ANNUAL COMPREHENSIVE FINANCIAL REPORT

COSTA MESA
SANITARY DISTRICT

For Fiscal Year Ended June 30, 2022

COSTA MESA SANITARY DISTRICT

INCORPORATED 1944

Costa Mesa Sanitary District

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022
(With Comparative Amounts as of June 30, 2021)

Costa Mesa Sanitary District
290 Paularino Ave.
Costa Mesa, California 92626

Prepared by:
Scott Carroll, General Manager
Kaitlin Tran, Finance Manager

COSTA MESA SANITARY DISTRICT

INCORPORATED 1944

COSTA MESA SANITARY DISTRICT
For the Fiscal Year Ended June 30, 2022
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COSTA MESA SANITARY DISTRICT

INCORPORATED 1944

Platinum Level
District of Distinction

COSTA MESA
SANITARY DISTRICT

December 19, 2022

To the Honorable President and Members of the Board of Directors of the Costa Mesa Sanitary District and Customers:

It is a pleasure to submit for your information the Annual Comprehensive Financial Report (ACFR) of the Costa Mesa Sanitary District (District) for the year ended June 30, 2022

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

The accounting firm of Nigro & Nigro PC has issued an unmodified (clean) opinion on the District's financial statements for the year ended June 30, 2022. The independent auditor's report is located in the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this Letter of Transmittal and should be read in conjunction with it.

PROFILE OF THE DISTRICT

The District was formed in 1944 pursuant to the Sanitary Act of 1923. Established as an independent special district, the District is authorized to provide solid waste and wastewater collection services and to levy rates and fees to support those services.

The District's headquarters is located in the City of Costa Mesa, California. The District provides solid waste and wastewater services to the City of Costa Mesa, portions of the City of Newport Beach and some County of Orange unincorporated areas. The District serves approximately 116,700 residents. Sewage from the District's service area is transported to the Orange County Sanitation District's facilities where it is treated to federally mandated standards to protect the public's health. The District has an agreement with CR&R Incorporated for collection of all solid waste from single family dwellings and small multi-family residences utilizing cart collection. CR&R transports all the solid waste to its subsidiary-owned recycling and transfer station located in Stanton, California or the Anaerobic Digestion Facility in Perris, California.

The affairs of the District are directed by a five-member Board of Directors (the Board) elected by division by the registered voters residing in the District. The Board members are also residents and have the same concerns as their constituents. The Board members, who serve four-year staggered terms, are responsible for establishing policy and ordinances, adopting the biennial budget, and appointing the District's General Manager, District Counsel and District Treasurer. The General Manager is responsible for carrying out the policies and ordinances of the Board and for overseeing the day-to-day operations of the District. District Counsel provides legal advice to the Board of Directors, while the District Treasurer is responsible for ensuring the safety of District funds by making prudent investments.

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LOCAL ECONOMY

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates. The District continues to benefit from its unique geographical location. The local economy is primarily based on retail commercial business and light manufacturing of electronics, pharmaceuticals, and plastics. The District's service area includes several major regional facilities: John Wayne Airport, Orange Coast College, Vanguard University, State of California Fairview Developmental Center, Orange County Department of Education, Orange County Fairgrounds, Segerstrom Performing Arts Center, South Coast Repertory Theater, and the South Coast Plaza shopping complex. The volume of sales generated by South Coast Plaza, on the strength of 250 stores and 30 restaurants, secures its place as the second highest sales-volume shopping center in California.

As an independent special district having the ability to adjust service rates as required, the District's operating revenues are somewhat insulated from the local economy. The District has a secure revenue stream in the form of an annual charge, which is collected on the District's behalf by the County of Orange via the property tax bills.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

The District has a history of practicing long term financial planning and strategizing that has helped navigate the organization through unique challenges while simultaneously ensuring the public is receiving solid waste and wastewater collection services at the highest level. The District is in its third year of a five-year rate adjustment plan for solid waste. The adjustments are necessary because for five years (2014-19) the District successfully reduced excess funds in the Solid Waste Fund Balance, and the need to fund new and ongoing sustainable programs that will protect public health and the environment for current and future generations.

On January 1, 2022, Senate Bill 1383, Short-Lived Climate Pollutant Reduction, went into effect. The new law requires District residents to separate their organic waste (green waste and food scraps) for recycling. No longer can food waste be mixed with trash that ends up at landfills because decomposing food creates methane gas, a significant source of greenhouse gas emissions contributing to global climate change. Since 2015, the District demonstrated its leadership to reducing greenhouse gas emissions by becoming the first public agency in Southern California to use conversion technology for solid waste disposal. In partnership with the exclusive franchise hauler, CR&R Incorporated, organic waste generated by District residence is converted into Renewable Natural Gas (RNG) and composting materials by using anaerobic digestion technology. The challenge in 2022 and 2023 is convincing the public to recycle their food waste. According to a 2021 citizen survey conducted by the District, 41% of the nearly 1,200 residents surveyed indicated they place less than 10% of their food waste in organics. The second challenge the District is facing is organics contamination when trash is mixed with organics. When organics are contaminated/commingled with trash, it is deemed unrecyclable and cannot be converted into RNG. SB 1383 allows trash routes to receive up to ten percent contaminated waste, but if the contamination levels in organic carts exceed ten percent, residents could potentially face fines from CR&R and/or from the District, as required by SB 1383. The third challenge is ensuring a smooth transition using a three-cart curbside collection system. The District currently uses a two cart system where trash and recyclables are discarded in a black cart and the organics are placed in a green cart. In 2024, residents will be receiving a blue cart for discarding their recyclable materials. This change in behavior will require extensive outreach efforts to ensure residents know what type of materials are accepted in the blue cart.

In 2022 and 2023, the District is concentrating its efforts to focus on educating the public about SB 1383 and how to properly recycle organic waste and recyclable materials. Outreach methods will include the District newsletter, public service announcements, videos, social media, utility bill inserts, in-person events, and other methods. This past year, two new events were implemented: the Paper Shredding/Compost Giveaway and the Eco Expo. In partnership with CR&R, the City of Costa Mesa and Estancia High School, the highly anticipated free paper shredding and compost giveaway event was held on Saturday, June 11, 2022. Residents drove through the event where District/City staff and volunteers were waiting to unload up to five standard file boxes of paper. The boxes were then taken to one of three standby shredding machines for the paper to be shredded on site. After dropping off their boxes of paper, residents would continue driving to the next station to receive two thirty-pound bags of compost that were created from the District's organics recycling program. Nearly 700 vehicles attended the event to shred over 11,000 pounds of paper and collect over 35,000 pounds of compost.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES (CONTINUED)

On September 28, 2022, the District hosted its inaugural Eco Expo where residents visited headquarters to learn about useful recycling tips, receive educational demos, and participate in hands-on activities for the whole family. The event was an opportunity for residents to "talk trash" with District staff and industry professionals and learn about what happens to their trash after it's collected. Recycling topics were covered, including how their food scraps and yard waste are recycled, which materials belong in which cart, how to swap out single-use household products for reusable ones, and how to upcycle any container into a gorgeous succulent terrarium! Residents walked away with tips, tricks, and free tools to reduce their household waste. During the four-hour event, approximately 130 people attended the successful event. Both events will be featured again in 2023.

In February 2022, the Board of Directors approved adjusting the wastewater rates for the first time in five years. The two-year rate adjustment will enhance wastewater maintenance capabilities to ensure sanitary sewer overflows (SSO) are avoided. The hiring of an additional wastewater maintenance worker in the Wastewater Department and procuring a sewer combination cleaning unit will provide the District with a third cleaning crew. Having three cleaning crews will allow the District to clean over 219 miles of gravity pipeline within twelve months, thus reducing the likelihood of SSOs from occurring. In addition, the District hired an electrical instrumentation technician dedicated to maintaining the District's twenty lift stations. The District now has two technicians dedicated to performing preventive maintenance measures on lift stations and ensuring these stations are operating at peak performance.

Enhanced maintenance is half of the endeavors needed for a reliable and consistent wastewater collection system. The other half is being proactive in replacing infrastructure before failure. The wastewater rate adjustments will generate enough revenues to perform nearly $12 million in capital improvements for the next five years, which are identified below:

- Force Main Replacements/Rehabilitations $3,665,000
- Manhole Rehabilitation $1,571,000
- Pump Station Rehabilitation $1,408,000
- Standby Generators at Pump Stations $1,167,000
- Grade 4 Pipe Segment Repairs/Rehabilitation $1,029,000
- Calcium Removal $842,000
- Odor Control at Pump Stations $592,000
- Siphon Rehabilitations $310,000
- Miscellaneous $1,383,000

In addition to the projects mentioned above, the District is embarking on designing and constructing one of the largest capital improvement projects since the organization's incorporation seventy-eight years ago. The Elden Forcemain Redundancy Project (Project #341) will construct and place in the ground a secondary forcemain pipe for the Elden Lift Station. The Elden Lift Station is the District's largest forcemain transporting nearly 4,000 gallons of wastewater per minute during peak flow. The eighteen-inch diameter ductile iron pipe is 3,300 feet long and sixty- six years old. Approximately 150 feet of the pipeline is located inside a bridge that overpasses the SR 55 freeway. The forcemain is susceptible to failure caused by seismic activity, especially the portion of the pipe located inside the bridge. Bridge damage and/or failure due to seismic activity will damage the forcemain and may cause an SSO that will be difficult to stop and recover due to the flow rate. Project #341, when completed, will enable the District to transfer flow from the damaged pipe to the secondary pipe, thus averting a possible environmental catastrophe. The estimated cost for the construction project is $8 million, which is more than the District's annual wastewater budget of $6.4 million. Horizontal boring underneath the SR 55 freeway is the primary cause for the cost escalation. The project will require coordination with local and state agencies including the City of Costa Mesa, Caltrans, and the OC Fair & Event Center. The District is seeking grants and State funds to assist with construction costs, but the District is also considering financing this project with Certificate of Participation (COPS) revenues. Engineering and designing the project will be underway in 2023 at a cost of $650,000, which is funded from the District's budget. The estimated timeline for completing engineering and design is one year and construction completion is anticipated to be two to three years thereafter.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES (CONTINUED)

Because the completion of Project #341 is three to four years away, an SSO could still occur from now until completion of the project. An emergency bypass plan has been developed by District staff. Enhancements to the Elden Lift Station and acquiring the necessary emergency equipment are underway with completion expected in early 2023. The plan requires laying 4,000 feet of twelve inch lay flat hoses as a bypass from the force-main. Enhancement to the Elden Lift Station includes installing cam locks that will enable hose fittings to be connected to the station. The District will acquire three emergency response trailers in which each trailer will have four dividers of twelve inch lay flat hose on one auxiliary reel. Each trailer includes an engine to power the reel, which makes it more efficient to mobile and deploy the hoses onto the street. The cost of the emergency bypass plan is $1 million and funded in the District's existing budget.

