalent Residential Unit (ERU). Multi-family properties, multiply # of ERU x annual flat fee. Commercial user charges consist of an annual rate x hundred cubic feet (HCF) of water consumed except for customers with less than 80 HCF of water consumed, which are assessed an annual flat fee.

(2) Average annual flat fee (Zone 1-3) for Capital Asset and Capital Asset Replacement. Starting in FY11-12 through FY19-20 includes an Advance Treatment Plant component.

(3) Average Capital Facilities Capacity Charges (Zone 1-3) for new users per ERU connecting to the wastewater system.

DELTA DIABLO
Service Charges and Service Charges as a Percentage of Total Operating Revenue
Last Ten Fiscal Years

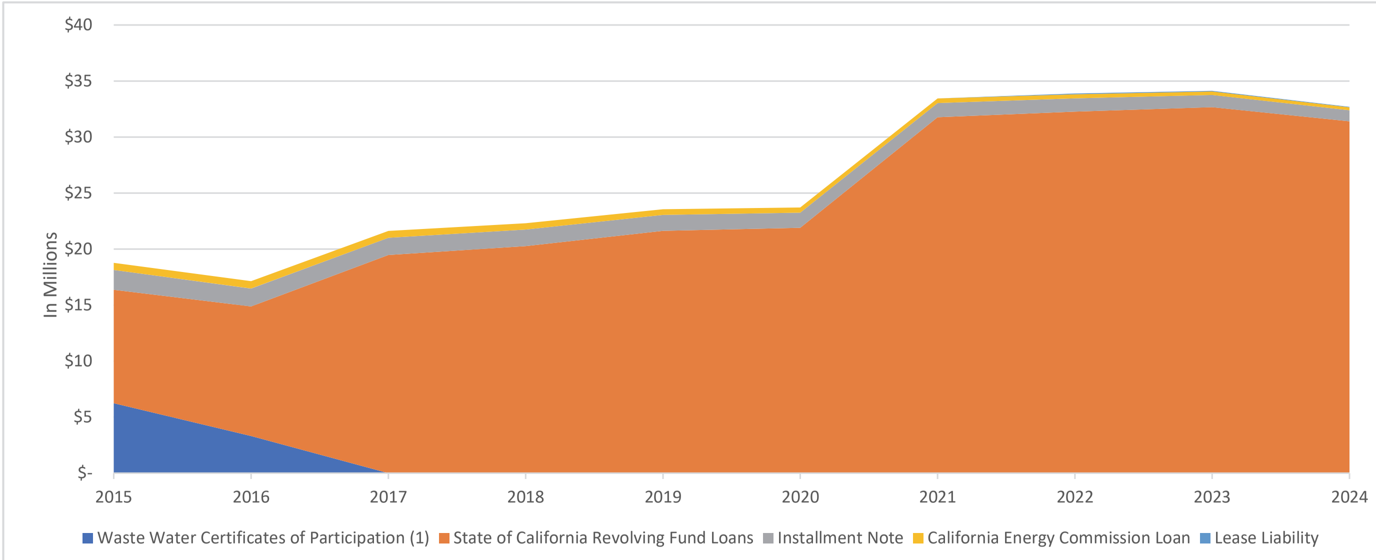
	2014 - 2015	2023 - 2024
Service Charges:		
Waste Water Sewer	$ 23,820,453	$ 36,013,960
Recycled Water	3,251,520	3,917,831
Street Sweeping	614,235	656,612
Baypoint	939,905	1,301,912
Total Service Charges	$ 28,626,113	$ 41,890,315
Total Operating Revenues	$ 30,773,803	$ 43,344,847
Service Charges as a Percentage of Total Operating Revenue	93%	97%

Principal Customers - Revenue Capacity
Last Ten Fiscal Years

Customer	Business Type	City	FY 2014-2015 Service Charge Annual Billing	Rank	Percentage of Total Annual Billings	FY 2023-2024 Service Charge Annual Billing	Rank	Percentage of Total Annual Billings
Calpine Corporation [(1)]	Utility	Pittsburg	$ 3,774,471	1	13.2%	$ 4,076,359	1	9.7%
Sierra Pacific Properties Inc	Housing	Bay Point / Pittsburg	318,004	2	1.1%	436,438	2	1.0%
Corteva (formerly Dow Chemical)	Manufacturing	Pittsburg	236,535	3	0.8%	262,936	3	0.6%
K W Kirker Creek LLC	Housing	Pittsburg	163,261	7	0.6%	248,783	4	0.6%
CA Community Housing Agency	Housing	Antioch	-		0.0%	236,262	5	0.6%
Kaiser Foundation Hospital	Hospital	Antioch	137,714		0.5%	231,665	6	0.6%
CCC Housing Authority	Housing	Combined Area	144,016	10	0.5%	213,782	7	0.5%
AMCAL Antioch Fund LP	Housing	Antioch	-		0.0%	179,014	8	0.4%
Prime Rivershore SPE LLC	Housing	Bay Point	103,253		0.4%	168,457	9	0.4%
San Marco Properties LLC	Housing	Pittsburg	101,210		0.4%	154,227	10	0.4%
The City Of Pittsburg	City Government	Pittsburg	198,614	4	0.7%			0.0%
The City Of Antioch	City Government	Antioch	184,379	5	0.6%			0.0%
Woodland Hills Apartments	Housing	Pittsburg	163,261	6	0.6%			0.0%
Angelica Healthcare Services	Retail	Pittsburg	151,073	8	0.5%			0.0%
Antioch Unified School Dist.	Public Education	Antioch	145,999	9	0.5%			0.0%
All Other [(2)]		Combined Area	22,804,325		79.7%	35,682,391		85.2%
Total			$ 28,626,113		100.0%	$ 41,890,315		100.0%

Source: Delta Diablo Audited Financial Statements and Billing Records

DELTA DIABLO
Outstanding Debt by Type and Debt Per Capita
Last Ten Fiscal Years



Fiscal Year	Waste Water Certificates of Participation (1)	State of California Revolving Fund Loans	Installment Note	California Energy Commission Loan	Lease Liability	Total	Population Estimates (2)	Debt Per Capita (3)
2015	$ 6,237,347	$ 10,134,156	$ 1,764,088	$ 630,000		$ 18,765,591	200,942	$ 93
2016	3,310,000	11,570,850	1,594,676	655,696		17,131,222	203,759	84
2017		19,464,968	1,542,156	608,219		21,615,343	204,971	105
2018		20,258,304	1,483,830	560,267		22,302,401	207,057	108
2019		21,624,398	1,419,331	511,833		23,555,562	214,327	110
2020		21,897,345	1,348,274	462,927		23,708,546	214,862	110
2021		31,765,815	1,270,253	413,518		33,449,586	215,394	155
2022		32,268,857	1,184,837	363,614	70,875	33,888,183	218,683	155
2023		32,664,363	1,091,577	313,209	55,822	34,124,971	218,281	156
2024		31,403,149	989,992	262,306	41,648	32,697,095	215,507	152