On June 22, 2020, the Board of Directors adopted the 2020-2025 Strategic Plan, which is a plan that establishes goals, objectives, strategies, and work plans for the next five years and will help move the organization in a direction toward achieving its mission and vision. The 2020-25 Strategic Plan is the most ambitious Plan in the history of the District. The Plan has 104 Strategic Goals to achieve and/or implement in the next five years, compared to forty-eight strategic goals in the FY 2015-20 Strategic Plan. In the second year of the plan, the District has achieved 36 significant goals, such as achieving financial excellence awards including the coveted "Triple Crown" award from the U.S. Government Finance Officers Association (GFOA), which recognizes the District for receiving all three GFOA's certificate of achievement for excellence in financial reporting awards in a single year. In addition, the District successfully decreased response time of code enforcement issues, increased participation in the household hazardous waste collection program, and implemented a "Sustainability Hero of the Month" program. Approximately forty-five goals are in progress, such as utilizing technology to streamline processes, enhancing communication platforms, and offering sustainable promotional products to the public. The Strategic Plan does not sit on the shelf collecting dust. It is continually reviewed, and the progress being made is shared with the Board of Directors and the public on a quarterly basis to demonstrate and promote transparency and further illustrate the District's ongoing commitment to exemplary public service.

FINANCIAL POLICIES AND PROCEDURES

The management of the District is responsible for establishing and maintaining an adequate internal control structure. Internal accounting controls are designed to ensure that the assets of the District are protected from loss, theft or misuse, and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. 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 control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

AWARDS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the District for its Annual Comprehensive Financial Report for the year ended June 30, 2021. This was the eleventh consecutive year that the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement's Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District has submitted the Popular Annual Financial Reporting for the year ended June 30, 2021, to the GFOA for an award. If the District receives this award, it would be the sixth consecutive year that the District achieved this prestigious award. The award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, in which the contents conform to program standards of creativity, presentation, understandability, and reader appeal.

AWARDS (CONTINUED)

An award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.

The District was recognized by the GFOA after applying for the Distinguished Budget Presentation Award for the first time using the Biennial Budget FY 2021-22 and 2022-23. This recognition from the GFOA goes to local governments that prepare a budget document of the highest quality and reflect the guidelines established by both the National Advisory Council on state and local budgeting and the GFOA's best practices on budgeting.

The Distinguished Budget Presentation Award represents a significant achievement and ultimately earned CMSD the GFOA's prestigious Triple Crown recognition, which recognizes government agencies that have received the GFOA's Certificate of Achievement for Excellence in Financial Reporting, along with its Popular Annual Financial Reporting (PAFR) award and the Distinguished Budget Presentation award in the same year.

ACKNOWLEDGMENTS

The preparation and development of this report would not have been accomplished without the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. Appreciation is also expressed to the Board of Directors for their continued support in the planning and implementation of the Costa Mesa Sanitary District's fiscal policies; and finally, to the District's auditing firm of Nigro & Nigro PC for their professional assistance.

Respectfully submitted,

Scott Carroll
General Manager

Kaitlin Tran
Finance Manager

Our Mission Statement

"To protect public health and the environment for current and future generations."

Costa Mesa Sanitary District
Board of Directors as of June 30, 2022

Name	Title	Elected/ Appointed	Current Term
Robert Ooten	President	Elected	12/18-12/22
Michael Scheafer	Vice President	Elected	12/18-12/22
Arlene Schafer	Secretary	Elected	12/18-12/22
Arthur Perry	Director	Elected	12/20-12/24
Brett Eckles	Director	Elected	12/20-12/24

Costa Mesa Sanitary District
Scott Carroll, General Manager
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Costa Mesa, California 92626
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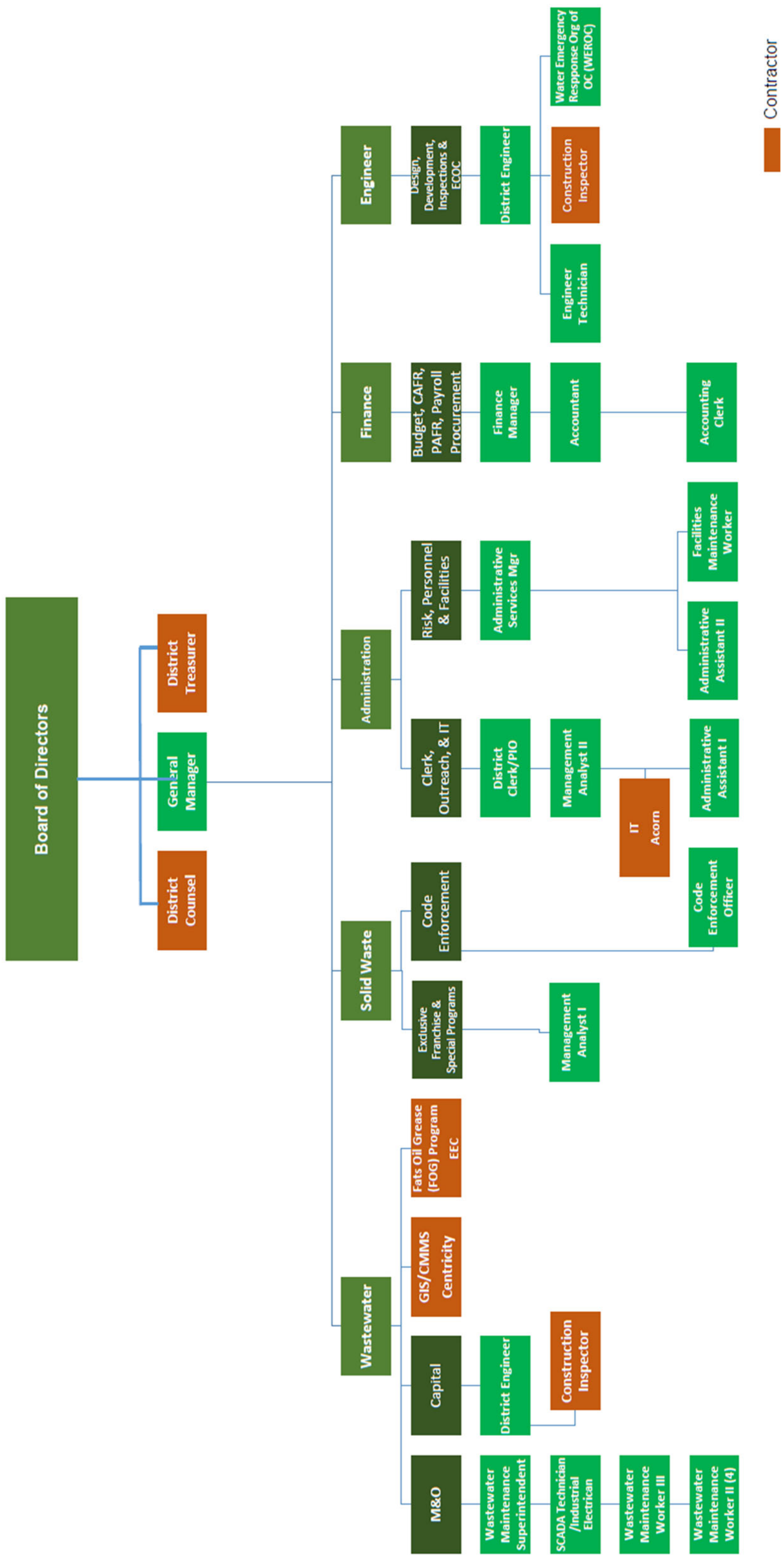
COSTA MESA SANITARY DISTRICT
For the Fiscal Year Ended June 30, 2022
Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Costa Mesa Sanitary District
California

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

Financial Section

COSTA MESA SANITARY DISTRICT

INCORPORATED 1944

INDEPENDENT AUDITORS' REPORT

Board of Directors
Costa Mesa Sanitary District
Costa Mesa, California

Opinion

We have audited the accompanying financial statements of the Costa Mesa Sanitary District (District), which comprise the balance sheets as of June 30, 2022 and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the 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 financial position of the District as of June 30, 2022 and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, Schedule of the District's Contributions to the Pension Plan, Schedule of Changes in the District's Net OPEB Liability and Related Ratios, and Schedule of the District's Contributions to the OPEB Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Schedules of Balance Sheets – Internal Funds and Statements of Revenues, Expenses and Changes in Net Position – Internal Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary 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. Such 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have 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.

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 auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2021, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a separate report dated December 19, 2022, on our consideration of the District'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
December 19, 2022

NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' 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*

Board of Directors
Costa Mesa Sanitary District
Costa Mesa, 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 financial statements of the Costa Mesa Sanitary District (District), which comprise the balance sheet as of June 30, 2022, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2022.

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 to determine the 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 may exist that have not been identified.