Source: Delta Diablo Audited Financial Statements

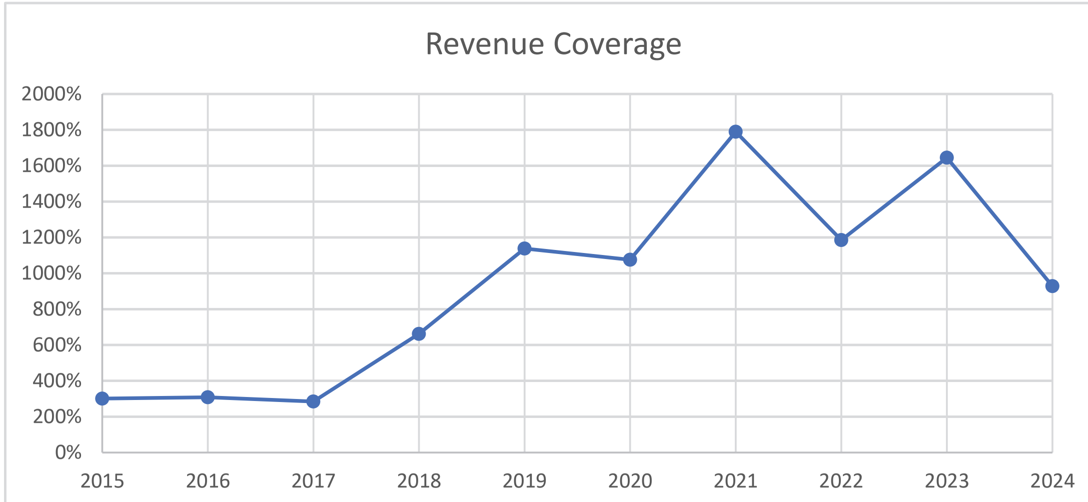
Notes: Debt amounts exclude premiums, discounts, or other amortization amounts.

(1) Includes accrued interest. Matured in 2016.

(2) Demographics and Economic Statistics (Statistical section)

(3) Debt per Capita = Total Debt/Population Estimate.

DELTA DIABLO
Pledged Revenue Coverage
Last Ten Fiscal Years



Fiscal Year	Gross Revenue [1]	Operating Expenses [2]	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2015	$ 35,286,790	$ 21,959,461	$ 13,327,329	$ 4,194,555	$ 233,724	$ 4,428,279	301%
2016	37,518,348	23,704,164	13,814,184	4,253,312	226,260	4,479,572	308%
2017	38,922,690	26,392,906	12,529,784	4,178,887	221,286	4,400,173	285%
2018	38,307,711	29,154,382	9,153,329	1,000,849	381,817	1,382,666	662%
2019	44,886,542	29,119,248	15,767,294	973,476	412,175	1,385,651	1138%
2020	44,604,470	28,567,732	16,036,738	1,053,186	437,985	1,491,171	1075%
2021	52,069,161	25,325,223	26,743,938	1,074,221	420,278	1,494,499	1789%
2022	49,481,921	29,708,164	19,773,757	1,178,878	489,372	1,668,250	1185%
2023	55,705,760	28,703,778	27,001,982	1,200,166	441,448	1,641,613	1645%
2024	55,583,483	34,411,804	21,171,679	1,523,610	757,214	2,280,824	928%

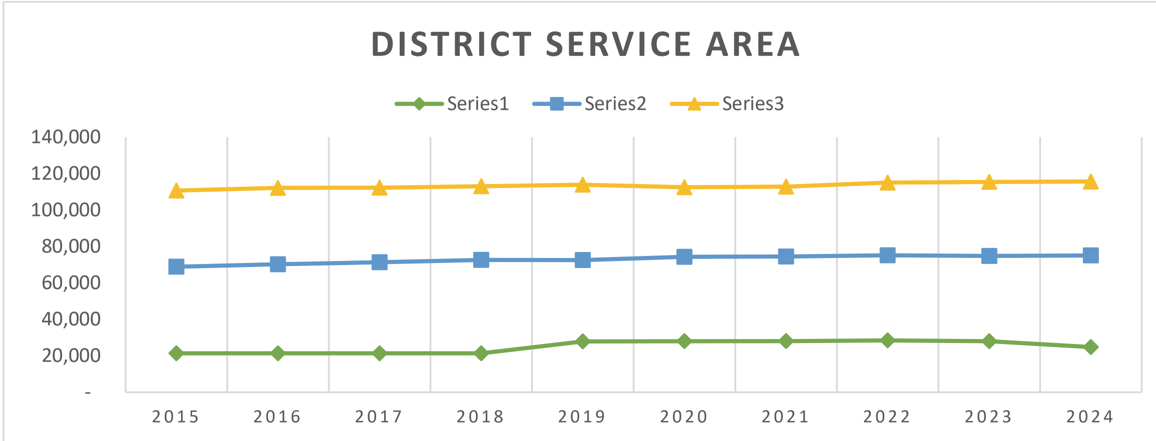
Source: Delta Diablo Audited Financial Statements
Note: Detail information on long-term debt can be found in the notes to the financial statements
[1] All revenues including capacity charges and other capital contributions
[2] Does not include depreciation and amortization