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Nigro & Nigro, PC

Murrieta, California
December 19, 2022

Management's Discussion and Analysis (MD&A) offers readers of Costa Mesa Sanitary District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2022. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2022, the District's net position increased 2.48%, or $1,567,143 from the prior year's net position of $63,296,052 to $64,863,195, as a result of the year's operations.
- In fiscal year 2022, operating revenues increased by 3.40%, or $394,811 from $11,599,955 to $11,944,766, from the prior year, primarily due to increases in trash assessment revenue as a result of a rate increase.
- In fiscal year 2022, operating expenses before depreciation expense decreased by 12.71% or $1,313,471 from $10,337,557 to $9,024,086, from the prior year, primarily due to decreases in recycling and disposal charges, as well as general and administrative costs.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

Condensed Balance Sheets

	June 30, 2022	June 30, 2021	Change
Assets:			
Current assets	$ 21,464,300	$ 21,326,694	$ 137,606
Non-current assets	485,274	63,887	421,387
Capital assets, net	44,180,926	43,726,063	454,863
Total assets	66,130,500	65,116,644	1,013,856
Deferred outflows of resources	615,440	348,261	267,179
Total assets and deferred outflows of resources	$ 66,745,940	$ 65,464,905	$ 1,281,035
Liabilities:			
Current liabilities	$ 1,625,302	$ 1,834,191	$ (208,889)
Non-current liabilities	67,445	307,851	(240,406)
Total liabilities	1,692,747	2,142,042	(449,295)
Deferred inflows of resources	189,998	26,811	163,187
Net position:			
Net investment in capital assets	44,180,926	43,726,063	454,863
Unrestricted	20,682,269	19,569,989	1,112,280
Total net position	64,863,195	63,296,052	1,567,143
Total liabilities, deferred outflows of resources and net position	$ 66,745,940	$ 65,464,905	$ 1,281,035

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by $64,863,195 as of June 30, 2022.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (68% as of June 30, 2022) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of year 2022, the District showed a positive balance in its unrestricted net position of $20,682,269 which may be utilized in future years.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	June 30, 2022	June 30, 2021	Change
Operating revenues	$ 11,994,766	$ 11,599,955	$ 394,811
Operating expenses	(9,024,086)	(10,337,557)	1,313,471
Operating income before depreciation	2,970,680	1,262,398	1,708,282
Depreciation expense	(1,756,608)	(1,736,570)	(20,038)
Operating income	1,214,072	(474,172)	1,688,244
Non-operating revenues(expenses), net	353,071	615,115	(262,044)
Capital contributions	-	28,000	(28,000)
Change in net position	1,567,143	168,943	1,426,200
Net position:			
Beginning of year	63,296,052	63,127,109	168,943
End of year	$ 64,863,195	$ 63,296,052	$ 1,595,143

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position increased 2.48%, or $1,567,143 from the prior year's net position of $63,296,052 to $64,863,195, as a result of the year's operations.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Revenues

	June 30, 2022	June 30, 2021	Increase (Decrease)
Operating revenues:			
Trash assessments	$ 5,959,420	$ 5,546,056	$ 413,364
Wastewater assessments	5,718,282	5,687,650	30,632
Permits and inspection fees	134,311	153,238	(18,927)
Connection fees	54,407	90,485	(36,078)
Other services	128,346	122,526	5,820
Total operating revenues	11,994,766	11,599,955	394,811
Non-operating revenues:			
Property taxes	380,848	371,085	9,763
Investment earnings	(880,129)	26,470	(906,599)
Rental income	2,607	3,989	(1,382)
Grant revenue	669,568	14,466	655,102
Sale of capital assets	19,845	-	19,845
Other non-operating revenues	160,332	199,105	(38,773)
Total non-operating revenues	353,071	615,115	(262,044)
Total revenues	$ 12,347,837	$ 12,215,070	$ 132,767

In fiscal year 2022, operating revenues increased by 3.40%, or $394,811 from $11,599,955 to $11,994,766, from the prior year, primarily due to increases in trash assessment revenue as a result of a rate increase. Also, non-operating revenues decreased by 42.60%, or $262,044 from $615,115 to $353,071, primarily due to reductions in the fair-market value of the District's investments.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Expenses

	June 30, 2022	June 30, 2021	(Decrease)
Operating expenses:			
Solid waste disposal	$ 2,883,201	$ 2,861,045	$ 22,156
Wastewater disposal	1,730,761	1,884,233	(153,472)
Recycling and disposal charges	2,389,672	2,669,643	(279,971)
General and administrative	1,050,027	1,760,014	(709,987)
Materials and services	970,425	1,162,622	(192,197)
Total operating expenses	9,024,086	10,337,557	(1,313,471)
Depreciation expense	1,756,608	1,736,570	20,038
Total expenses	$ 10,780,694	$ 12,074,127	$ (1,293,433)

In fiscal year 2022, operating expenses before depreciation expense decreased by 12.71% or $1,313,471 from $10,337,557 to $9,024,086, from the prior year, primarily due to decreases in recycling and disposal charges, as well as general and administrative costs.

Capital Assets

Capital assets:	Balance June 30, 2022	Balance June 30, 2021
Non-depreciable assets	$ 7,208,290	$ 5,869,383
Depreciable assets	103,676,724	103,018,380
Accumulated depreciation	(66,704,088)	(65,161,700)
Total capital assets, net	$ 44,180,926	$ 43,726,063

At the end of year 2022, the District's investment in capital assets amounted to $44,180,926 (net of accumulated depreciation), respectively. Capital asset additions amounted to $2,211,471 for various projects and equipment. See Note 3 for further information.

Long-Term Debt

As of June 30, 2022, the District had no long-term debt.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

Economic Factors and Next Year's Budgets

Approximately ninety-one percent (91%) of District's total revenues are derived from annual charges that are placed on the property tax roll from the County of Orange. The revenues appropriated from the County are deposited into an enterprise fund, which is a proprietary fund type used to account for operations that are financed and operated in a manner similar to private business enterprises, where the costs (expenses, including depreciation) of providing goods or services are recovered through user charges. The District is somewhat insulated from economic recessions because, unlike cities, the organization is not dependent on sales and property taxes for revenues.

However, other economic factors do impact District finances such as labor costs and inflation. Labor costs for the District are increasing because additional staff are needed to comply with new state regulations; specifically, SB 1383 Short-Lived Climate Pollutant Reduction and the Statewide Sanitary Sewer Systems General Order Reissuance. District labor costs are expected to increase by fifteen percent (15%) in 2024 due to the hiring of additional staff.

The District continues to use a combination of staff and private contractors/consultants to provide services. Labor costs in the private sector are increasing as well, which are passed onto the District. According to the U.S. Bureau of Labor Statistics, compensation costs for private industry workers increased 5.2 percent for the 12-month period ending in September 2022. The average monthly inflation in 2022 for the Los Angeles-Long Beach-Anaheim area is 7.85 percent. While inflation is projected to be lower in 2023, it will still be higher than pre COVID-19 years. Inflation costs had an impact on contractor supplies and materials in which the District experienced a twenty to thirty percent (20-30%) increase in construction costs. Higher prices in gasoline, food, clothing, and heating/air impacted employee morale because wages were not persistent with inflation, so on May 23, 2022, the Board of Directors approved a five percent cost of living adjustment for all District employees.

As of June 30, 2022, the District has fully funded both its unfunded pension liability and other post-employment benefits. The Board of Directors plans to continue this practice of ensuring that both liabilities are funded with existing resources.

In 2022, the District negotiated with its exclusive franchise hauler, CR&R, Incorporated, an amendment to the existing 2018 Agreement. The amendment describes implementation of the three-cart system and other factors to ensure compliance with SB 1383. To hold CR&R accountable for their performance, a list of liquidated damages was identified and agreed upon by both parties and will be applied if CR&R is found to be in violation of the terms of the agreement. To help administer the agreement and SB 1383 programs, the District will be reorganizing the Solid Waste Department in 2023 to include additional staffing. Currently, the department consists of only one person. The District will conduct a solid waste rate study to determine if the three-cart system, the reorganization, and the compliance with SB 1383 require rate adjustments in 2024 to ensure adequate revenues are available.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Finance Manager at 290 Paularino Avenue, Costa Mesa, California 92626 and (949) 645-8400.

COSTA MESA SANITARY DISTRICT

Balance Sheets

June 30, 2022 (With Comparative Amounts as of June 30, 2021)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2022	2021
Current assets:		
Cash and cash equivalents (Note 2)	$ 5,718,827	$ 6,802,805
Investments (Note 2)	15,204,344	14,025,060
Accrued interest receivable	40,692	25,613
Accounts receivable	61,466	41,052
Assessment receivable	197,470	199,988
Property tax receivable	12,672	9,108
Inventory – materials and supplies	196,869	188,511
Prepaid expenses	31,960	34,557
Total current assets	21,464,300	21,326,694
Non-current assets:		
Net OPEB asset (Note 5)	232,927	63,887
Net pension asset (Note 6)	252,347	-
Capital assets – not being depreciated (Note 3)	7,208,290	5,869,383
Capital assets – being depreciated, net (Note 3)	36,972,636	37,856,680
Total non-current assets	44,666,200	43,789,950
Total assets	66,130,500	65,116,644
Deferred outflows of resources:		
Deferred amounts related to net OPEB obligation (Note 5)	45,670	61,983
Deferred amounts related to net pension liability (Note 6)	569,770	286,278
Total deferred outflows of resources	615,440	348,261
Total assets and deferred outflows of resources	$ 66,745,940	$ 65,464,905
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,512,054	$ 1,722,065
Deposits and unearned revenues	25,150	30,150
Long-term liabilities – due within one year:		
Compensated absences (Note 4)	88,098	81,976
Total current liabilities	1,625,302	1,834,191
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 4)	67,445	62,758
Net pension liability (Note 6)	-	245,093
Total non-current liabilities	67,445	307,851
Total liabilities	1,692,747	2,142,042
Deferred inflows of resources:		
Deferred amounts related to net OPEB obligation (Note 5)	160,141	16,708
Deferred amounts related to net pension liability (Note 6)	29,857	10,103
Total deferred inflows of resources	189,998	26,811
Net position:		
Investment in capital assets	44,180,926	43,726,063
Unrestricted	20,682,269	19,569,989
Total net position	64,863,195	63,296,052
Total liabilities, deferred inflows of resources and net position	$ 66,745,940	$ 65,464,905

COSTA MESA SANITARY DISTRICT

Statements of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2022 (With Comparative Amounts as of June 30, 2021)

	2022	2021
Operating revenues:		
Trash assessments	$ 5,959,420	$ 5,546,056
Wastewater assessments	5,718,282	5,687,650
Permits and inspection fees	134,311	153,238
Connection fees	54,407	90,485
Other services	128,346	122,526
Total operating revenues	11,994,766	11,599,955
Operating expenses:		
Solid waste disposal	2,883,201	2,861,045
Wastewater disposal	1,730,761	1,884,233
Recycling and disposal charges	2,389,672	2,669,643
General and administrative	1,050,027	1,760,014
Materials and services	970,425	1,162,622
Total operating expenses	9,024,086	10,337,557
Operating income before depreciation	2,970,680	1,262,398
Depreciation expense	(1,756,608)	(1,736,570)
Operating income(loss)	1,214,072	(474,172)
Non-operating revenues(expenses):		
Property taxes	380,848	371,085
Investment earnings	(880,129)	26,470
Rental income	2,607	3,989
Grant revenue	669,568	14,466
Sale of capital assets	19,845	-
Other non-operating revenues	160,332	199,105
Total non-operating revenues(expenses), net	353,071	615,115
Change in net position before capital contributions	1,567,143	140,943
Capital contributions:		
Capital contributions	-	28,000
Total capital contributions	-	28,000
Change in net position	1,567,143	168,943
Net position:		
Beginning of year	63,296,052	63,127,109
End of year	$ 64,863,195	$ 63,296,052

COSTA MESA SANITARY DISTRICT

Statements of Cash Flows

For the Fiscal Year Ended June 30, 2022 (With Comparative Amounts as of June 30, 2021)

	2022	2021
Cash flows from operating activities:		
Cash receipts from customers and others	$ 12,804,377	$ 11,804,836
Cash paid to employees for salaries and wages	(2,079,722)	(1,119,679)
Cash paid to vendors and suppliers for materials and services	(7,919,799)	(8,523,406)
Net cash provided by operating activities	2,804,856	2,161,751
Cash flows from non-capital financing activities:		
Proceeds from property taxes	377,284	371,085
Net cash provided by non-capital financing activities	377,284	371,085
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,211,471)	(1,864,164)
Proceeds from capital contributions	-	28,000
Net cash used in capital and related financing activities	(2,211,471)	(1,836,164)
Cash flows from investing activities:		
Change in investments	(2,060,376)	(588,385)
Investment earnings	(14,116)	58,012
Proceeds from the sale of capital assets	19,845	-
Net cash used in investing activities	(2,054,647)	(530,373)
Net increase(decrease) in cash and cash equivalents	(1,083,978)	166,299
Cash and cash equivalents:		
Beginning of year	6,802,805	6,636,506
End of year	$ 5,718,827	$ 6,802,805

COSTA MESA SANITARY DISTRICT

Statements of Cash Flows (continued)

For the Fiscal Year Ended June 30, 2022 (With Comparative Amounts as of June 30, 2021)

	2022	2021
Reconciliation of operating income(loss) to net cash provided by operating activities:		
Operating income(loss)	$ 1,214,072	$ (474,172)
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:		
Depreciation	1,756,608	1,736,570
Rental revenue	2,607	3,989
Grant revenue	669,568	14,466
Other non-operating revenues	160,332	199,105
Change in assets – (increase)decrease:		
Accounts receivable	(20,414)	(5,415)
Assessment receivable	2,518	7,736
Inventory – materials and supplies	(8,358)	(16,357)
Prepaid expenses	2,597	(28,349)
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net OPEB obligation	16,313	(1,067)
Deferred amounts related to net pension liability	(283,492)	50,995
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(210,011)	629,514
Deposits and unearned revenues	(5,000)	(15,000)
Compensated absences	10,809	31,059
Net OPEB obligation	(169,040)	(9,393)
Net pension obligation	(497,440)	86,775
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to net OPEB obligation	143,433	(5,183)
Deferred amounts related to net pension liability	19,754	(43,522)
Total adjustments	1,590,784	2,635,923
Net cash provided by operating activities	$ 2,804,856	$ 2,161,751
Noncash investing, capital and financing transactions:		
Change in fair-value of investments	$ (881,092)	$ (6,022)

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Costa Mesa Sanitary District (District) was formed in 1944 under the Sanitary District Act of 1923. The District is responsible for residential solid waste (trash) collection and its transmittal to recycling facilities for sorting, recycling, and disposal. The District also maintains a wastewater (sewer) collection system that collects and transmits wastewater to Orange County Sanitation District facilities for treatment and disposal. The Districts service area encompasses the city of Costa Mesa and small portions of Newport Beach and unincorporated Orange County, serving a population of approximately 118,000.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

B. Basis of Presentation, Basis of Accounting

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Receivables and Allowance for Doubtful Accounts

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

4. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Inventories
Supply inventories maintained by the District consist primarily of equipment parts retained for use in the District's equipment. Inventories are valued at cost using the first-in, first-out method.

6. Capital Assets
Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over $5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Subsurface Wastewater lines	20-60 years
Buildings and Improvements	20-50 years
Equipment	5-20 years
Vehicles	5-10 years

7. Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position 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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

8. Compensated Absences
The District's personnel policies provide for accumulation of vacation and sick leave (employee benefits). Liabilities for vacation leave are recorded when benefits are earned. Full cash payment for all unused vacation leave is available to employees upon retirement or termination.

9. 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 District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

10. Pensions (continued)

The following timeframes are used for pension reporting:

Valuation Date June 30, 2020
Measurement Date June 30, 2021
Measurement Period July 1, 2020 to June 30, 2021

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

11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("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 Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2021
Measurement Date June 30, 2021
Measurement Period July 1, 2020 to June 30, 2021

12. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets -** This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Unrestricted net position -** This component of net position consists of net position that does not meet the definition of "net investment in capital assets.".

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

E. Property Taxes

The Orange County Assessor's Office assesses all real and personal property within the County each year. The Orange County Tax Collector's Office bills and collects the District's share of property taxes. The Orange County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIIIA of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Orange County Tax Collector's Office, which have not been credited to the District's cash balance as of June 30.

The property tax calendar is as follows:

Lien date March 1
Levy date July 1
Due dates November 1 and March 1
Collection dates December 10 and November 10

F. Reclassifications

Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

Description	June 30, 2022
Cash and cash equivalents	$ 5,718,827
Investments	15,204,344
Total cash and investments	$ 20,923,171

Cash and investments consisted of the following:

Description	June 30, 2022
Petty cash	$ 10,700
Demand deposits held with financial institutions	37,680
Local Agency Investment Fund (LAIF)	5,670,447
Investments	15,204,344
Total cash and investments	$ 20,923,171

NOTE 2 – CASH AND INVESTMENTS (continued)

Demand Deposits with Financial Institutions

At June 30, 2022, the carrying amount of the District's demand deposits were $37,680 and the financial institution's balances were $49,892. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2022, the District's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

Investments

The District's investments as of June 30, 2022 are presented in the following Investment Table:

				Maturity		
Type of Investments	**Measurement Input**	**Credit Rating**	**Total Fair Value**	**12 Months or Less**	**13 to 24 Months**	**25 to 120 Months**
U.S. government sponsored agency securities	Level 2	A to AAA	10,173,727	-	479,690	9,694,037
Corporate bonds	Level 2	A to AAA	284,352	-	97,014	187,338
Negotiable certificates-of-deposit	Level 2	AAA	4,738,369	1,852,815	474,205	2,411,349
Money-market mutual funds	N/A	AAA	7,896	7,896	-	-
Total investments			$ 15,204,344	$ 1,860,711	$ 1,050,909	$ 12,292,724

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments Authorized by the California Government Code and the District's Investment Policy
The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District or the investment of funds within the OPEB Trust that are governed by the agreement between the District and the Trustee, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5-years	None	None
U.S. Government Sponsored Agency Securities	5-years	None	None
State of California Obligations	5-years	None	None
CA Local Agency Obligations	5-years	None	None
Negotiable Certificates of Deposit (Negotiable CD)	5-years	30%	5%
CD Placement Service	5-years	30%	None
Banker's Acceptances	180 days	40%	30%
Reverse Purchase Agreement	92 days	20%	None
Repurchase Agreements	1-year	None	None
Commercial Paper	270 days	25%	10%
Medium- Term Notes	5-years	30%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5-years	None	None
Bank/Time Deposits	5-years	None	None

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments Authorized by Debt Agreements
Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
US Treasury Obligations	None	None	None
US Government Sponsored Agency Securities:	None	None	None
Federal Home Loan Bank	None	None	None
Federal Home Loan Mortgage Corporation	None	None	None
Federal National Mortgage Association	None	None	None
Federal Farm Credit Bank	None	None	None
State and Local Agency Obligations	None	None	None
Banker's Acceptances	1-year	None	None
Medium- Term Notes	3-year	None	None
Commercial Paper	None	None	None
Money Market Mutual Funds	N/A	None	None
Investment Agreements	None	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	None	None	None

Disclosures Relating to Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by in the Investment Table that shows the distribution of the District's investments by maturity as of June 30, 2022.

Disclosures Relating to Credit Risk
Generally, 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 in the Investment Table are Standard & Poor's credit ratings for the District's investments as of June 30, 2022. U.S. treasury obligations are not required to be rated and therefore no rating has been assigned.

NOTE 2 – CASH AND INVESTMENTS (continued)

Concentration of Credit Risk
Investments in any one issuer that represent 5% or more of total District investments are as follows:

Issuer	Amount
U.S. government sponsored agency securities:	
Federal National Mortgage Association	$ 1,621,110
Federal Farm Credit Banks Funding Corporation	$ 2,340,619
Federal Home Loan Bank	$ 5,958,907

Fair Value Measurements
The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. All of the District's investments were assigned a Level 2 input on the Investment Table.

Investment in State Investment Pool
The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2022, the District held $5,670,477 in LAIF.

NOTE 3 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2022, were as follows:

Description	Balance July 1, 2021	Additions	Deletions/ Transfers	Balance June 30, 2022
Non-depreciable assets:				
Land	$ 4,327,279	$ -	$ -	$ 4,327,279
Property rights	4,025	-	-	4,025
Construction-in-process	1,538,079	1,931,088	(592,181)	2,876,986
Total non-depreciable assets	5,869,383	1,931,088	(592,181)	7,208,290
Depreciable assets:				
Subsurface sewer lines	94,008,932	648,887	(113,490)	94,544,329
Buildings and improvements	6,404,739	43,299	-	6,448,038
Equipment	1,429,405	149,320	(100,730)	1,477,995
Vehicles	1,175,304	31,058	-	1,206,362
Total depreciable assets	103,018,380	872,564	(214,220)	103,676,724
Accumulated depreciation:				
Subsurface sewer lines	(62,677,454)	(1,349,781)	113,490	(63,913,745)
Buildings and improvements	(963,338)	(140,297)	-	(1,103,635)
Equipment	(860,386)	(137,356)	100,730	(897,012)
Vehicles	(660,522)	(129,174)	-	(789,696)
Total accumulated depreciation	(65,161,700)	(1,756,608)	214,220	(66,704,088)
Total depreciable assets, net	37,856,680	(884,044)	-	36,972,636
Total capital assets, net	$ 43,726,063	$ 1,047,044	$ (592,181)	$ 44,180,926

NOTE 4 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2022, were as follows:

Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year	Due in More Than One Year
$ 144,734	$ 121,005	$ (110,196)	$ 155,543	$ 88,098	$ 67,445

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Summary
The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2022
OPEB related deferred outflows	$ 45,670
Net other post-employment benefits obligation	(232,927)
OPEB related deferred inflows	160,141

A. General Information about the OPEB Plan

Plan Description
The District through an agent multiple-employer other post-employment benefit plan, provides medical, dental, and vision coverage to 19 active employees, 2 retired employees, and covered dependents of retirees. The plans assets are held in trust with the Public Agency portion of the California Employers' Retiree Benefit Trust Fund (CERBT), an agent multiple-employer Section 115 trust fund plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. The following requirements must be satisfied in order to be eligible for lifetime post-employment medical benefits: (1) Attainment of age 50, and 5 years of CalPERS service (or disability), and (2) Retirement from CalPERS and from the District (the District must be the last employer prior to retirement). The CERBT is included in the CalPERS annual financial report available on the CalPERS website. The District's plan does not issue financial statements.