DELTA DIABLO
Principal Employers in the District
Last Ten Fiscal Years

Employer (1)	Industry (2)	2024 (1)			2014 (1)		
		Estimated Employees	Rank	Percent of District Employment	Estimated Employees	Rank	Percent of District Employment
Kaiser Permanente	Hospitals/Clinics	2,720	1	3.06%	2,240	1	2.61%
Antioch Unified School District	Schools-Universities	2,190	2	2.46%	1,867	2	2.17%
Pittsburg Unifed School District	Schools-Universities	1,271	3	1.43%	1,172	4	1.36%
Sutter Delta Medical	Hospitals/Clinics	972	4	1.09%	1,200	3	1.40%
Los Medanos Community College	Schools-Universities	934	5	1.05%	472	6	0.55%
Dow Chemical Company	Manufacturing	370	6	0.42%	350	5	0.41%
City of Antioch	Family Services	313	7	0.35%	243	7	0.28%
City of Pittsburg	Manufacturing	295	8	0.33%	222	8	0.26%
Costco	Retail	292	9	0.33%	250	10	0.29%
Walmart	Retail	250	10	0.28%	250	9	0.29%
All Others		79,293			77,634		
Total (3)		88,900			85,900		

Source: (1) City of Antioch and City of Pittsburg 2023/2013 CAFR
(2) State of California, Employment Development , Major Employers (Industry Type)
(3) State of California , Employment Development Department, Labor Market Information

DELTA DIABLO
Demographic and Economic Statistics
Last Ten Fiscal or Calendar Years



Population Estimates for the District's Service Area					Contra Costa County			
Fiscal Year Ended June 30	Bay Point [1] (Zone 1)	Pittsburg [1] (Zone 2)	Antioch [1] (Zone 3)	Total	Population [1]	Personal Income [2]	Per Capita Personal Income [2]	Average Annual Unemployment Rate [2]
2015	21,349	68,895	110,698	200,942	1,112,328	$ 76,517,699	$ 68,123	5.6
2016	21,349	70,233	112,177	203,759	1,127,279	$ 80,412,234	$ 70,840	4.7
2017	21,349	71,342	112,280	204,971	1,139,313	$ 88,024,256	$ 76,886	4.2
2018	21,349	72,647	113,061	207,057	1,149,363	$ 94,900,003	$ 82,506	3.5
2019	27,885	72,541	113,901	214,327	1,155,879	$ 98,423,318	$ 85,324	3.4
2020	28,021	74,321	112,520	214,862	1,153,561	$ 106,318,748	$ 92,264	4.0
2021	28,048	74,498	112,848	215,394	1,153,854	$ 115,342,618	$ 99,312	8.9
2022	28,453	75,156	115,074	218,683	1,165,927	$ 109,965,993	$ 95,047	6.4
2023	28,030	74,809	115,442	218,281	1,147,653	n/a	n/a	4.2
2024	24,790	75,085	115,632	215,507	1,146,626	n/a	n/a	5.2
Average (10 years)	25,062	72,953	113,363	211,378				
As a % of Total	12%	35%	54%	100%				

Source: [1] State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State — January 1, 2023-2024.

[2] Federal Reserve Economic Data-Economic Research Division.

Notes: Data shown as n/a denotes information is not available.

The district is located in Contra Costa County and serves 3 cities (Bay Point, Pittsburg and Antioch) within the county.

DELTA DIABLO
About the District

Date of Formation	1955
Number of employee positions filled	72
Governing Body	Three appointed Board Members (The Mayors of the City of Pittsburg [or Designee] and City of Antioch [or Designee]), and the Contra Costa County Supervisor of Bay Point.
Services Provided	Wastewater treatment and disposal, Recycled Water, Household Hazardous Waste Facility and disposal, Street Sweeping and Wastewater collection for Bay Point.