Funding Policy
The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. As a member of the CalPERS medical plan the District is required to participate in its post-employment medical benefit plan. The District currently pays the CalPERS minimum required employer contribution on an "Unequal" basis ($134.10 per month), Equal being $143, and indexed to medical CPI plus amortized factor, becoming equal in 2024).

Contributions
Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2021, the measurement period, the District's contributions totaling $641,224 included $16,974 placed in its OPEB Trust, $2,793 in current year premium payments, and an implied subsidy of $11,837.

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

A. General Information about the OPEB Plan (continued)

Accounting for the Plan
The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments
Investments are reported in the accompanying financial statements at fair value, which is 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 measure date. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

B. Net OPEB Liability
The District's total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	
Long-Term Expected	
Rate of Return on Investments	6.50%
Inflation	2.26%
Payroll increases	3.25%
Healthcare Trend Rates	Pre-65 - 5.6% trending down annually to 3.0% by 2075 and later Post-65 - 6.25% trending down annually to 5.6% by 2023 and later and later
Morbidity	CalPERS 2017 Study
Mortality	CalPERS 2017 Study
Disability	Not valued
Retirement	2017 CalPERS Public Agency Miscellaneous experience study; 2.5%@55 and 2% @62
Percent Married	80% of future retirees would enroll a spouse

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

B. Net OPEB Liability (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 the arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
CERBT moderate investment policy:		
Equity	49.00%	4.50%
Fixed income	23.00%	2.20%
REITs	20.00%	3.90%
TIPS	5.00%	1.30%
Commodities	3.00%	1.20%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the District's 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 the Net OPEB Liability

The changes in the total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2021 (Measurement date July 1, 2020)	$ 331,813	$ 395,700	$ (63,887)
Changes for the year:			
Service cost	18,903	-	18,903
Interest	23,695	-	23,695
Differences in experience	(96,526)	-	(96,526)
Changes in assumption	25,171	-	25,171
Employer contributions	-	31,604	(31,604)
Net investment income	-	28,288	(28,288)
Investment income more than expected	-	80,541	(80,541)
Benefit payments	(14,630)	(14,630)	-
Administrative expenses	-	(150)	150
Net changes	(43,387)	125,653	(169,040)
Balance at June 30, 2022 (Measurement date June 30, 2021)	$ 288,426	$ 521,353	$ (232,927)

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

C. Changes in the Net OPEB Liability (continued)

Changes of Assumptions
In fiscal year 2020-21, the census data from the plans participants was updated, which decreased the total OPEB liability by $0.

Change of Benefit Terms
In fiscal year 2020-21, the measurement period, there were no changes to the actuarial assumptions.

Subsequent Events
There were no subsequent events that would materially affect the results presented in this disclosure.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current discount rate:

	1% Decrease 5.5%	Discount Rate 6.5%	1% Increase 7.5%
Net OPEB Liability	$ (186,494)	$ (232,927)	$ (270,677)

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

		Healthcare Cost	
	7.0% Decreasing to 4.0%	8.0% Decreasing to 5.0%	9.0% Decreasing to 6.0%
Net OPEB Liability	$ (279,325)	$ (232,927)	$ (173,168)

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
For the year ended June 30, 2022, the District recognized OPEB expense of $5,922. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	$ 3,372	$ -
Changes in assumptions	8,290	-
Differences between expected and actual experience	-	(69,440)
Differences between projected and actual earnings on OPEB plan investments	-	(56,693)
Total Deferred Outflows/(Inflows) of Resources	$ 11,662	$ (126,133)

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)
The differences between projected and actual earnings on plan investments is amortized over five years. The District reported $3,372 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2023	$ (19,200)
2024	(18,455)
2025	(18,781)
2026	(21,393)
2027	(5,284)
Thereafter	(34,730)
Total	$ (117,843)

At June 30, 2022, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

NOTE 6 – PENSION PLAN

Summary
The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2022
Pension related deferred outflows	$ 569,770
Net pension liability(asset)	(252,347)
Pension related deferred inflows	29,857

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

NOTE 6 – PENSION PLAN (continued)

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans		
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3
Hire date	Prior to January 1, 2013	From July 2, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63 & up	50 - 65 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.0% to 2.5%
Required member contribution rates	7.000%	7.000%	7.250%
Required employer contribution rates – FY 2021	11.746%	9.442%	7.874%

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2021 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

At June 30, 2021 measurement date, the following members were covered by the benefit terms:

	Miscellaneous Plans			
Plan Members	**Classic Tier 1**	**Classic Tier 2**	**PEPRA Tier 3**	**Total**
Active members	4	3	11	18
Transferred and terminated members	2	4	11	17
Retired members and beneficiaries	5	2	-	7
Total plan members	11	9	22	42

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

NOTE 6 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

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 nonindustrial disability benefits after five 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.

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 both Plans 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.

Contributions for the year ended June 30, 2022, were as follows:

	Miscellaneous Plans			
Contribution Type	**Classic Tier 1**	**Classic Tier 2**	**PEPRA Tier 3**	**Total**
Contributions – employer	$ 85,854	$ 33,948	$ 79,920	$ 199,722

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

Proportionate Share of Net Pension Liability and Pension Expense

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

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2022:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2022	**Fiscal Year Ending June 30, 2021**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2021	June 30, 2020	
Percentage of Risk Pool Net Pension Liability	-0.013290%	0.005811%	-0.019101%
Percentage of Plan Net Pension Liability	-0.004666%	0.002253%	-0.006919%

NOTE 6 – PENSION PLAN (continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (continued)
The District's proportionate share percentage of the net pension liability for the June 30, 2021, measurement date was as follows:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2020 (Measurement Date)	$ 3,407,571	$ 3,162,478	$ 245,093
Balance as of June 30, 2021 (Measurement Date)	$ 3,956,983	$ 4,209,330	$ (252,347)
Change in Plan Net Pension Liability	$ 549,412	$ 1,046,852	$ (497,440)

For the year ended June 30, 2021, the District recognized a pension credit of $543,289. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 199,722	$ -
Difference between actual and proportionate share of employer contributions	4,817	(1,559)
Adjustment due to differences in proportions	144,946	-
Differences between expected and actual experience	-	(28,298)
Differences between projected and actual earnings on pension plan investments	220,285	-
Changes in assumptions	-	-
Total Deferred Outflows/(Inflows) of Resources	$ 569,770	$ (29,857)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

NOTE 6 – PENSION PLAN (continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (continued)
An amount of $199,722 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2023	$ 107,203
2024	95,931
2025	76,183
2026	60,874
Total	$ 340,191

Actuarial Methods and Assumptions Used to Determine Total Pension Liability
For the measurement period ending June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020, total pension liability. The June 30, 2021, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

NOTE 6 – PENSION PLAN (continued)

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

Long-term Expected Rate of Return (continued)
The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class.

Investment Type[1]	New Strategic Allocation	Real Return Years 1 - 10[2]	Real Return Years 11+[3]
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	100.0%		

[1] In the CalPERS's ACFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.
[2] An expected inflation rate-of-return of 2.5% is used for years 1-10.
[3] An expected inflation rate-of-return of 2.9% is used for years 11+.

Discount Rate
The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events
There were no subsequent events that would materially affect the results in this disclosure.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
Plan Type	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Miscellaneous Plan	270,097	$ (252,347)	$ (684,244)

NOTE 6 – PENSION PLAN (continued)

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

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans
At June 30, 2021, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2022.

NOTE 7 – 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 disasters.

The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. Further information about SDRMA is as follows:

A.	**Entity**	SDRMA
B.	**Purpose**	To pool member contributions and realize the advantages of self-insurance
C.	**Participants**	As of June 30, 2021 – 499 member districts
D.	**Governing board**	Seven representatives employed by members
E.	**District payments for FY 2022:**	
	Property/Liability policy	$58,885
	Workers' compensation policy	$27,052
F.	**Condensed financial information**	June 30, 2021

Statement of financial position:	**June 30, 2021**
Total assets	$ 139,860,914
Deferred outflows	606,052
Total liabilities	73,886,665
Deferred inflows	237,014
Net position	$ 66,343,287
Statement of revenues, expenses and changes in net position:	
Total revenues	$ 84,001,505
Total expenses	(78,600,852)
Change in net position	5,400,653
Beginning – net position	60,942,634
Ending – net position	$ 66,343,287

G. Member agencies share of year-end financial position Not Calculated

NOTE 7 – RISK MANAGEMENT (continued)

At June 30, 2022, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of $2,500,000, combined single limit at $2,500,000 per occurrence. The District purchased additional excess coverage layers: $10,000,000 for general, auto and public officials liability, which increases the limits on the insurance coverage noted above. The self-insurance amount for Workers Compensation is $750,000.

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to $1,000,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverage's.
- Property loss is paid at the replacement cost for property on file, if replaced within three years after the loss, otherwise paid on an actual cash value basis, to a combined total of $750 million per occurrence, subject to a $2,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to $100 million per occurrence, subject to a $1,000 deductible per occurrence.
- Public officials personal liability up to $10,000,000 each occurrence, with an annual aggregate of $10,00,000 per each elected/appointed official to which this coverage applies, subject to the terms, with a deductible of $500 per claim.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2022, 2021, and 2020. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2022, 2021, and 2020.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, d*e minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 9 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 19, 2022, the date which the financial statements were available to be issued.

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Required Supplementary Information

COSTA MESA SANITARY DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2022

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.00470%	$ 270,680	$ 785,130	34.48%	83.03%
June 30, 2015	0.01001%	274,712	927,345	29.62%	83.99%
June 30, 2016	0.01105%	384,681	1,003,922	38.32%	80.02%
June 30, 2017	0.00267%	105,177	1,182,000	8.90%	95.45%
June 30, 2018	0.00237%	89,267	1,376,416	6.49%	96.61%
June 30, 2019	0.00395%	158,318	1,631,291	9.71%	94.80%
June 30, 2020	0.00581%	245,093	2,257,055	10.86%	92.81%
June 30, 2021	-0.01329%	(252,346)	1,725,293	-14.63%	106.38%

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:
There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:
There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:
There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:
There were no significant changes in assumptions.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only eight years are shown.

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	$ 103,072	$ (103,072)	$ -	$ 972,345	10.60%
June 30, 2016	108,023	(108,023)	-	1,033,922	10.45%
June 30, 2017	450,487	(450,487)	-	1,182,000	38.11%
June 30, 2018	110,124	(110,124)	-	1,376,416	8.00%
June 30, 2019	117,340	(117,340)	-	1,631,291	7.19%
June 30, 2020	131,461	(131,461)	-	2,257,055	5.82%
June 30, 2021	159,582	(159,582)	-	1,725,293	9.25%
June 30, 2022	199,722	(199,722)	-	1,960,264	10.19%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2013	Entry Age	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Market Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Market Value	2.50%	7.15%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment expense, including inflation
Retirement Age	50 years (2%@55 and 2%@62), 52 years (2%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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

COSTA MESA SANITARY DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2022

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Measurement Date	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Total OPEB liability:					
Service cost	$ 18,903	$ 18,352	$ 18,341	$ 17,807	$ 17,288
Interest	23,695	22,075	19,882	18,641	17,915
Changes of assumptions	25,171	-	(20,482)	-	-
Differences between expected and actual experience	(96,526)	-	26,513	-	-
Changes of benefit terms	-	-	-	-	-
Benefit payments	(14,630)	(20,389)	(17,381)	(19,816)	(30,123)
Net change in total OPEB liability	(43,387)	20,038	26,873	16,632	5,080
Total OPEB liability - beginning	331,813	311,775	284,902	268,270	263,190
Total OPEB liability - ending	288,426	331,813	311,775	284,902	268,270
Plan fiduciary net position:					
Contributions - employer	31,604	36,845	34,190	19,816	156,123
Net investment income	28,288	13,154	21,104	24,267	24,822
Investment income more than expected	80,541	-	-	-	-
Administrative expense	(150)	(179)	(74)	(566)	(141)
Benefit payments	(14,630)	(20,389)	(17,381)	(19,816)	(30,123)
Net change in plan fiduciary net position	125,653	29,431	37,839	23,701	150,681
Plan fiduciary net position - beginning	395,700	366,269	328,430	304,729	154,048
Plan fiduciary net position - ending	521,353	395,700	366,269	328,430	304,729
District's net OPEB liability	$ (232,927)	$ (63,887)	$ (54,494)	$ (43,528)	$ (36,459)
Plan fiduciary net position as a percentage of the total OPEB liability	180.76%	119.25%	117.48%	115.28%	113.59%
Covered-employee payroll	$ 1,819,281	$ 1,601,979	$ 1,322,576	$ 1,354,463	$ 1,182,000
District's net OPEB liability as a percentage of covered-employee payroll	-12.80%	-3.99%	-4.12%	-3.21%	-3.08%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes in benefits
Measurement Date June 30, 2018 – Coverage expanded to spouses for future retirees hired on or after July 1, 2009 if they have 25 years of service, effective fiscal year ending June 30, 2018
Measurement Date June 30, 2019 – There were no changes in benefits
Measurement Date June 30, 2020 – There were no changes in benefits
Measurement Date June 30, 2021 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2017 – Average per capita claims cost was updated to reflect actual 2017 premiums, health care cost trend rate was updated to reflect 2018 industry survey data, and mortality table was updated to reflect most recent CalPERS studies.

Measurement Date June 30, 2018 – There were no changes in assumptions

Measurement Date June 30, 2019 – Payroll increases include merit increases

Measurement Date June 30, 2020 – There were no changes in assumptions

Measurement Date June 30, 2021 – Discount rate decreased to 6.50%, inflation rate decreased to 2.26%, payroll increases increased to 3.25%

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

COSTA MESA SANITARY DISTRICT

Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan
For the Year Ended June 30, 2022

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Actuarially determined contribution	$ 5,897	$ 15,785	$ 16,456	$ 16,809	$ 19,904
Contributions in relation to the actuarially determined contributions	(18,002)	(31,604)	(36,845)	(34,190)	(19,816)
Contribution deficiency (excess)	$ (12,105)	$ (15,819)	$ (20,389)	$ (17,381)	$ 88
Covered payroll	$ 2,856,168	$ 1,819,281	$ 1,601,979	$ 1,322,576	$ 1,354,463
Contributions as a percentage of covered payroll	0.63%	1.74%	2.30%	2.59%	1.46%

Notes to Schedule:

Valuation Date	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial cost method Entry age normal	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value
Discount rate	6.25%	6.50%	6.50%	6.50%	6.50%
Inflation	2.50%	2.26%	2.26%	2.26%	2.26%
Payroll increases	3.00%	3.25%	3.25%	3.25%	3.25%
Mortality	(2)	(2)	(2)	(2)	(2)
Morbidity	(3)	(3)	(3)	(3)	(3)
Disability	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(4)	(4)	(4)	(4)	(4)
Percent Married	80%	80%	80%	80%	80%
Healthcare trend rates	(5)	(5)	(5)	(5)	(5)

(1) Closed period, level percent of pay
(2) CalPERS 2014 Study
(3) CalPERS 2013 Study
(4) CalPERS Public Agency Miscellaneous 2.5% @55 and 2% @62
(5) Pre-65 - 5.6% trending fluctuating annually to 3.0% in 2075 and later
Post-65 - 6.25% fluctuating annually to 5.6% in 2023 and later

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

COSTA MESA SANITARY DISTRICT

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Supplementary Information

COSTA MESA SANITARY DISTRICT

Schedules of Balance Sheets – Internal Funds

For the Year Ended June 30, 2022 (With Comparative Amounts as of June 30, 2021)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Solid Waste	Wastewater	Other Enterprise	2022	2021
Current assets:					
Cash and cash equivalents	$ 1,153,656	$ 3,999,069	$ 566,102	$ 5,718,827	$ 6,802,805
Investments	3,067,166	10,632,114	1,505,064	15,204,344	14,025,060
Accrued interest receivable	6,870	29,630	4,192	40,692	25,613
Accounts receivable	35,903	25,563	-	61,466	41,052
Assessment receivable	121,838	75,632	-	197,470	199,988
Property tax receivable	12,672	-	-	12,672	9,108
Inventory – materials and supplies	-	196,869	-	196,869	188,511
Prepaid expenses	10,227	21,733	-	31,960	34,557
Total current assets	4,408,332	14,980,610	2,075,358	21,464,300	21,326,694
Non-current assets:					
Net OPEB asset	76,866	156,061	-	232,927	63,887
Net pension asset	75,704	176,643	-	252,347	-
Capital assets – not being depreciated	-	7,208,290	-	7,208,290	5,869,383
Capital assets – being depreciated, net	9,553	36,963,083	-	36,972,636	37,856,680
Total non-current assets	162,123	44,504,077	-	44,666,200	43,789,950
Total assets	4,570,455	59,484,687	2,075,358	66,130,500	65,116,644
Deferred outflows of resources:					
Deferred amounts related to net OPEB obligation	15,072	30,598	-	45,670	61,983
Deferred amounts related to net pension liability	170,932	398,838	-	569,770	286,278
Total deferred outflows of resources	186,004	429,436	-	615,440	348,261
Total assets and deferred outflows of resources	$ 4,756,459	$ 59,914,123	$ 2,075,358	$ 66,745,940	$ 65,464,905
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
Current liabilities:					
Accounts payable and accrued expenses	$ 940,006	$ 572,048	$ -	$ 1,512,054	$ 1,722,065
Deposits and unearned revenues	-	25,150	-	25,150	30,150
Long-term liabilities – due within one year:					
Compensated absences	23,393	64,705	-	88,098	81,976
Total current liabilities	963,399	661,903	-	1,625,302	1,834,191
Non-current liabilities:					
Long-term liabilities – due in more than one year:					
Compensated absences	17,909	49,536	-	67,445	62,758
Net pension liability	-	-	-	-	245,093
Total non-current liabilities	17,909	49,536	-	67,445	307,851
Total liabilities	981,308	711,439	-	1,692,747	2,142,042
Deferred inflows of resources:					
Deferred amounts related to net OPEB obligation	52,847	107,294	-	160,141	16,708
Deferred amounts related to net pension liability	8,957	20,900	-	29,857	10,103
Total deferred inflows of resources	61,804	128,194	-	189,998	26,811
Net position:					
Investment in capital assets	9,553	44,171,373	-	44,180,926	43,726,063
Unrestricted	3,703,794	14,570,413	2,075,358	20,349,565	19,569,989
Total net position	3,713,347	59,074,490	2,075,358	64,863,195	63,296,052
Total liabilities, deferred inflows of resources and net position	$ 4,756,459	$ 59,914,123	$ 2,075,358	$ 66,745,940	$ 65,464,905

COSTA MESA SANITARY DISTRICT

Schedules of Revenues, Expenses and Changes in Net Position – Internal Funds
For the Year Ended June 30, 2022 (With Comparative Amounts as of June 30, 2021)

	Solid Waste	Wastewater	Other Enterprise	2022	2021
Operating revenues:					
Trash assessments	$ 5,959,420	$ -	$ -	$ 5,959,420	$ 5,546,056
Wastewater assessments	-	5,718,282	-	5,718,282	5,687,650
Permits and inspection fees	-	134,311	-	134,311	153,238
Connection fees	-	54,407	-	54,407	90,485
Other services	128,346	-	-	128,346	122,526
Total operating revenues	6,087,766	5,907,000	-	11,994,766	11,599,955
Operating expenses:					
Solid waste disposal	2,883,201	-	-	2,883,201	2,861,045
Wastewater disposal	-	1,730,761	-	1,730,761	1,884,233
Recycling and disposal charges	2,389,672	-	-	2,389,672	2,669,643
General and administrative	373,046	676,981	-	1,050,027	1,760,014
Materials and services	308,489	661,936	-	970,425	1,162,622
Total operating expenses	5,954,408	3,069,678	-	9,024,086	10,337,557
Operating income(loss) before depreciation	133,358	2,837,322	-	2,970,680	1,262,398
Depreciation expense	(4,263)	(1,752,345)	-	(1,756,608)	(1,736,570)
Operating income(loss)	129,095	1,084,977	-	1,214,072	(474,172)
Non-operating revenues(expenses):					
Property taxes	380,848	-	-	380,848	371,085
Investment earnings	(179,917)	(613,165)	(87,047)	(880,129)	26,470
Rental income	-	2,607	-	2,607	3,989
Grant revenue	325,114	339,218	5,236	669,568	14,466
Sale of capital assets	-	19,845	-	19,845	-
Transfers In/(Out)	(68,130)	(242,870)	311,000	-	-
Other non-operating revenues	135,391	24,941	-	160,332	199,105
Total non-operating revenues(expenses), net	593,306	(469,424)	229,189	353,071	615,115
Change in net position before capital contribs.	722,401	615,553	229,189	1,567,143	140,943
Capital contributions:					
Capital contributions	-	-	-	-	28,000
Total capital contributions	-	-	-	-	28,000
Change in net position	722,401	615,553	229,189	1,567,143	168,943
Net position:					
Beginning of year	2,990,946	58,458,937	1,846,169	63,296,052	63,127,109
End of year	$ 3,713,347	$ 59,074,490	$ 2,075,358	$ 64,863,195	$ 63,296,052

COSTA MESA SANITARY DISTRICT

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Statistical Section

COSTA MESA SANITARY DISTRICT

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This part of the District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements and the note disclosures say about the government's overall financial health.