Service Areas in Contra Costa County	Square Miles	Population Estimates [1]	Per Capita Income [2]	Household Income [2]	Unemployment Rate [3]
Bay Point (Unincorporated)	7	24,790	$ 28,414	$ 79,226	7.0%
Pittsburg (City)	18	75,085	$ 36,333	$ 98,408	4.7%
Antioch (City)	29	115,632	$ 37,508	$ 90,709	5.0%
Total	54	215,507			
Weighted Average District Area Per Capita Income			$ 36,053		
Weighted Average District Area Per Household Income				$ 92,071	
Weighted Average District Area Unemployment (based on District population)					5.1%

Number of Facilities:			
Treatment Plants	1	Recycled Water Plants	1
Miles of Sanitary Sewer	73.5	Miles of Recycled Water Main	16
Pump Stations	5	Recycled Water Reservoirs	3
Household Hazardous Waste Facilities	1		

Source: Delta Diablo Records

Notes: [1] Demographic and Economic Statistics Section of this report.

[2] U.S. Census Bureau, State & County Quick Facts, 2021 Dollars

[3] State of California, Employment Development Department, Labor Force Data for Cities and Census Designated Places (July 2023 Final, data not seasonally adjusted)

DELTA DIABLO
District Employees By Department
Last Ten Fiscal Years

Department/Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Administration	8.00	8.00	9.00	8.00	8.00	7.00	7.00	6.00	9.00	8.00
Public Information	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-total Administrative Services Department	9.00	9.00	10.00	8.00	8.00	7.00	7.00	6.00	9.00	8.00
Human Resources and Safety	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	6.00	5.00	6.00	6.00	5.00	5.00	6.00	5.00	5.00	6.00
Information systems	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	2.00
Public Information	0.00	0.00	0.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Purchasing	1.00	1.00	1.00	1.00	0.00	0.00	0.00	3.00	3.00	3.00
Sub-total Business Services Department	12.00	11.00	12.00	13.00	11.00	11.00	11.00	12.00	12.00	14.00
Engineering Services	10.00	11.00	11.00	12.00	11.00	9.00	10.00	10.00	9.00	9.00
Sub-total Engineering Services	10.00	11.00	11.00	12.00	11.00	9.00	10.00	10.00	9.00	9.00
Maintenance	18.00	18.00	21.00	19.00	17.00	17.00	18.00	16.00	16.00	14.00
Collection	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Plant Operations	18.00	17.00	19.00	19.00	19.00	19.00	20.00	19.00	21.00	19.00
Laboratory, pre-treatment, pollution prevention	5.00	5.00	5.00	5.00	6.00	6.00	6.00	5.00	3.00	6.00
Sub-total Operations Services	43.00	43.00	48.00	46.00	45.00	45.00	47.00	43.00	43.00	41.00
Total Number of Active Positions Filled	74.00	74.00	81.00	79.00	75.00	72.00	75.00	71.00	73.00	72.00
Total Number of Budgeted Positions	76.80	78.80	82.00	81.00	78.00	79.00	79.00	75.00	75.00	76.00
Total Number of Retirees	39.00	42.00	46.00	50.00	56.00	60.00	66.00	76.00	78.00	78.00

Source: Delta Diablo Payroll and Financial Records

Note: Active positions filled and budgeted positions does not include Board members, temporary and/or summer co-op interns. Retiree count does not include spouses.

[1] Public Information was moved from Administration to Business Services in FY17/18.