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COSTA MESA SANITARY DISTRICT

Changes in Net Position and Net Position by Component

Last Ten Fiscal Years

Description	Fiscal Year				
	2013	**2014**	**2015**	**2016**	**2017**
Changes in net position:					
Operating revenues	$ 10,636,733	$ 10,327,835	$ 10,825,377	$ 11,077,758	$ 11,246,522
Operating expenses	(7,953,569)	(8,453,930)	(8,634,912)	(9,323,731)	(9,483,656)
Depreciation and amortization	(1,715,991)	(1,604,500)	(1,690,932)	(1,754,124)	(1,749,622)
Operating income (loss)	967,173	269,405	499,533	(97)	13,244
Non-operating revenue (expenses), net	138,767	260,229	589,791	574,652	761,793
Net income (loss) before capital contributions	1,105,940	529,634	1,089,324	574,555	775,037
Capital contributions	5,000	5,000	-	89,400	49,253
Changes in net position	$ 1,110,940	$ 534,634	$ 1,089,324	$ 663,955	$ 824,290
Net position:					
Net investment in capital assets	$ 39,793,590	$ 29,605,233	$ 39,102,729	$ 42,348,941	$ 43,096,961
Unrestricted	18,684,743	19,407,734	20,726,351	18,144,094	18,220,364
Total net position	$ 58,478,333	$ 49,012,967	$ 59,829,080	$ 60,493,035	$ 61,317,325

Description	Fiscal Year				
	2018	**2019**	**2020**	**2021**	**2022**
Changes in net position:					
Operating revenues	$ 11,419,014	$ 11,372,000	11,929,955	$ 11,599,955	$ 11,994,766
Operating expenses	(9,409,708)	(10,293,776)	(10,667,557)	(10,337,557)	(9,024,086)
Depreciation and amortization	(1,738,975)	(1,685,650)	(1,726,363)	1,736,570	(1,756,608)
Operating income (loss)	270,331	(607,426)	(463,965)	2,998,968	1,214,072
Non-operating revenue (expenses), net	416,994	1,147,748	604,908	615,115	353,071
Net income (loss) before capital contributions	687,325	540,322	140,943	140,943	1,567,143
Capital contributions	-	10,000	28,000	28,000	-
Changes in net position	$ 687,325	$ 550,322	168,943	$ 168,943	$ 1,567,143
Net position:					
Net investment in capital assets	$ 44,564,961	$ 43,447,263	43,588,263	$ 43,726,063	$ 44,180,926
Unrestricted	17,262,186	18,930,206	19,538,846	19,569,989	20,682,269
Total net position	$ 61,827,147	$ 62,377,469	63,127,109	$ 63,296,052	$ 64,863,195

Source: Costa Mesa Sanitary District

COSTA MESA SANITARY DISTRICT

Operating Revenues by Source
Last Ten Fiscal Years

Description	Fiscal Year				
	2013	2014	2015	2016	2017
Operating revenues:					
Trash assessments	$ 4,921,705	$ 4,681,766	$ 4,768,071	$ 4,787,459	$ 4,882,785
Wastewater assessments	5,133,674	5,081,699	5,301,231	5,430,408	5,552,190
Permits and inspection fees	140,536	118,041	206,971	231,850	265,340
Connection fees	189,262	134,158	192,913	257,323	183,352
Other services and charges	251,556	312,171	356,191	370,718	362,855
Total operating revenues	$ 10,636,733	$ 10,327,835	$ 10,825,377	$ 11,077,758	$ 11,246,522

Description	Fiscal Year				
	2018	2019	2020	2021	2022
Operating revenues:					
Trash assessments	$ 4,965,640	$ 4,907,485	$ 5,151,672	$ 5,546,056	$ 5,959,420
Wastewater assessments	5,662,878	5,644,174	5,624,274	5,687,650	5,718,282
Permits and inspection fees	229,124	215,070	237,572	153,238	134,311
Connection fees	146,575	161,484	242,026	90,485	54,407
Other services and charges	414,797	443,787	454,339	122,526	128,346
Total operating revenues	$ 11,419,014	$ 11,372,000	$ 11,709,883	$ 11,599,955	$ 11,994,766

Source: Costa Mesa Sanitary District

COSTA MESA SANITARY DISTRICT

Operating Expenses by Activity

Last Ten Fiscal Years

Description	Fiscal Year				
	2013	2014	2015	2016	2017
Operating expenses:					
Solid waste and recycling disposal	$ 4,483,980	$ 4,477,812	$ 4,500,416	$ 4,770,212	$ 4,992,220
Wastewater disposal	1,438,604	1,591,051	1,665,480	1,641,085	1,800,679
General and administrative	2,030,985	2,385,067	2,469,016	2,912,434	2,690,757
Total operating expenses	$ 7,953,569	$ 8,453,930	$ 8,634,912	$ 9,323,731	$ 9,483,656

Description	Fiscal Year				
	2018	2019	2020	2021	2022
Operating expenses:					
Solid waste and recycling disposal	$ 5,030,898	$ 5,090,936	$ 5,544,397	$ 5,530,688	$ 5,272,873
Wastewater disposal	1,407,130	2,044,275	1,514,716	1,884,233	1,730,761
General and administrative	2,971,680	3,158,565	2,961,564	2,922,636	2,020,452
Total operating expenses	$ 9,409,708	$ 10,293,776	$ 10,020,677	$ 10,337,557	$ 9,024,086

Source: Costa Mesa Sanitary District

COSTA MESA SANITARY DISTRICT

Non-Operating Revenues (Expenses), Net
Last Ten Fiscal Years

Decription	Fiscal Year				
	2013	2014	2015	2016	2017
Non-operating revenues (expenses):					
Investment earnings	$ (144,970)	$ 291,073	$ 205,472	$ 292,524	$ 26,140
Taxes	301,046	235,336	245,415	270,876	287,705
Other revenues	97,383	77,814	138,904	44,760	385,530
Other expenses	-	(350,000)	-	-	-
Loss on disposal of assets	(114,692)	6,006	-	(33,508)	62,418
Total non-operating revenues	$ 138,767	$ 260,229	$ 589,791	$ 574,652	$ 761,793

Decription	Fiscal Year				
	2018	2019	2020	2021	2022
Non-operating revenues (expenses):					
Investment earnings	$ 50,834	$ 661,506	$ 445,719	$ 26,470	$ (880,129)
Taxes	313,456	328,943	364,570	371,085	380,848
Other revenues	52,704	162,579	202,946	217,560	852,352
Other expenses	-	-	-	-	-
Loss on disposal of assets	-	(5,280)	(160,215)	-	-
Total non-operating revenues	$ 416,994	$ 1,147,748	$ 853,020	$ 615,115	$ 353,071

Source: Costa Mesa Sanitary District

COSTA MESA SANITARY DISTRICT

Solid Waste and Wastewater Revenue Rates

Last Ten Fiscal Years

Description	Fiscal Year				
	2013	2014	2015	2016	2017
Solid Waste Customer:					
Single family residential	$ 228.00	$ 216.00	$ 216.00	$ 216.00	$ 216.00
Wastewater Customer:					
Single family residential	$ 66.23	$ 85.34	$ 87.05	$ 88.79	$ 90.57
Multi-family residential	51.00	50.09	51.09	52.11	53.15
Commercial-Avg. Strength (per 1000 sf)	38.52	37.96	38.72	39.49	40.28
Commercial-High Strength (per 1000 sf)	N/A	41.40	42.23	43.07	43.93
Industrial (per 1000 sf)	113.50	97.44	99.39	101.38	103.41
Other (per 1000 sf)	34.14	N/A	N/A	N/A	N/A

Description	Fiscal Year				
	2018	2019	2020	2021	2022
Solid Waste Customer:					
Single family residential	$ 216.00	$ 216.00	$ 224.88	$ 240.60	$ 257.40
Wastewater Customer:					
Single family residential	$ 92.38	$ 92.38	$ 92.38	$ 92.38	$ 92.38
Multi-family residential	54.21	54.21	54.21	54.21	54.21
Commercial-Avg. Strength (per 1000 sf)	41.09	41.09	41.09	41.09	41.09
Commercial-High Strength (per 1000 sf)	44.81	44.81	44.81	44.81	44.81
Industrial (per 1000 sf)	105.48	105.48	105.48	105.48	105.48
Other (per 1000 sf)	N/A	N/A	N/A	N/A	N/A

Source: Costa Mesa Sanitary District Board of Directors approved rate ordinances and resolutions