DELTA DIABLO
Operating and Capital Indicators by Program
Last Ten Fiscal Years (FY) or Calendar Years (CY)

Program	Year	Unit	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Wastewater (WW)												
Number of Treatment Plants	CY		1	1	1	1	1	1	1	1	1	1
Miles of Sanitary Sewer	CY		71	71	73.5	71	73.5	73.5	73.5	73.5	73.5	73.5
Number of Pump Stations	CY		5	5	5	5	5	5	5	5	5	5
Annual Average Influent Flow	CY	mgd	12.2	12.4	13.3	12.6	12.6	12.7	12.9	13.6	13.7	14.3
Treatment Plant Capacity (ADWF)	CY	mgd	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5
Average Dry Weather Flow (ADWF)	CY	mgd	11.8	12.3	12.8	12.4	12.4	12.5	12.8	12.9	13.3	13.5
Recycled Water (RW)												
Number of Recycled Water Reservoirs	CY		3	3	3	3	3	3	3	3	3	3
Miles of Recycled Water Mains	CY		16.0	16.0	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2
Storage Capacity of Recycled Water Reservoirs	CY	mg	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Annual Average Recycled Water Produced	CY	mgd	6.6	6.4	4.4	6.2	5.6	5.6	6.4	7.6	7.5	6.5
Average Dry Weather Flow (ADWF)	CY	mgd	7.3	7.8	5.2	6.0	4.5	4.5	5.3	8.1	7.7	5.3
Household Hazardous Waste (HHW)												
Number of Households (est)	FY		99,036	100,249	101,954	103,153	102,923	102,159	104,941	106,131	11,453	112,867
Total Number of Vehicles	FY		15,504	16,071	17,465	19,151	20,005	13,521	20,236	18,574	16,940	17,297
Total Participation Rate	FY		15.7%	16.0%	17.1%	18.6%	19.4%	13.2%	19.3%	17.5%	147.9%	15.3%
Total Tons of Waste Collected	FY		441	516	533	545	556	338	640	571	490	585
Total Percent of Waste Recycled	FY		71.0%	69.0%	68.7%	72.4%	70.8%	73.8%	68.5%	69.7%	71.4%	74.1%
Street Sweeping												
Annual Curb Miles Swept	CY		25,724	25,840	25,989	25,989	25,989	25,989	25,989	25,551	26,058	26,016
Collection												
Miles of Collection Sewer Lines	CY		43	43	43	43	43	43	43	43	43	43

Source: Delta Diablo Records
mgd = million gallons per day, mg = million gallons

DELTA DIABLO

MEMORANDUM ON INTERNAL CONTROL AND REQUIRED COMMUNICATIONS

FOR THE YEAR ENDED
JUNE 30, 2024

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DELTA DIABLO
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

For the Year Ended June 30, 2024

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MAZE & ASSOCIATES

MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors
Delta Diablo
Antioch, California

In planning and performing our audit of the basic financial statements of Delta Diablo (District) as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered Delta Diablo'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 Delta Diablo's internal control. Accordingly, we do not express an opinion on the effectiveness of Delta Diablo'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 Delta Diablo's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

This communication is intended solely for the information and use of management, Governing Board, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
November 27, 2024

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REQUIRED COMMUNICATIONS

To the Board of Directors
Delta Diablo
Antioch, California

We have audited the basic financial statements of Delta Diablo (District) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 12, 2024 Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Accounting Policies – Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Delta Diablo are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year, except as follows:

GASB 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 defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

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This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

The pronouncement became effective, but did not have a material effect on the financial statements.

Unusual Transactions, Controversial or Emerging Areas – We noted no transactions entered into by Delta Diablo during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates – Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting Delta Diablo's financial statements (were):

Estimated Fair Value of Investments: As of June 30, 2024, Delta Diablo held approximately $122.5 million of cash and investments as measured by fair value as disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2024. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2024.

Estimated Net Pension Liability and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension liability and deferred outflows/inflows of resources are disclosed in Note 9 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of Delta Diablo. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net Other Post-Employment Benefit Plan (OPEB) Liability and OPEB-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net OPEB liability and deferred outflows/inflows of resources are disclosed in Note 10 to the financial statements and are based on actuarial studies determined by a consultant, which is based on the experience of Delta Diablo. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 6 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures - The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the Delta Diablo's financial reporting process.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Governing Board.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated November 27, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Delta Diablo's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Delta Diablo's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the supplementary information that accompanies the financial statements, but is not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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This information is intended solely for the use of the Governing Board and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
November 27, 2024