COSTA MESA SANITARY DISTRICT

Principal Wastewater Customers

Current Fiscal Year and Nine Years Ago

Description	2022		2013	
Industrial Customer Type	**Square Feet Assessed**	**Percentage of Total**	**Square Feet Assessed**	**Percentage of Total**
International Asset Management Group	329,349	3.51%	-	0.00%
CJ Segerstrom & Sons	276,718	2.95%	276,720	2.88%
CLA VAL Company	252,484	2.69%	252,480	2.62%
TRICO Costa Mesa/Rents/TCH LTD	183,738	1.96%	-	0.00%
Olen Commercial Realty	141,588	1.51%	-	0.00%
CPF Airway Associates LLC	131,115	1.40%	-	0.00%
Van Ausdeln, Sandra Ann Trust	124,407	1.32%	124,410	1.29%
Hillville Holdings, LLC/Weir Canal, LLC	119,141	1.27%	-	0.00%
Life Storage LP	118,514	1.26%	-	0.00%
Napa Vista Tologcay LLC	114,588	1.22%	-	0.00%
Griswold Industries	114,583	1.22%	114,580	1.19%
Total square feet: Industrial Principal Customers	1,906,225	20.29%	768,190	7.98%
Total square feet : Industrial Customers	9,392,668	100.00%	9,622,890	100.00%
Commercial Customer Type				
South Coast Plaza	1,645,617	5.24%	1,108,630	3.44%
Newport Mesa Unified School District	1,403,011	4.47%	-	0.00%
CJ Segerstrom & Sons	1,321,779	4.21%	-	0.00%
The Irvine Company LLC/Sakioka Farms	862,568	2.75%	-	0.00%
PR ll/MCC South Coast	835,672	2.66%	-	0.00%
Interinsurance Exchange of the Auto Club of CA	750,914	2.39%	750,910	2.33%
Coast Community College District	674,061	2.15%	674,060	2.09%
Pacific Mesa Properties	617,671	1.97%	-	0.00%
Riverville Family Properties LLC	590,313	1.88%	-	0.00%
Vanguard University of Southern California	570,245	1.82%	528,170	1.64%
Segerstrom Center for the Arts	561,752	1.79%	-	0.00%
Center Tower Associates	451,546	1.44%	415,550	1.29%
Total square feet: Commercial Principal Customers	10,285,149	32.75%	3,477,320	10.78%
Total square feet: Commercial Customers	31,408,394	100.00%	32,256,260	100.00%
Multi-family Residential Customer Type	**Household Units**	**Percentage of Total**	**Household Units**	**Percentage of Total**
Costa Mesa Partners/Oasis California	902	3.66%	764	2.97%
MarJack LLC	890	3.61%	-	0.00%
Casden Lakes LP	770	3.12%	770	3.00%
United Dominion Realty LP	764	3.10%	764	2.97%
Katella Investment Co./Wimbledon Glen Associate LP	684	2.77%	-	0.00%
Pinecreek Investment Co.	620	2.51%	620	2.41%
UDR Harbor Greens LP/UDR Pinebrook	584	2.37%	384	1.50%
ZMV Partnership	508	2.06%	508	1.98%
Parkwood Village LTD/Palm Mesa LTD	423	1.72%	552	2.15%
Village Investments	423	1.71%	-	0.00%
Total household units: Multi-family Principal Custom	6,568	26.64%	4,362	16.98%
Total household units assessed: Multi-family Custom	24,657	100.00%	25,684	100.00%

Source: Costa Mesa Sanitary District

COSTA MESA SANITARY DISTRICT

Ratio of Outstanding Debt
Last Ten Fiscal Years

Description	Fiscal Year				
	2013	2014	2015	2016	2017
Capital leases	$ -	$ -	$ -	$ -	$ -
Total debt	$ -	$ -	$ -	$ -	$ -
Total debt per capita	$ -	$ -	$ -	$ -	$ -
Total debt as a percent of personal income	0.00%	0.00%	0.00%	0.00%	0.00%

Description	Fiscal Year				
	2018	2019	2020	2021	2022
Capital leases	$ -	$ -	$ -	$ -	$ -
Total debt	$ -	$ -	$ -	$ -	$ -
Total debt per capita	$ -	$ -	$ -	$ -	$ -
Total debt as a percent of personal income	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Costa Mesa Sanitary District

COSTA MESA SANITARY DISTRICT

Debt Coverage

Last Ten Fiscal Years

Description	Fiscal Year				
	2013	2014	2015	2016	2017
Total evenues	$ 10,775,500	$ 10,938,064	$ 11,415,168	$ 11,652,410	$ 12,008,315
Operating expenses	7,953,569	8,453,930	8,634,912	9,323,731	9,483,656
Net revenues	$ 2,821,931	$ 2,484,134	$ 2,780,256	$ 2,328,679	$ 2,524,659
Debt service:					
Principal	$ -	$ -	$ -	$ -	$ -
Interest	-	-	-	-	-
Total debt service	$ -	$ -	$ -	$ -	$ -
Debt coverage ratio	N/A	N/A	N/A	N/A	N/A

Description	Fiscal Year				
	2018	2019	2020	2021	2022
Total evenues	$ 11,836,008	$ 12,525,028	$ 12,366,052	$ 12,215,070	$ 12,347,837
Operating expenses	9,409,708	10,299,056	9,823,826	10,337,557	9,024,086
Net revenues	$ 2,426,300	$ 2,225,972	$ 2,542,226	$ 1,877,513	$ 3,323,751
Debt service:					
Principal	$ -	$ -	$ -	$ -	$ -
Interest	-	-	-	-	-
Total debt service	$ -	$ -	$ -	$ -	$ -
Debt coverage ratio	N/A	N/A	N/A	N/A	N/A

Source: Costa Mesa Sanitary District

COSTA MESA SANITARY DISTRICT

Demographics and Economic Statistics

Last Ten Calendar Years

	City of Costa Mesa (a)		County of Orange (b)		
Calendar Year	District Service Population	Unemployment Rate	Population	Personal Income* (in thousands)	Personal Income per Capita
2013	112,174	5.60%	3,114,363	$ 169,792,810	$ 54,519
2014	112,784	5.60%	3,145,515	$ 173,305,650	$ 55,096
2015	113,204	4.50%	3,169,776	$ 183,052,341	$ 57,749
2016	112,822	3.70%	3,172,532	$ 196,920,661	$ 62,071
2017	113,825	2.70%	3,190,400	$ 208,653,019	$ 65,400
2018	113,615	2.30%	3,185,968	$ 220,684,684	$ 69,268
2019	113,003	6.50%	3,175,692	$ 227,732,561	$ 71,711
2020	c	4.30%	c	$ 236,303,451	$ 74,618
2021	c	c	c	c	c
2022	c	c	c	c	c

*** Total personal income estimates are in thousands of dollars, not adjusted for inflation.**

Notes:

(a) **Approximate population of Costa Mesa Sanitary District is the same as the population of the City of Costa Mesa.**

(b) **The District has chosen to use County data since the District believes that the County data is representative of the conditions and experience of the District.**

(c) **Data not currently available**

Sources : **(a) United States Census Bureau**
(b) California Labor Market Info
(c) U.S. Department of Commerce, Bureau of Economic Analysis

COSTA MESA SANITARY DISTRICT
Principal Employers
Current Fiscal Year and Nine Years Ago

	2022*			2013		
Employer	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Experian Information Solution	-	1	0%	3,700	1	5.73%
Coast Community College District Foundation	-	2	0%	2,900	2	4.49%
Orange Coast Community College	-	3	0%	1,900	3	2.94%
Fairview Developmental Center	-	4	0%	1,500	4	2.32%
A Clark /Mccarthy Joint Venture	-	5	0%	1,250	5	1.94%
Interinsurance Exchange of the Auto Club	-	6	0%	1,200	6	1.86%
Pacific Building Care, Inc	-	7	0%	850	7	1.32%
International Business Machines Corporation	-	8	0%	600	8	0.93%
Filenet Corporation	-	9	0%	500	9	0.77%
TTM Technologies, Inc	-	10	0%	500	10	0.77%
Total Top Ten Employers	0		0%	14,900		23%
Total City Labor Force	64,500					

* Data Not readily available.

Source: Dunn & Bradstreet, State of California Employment Development Department

COSTA MESA SANITARY DISTRICT
District Employees by Function
Last Ten Fiscal Years

Description	Fiscal Year				
	2013	2014	2015	2016	2017
Solid Waste	4.60	4.60	3.80	4.70	4.70
Wastewater	9.40	10.40	9.20	13.30	13.30
Total full-time equivalent (FTE)	14.00	15.00	13.00	18.00	18.00

Description	Fiscal Year				
	2018	2019	2020	2021	2022
Solid Waste	4.30	4.00	5.30	4.80	4.80
Wastewater	13.70	14.00	12.70	14.70	14.70
Total full-time equivalent (FTE)	18.00	18.00	18.00	19.50	19.50

Source: Costa Mesa Sanitary District

COSTA MESA SANITARY DISTRICT

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year				
	2013	2014	2015	2016	2017
Solid Waste:					
Household units serviced	21,490	21,606	21,824.00	22,398	22,518
Recycled/landfill tonnage	40,255	40,674	41,774	34,363	32,865
Organics	*	*	*	7,284	9,451
Recycled %	57.54%	57.39%	56.81%	57.01%	59.44%
Wastewater:					
Linear feet (LF) of sewer line cleaned	708,092	716,938	910,000	1,096,701	878,095
Average of wastewater discharged	10.6 MGD	10.8 MGD	11 MGD	11MGD	11MGD
Sewer lateral financial assistance grants	169	184	237	240	271
CCTV sewer lateral program grants	*	*	*	*	*
Sewer Inspection Rebate Program	*	*	*	*	*

	Fiscal Year				
	2018	2019	2020	2021	2022
Solid Waste:					
Household units serviced	22,602	22,848	22,972	23,036**	23,088
Recycled/landfill tonnage	33,190	32,781	33,587	34,361**	39,993
Organics	9,010	9,772	10,608	10,317**	9,201
Recycled %	58.99%	60.51%	50.00%	48%**	60.56%
Liquid Waste:					
Linear feet (LF) of sewer line cleaned	883,900	593,701	730,826	730,826	1,014,330
Average of wastewater discharged	8.7MGD	10MGD	8.9MGD	8.9MGD	9MGD
Sewer lateral financial assistance grants	19	*	*	*	*
CCTV sewer lateral program grants	114	10	*	*	*
Sewer Inspection Rebate Program	*	34	38	21**	36

MGD - Millions of gallons per day
* Data not available for the fiscal years
**Restated

Source: Costa Mesa Sanitary District

Wastewater Division

Fiscal Year	Miles of Sanitary Sewers	Number of Pump Stations	Number of Manholes
2013	224	20	4,704
2014	224	20	4,705
2015	224	20	4,707
2016	224	20	4,716
2017	224	20	4,718
2018	224	20	4,720
2019	224	20	4,721
2020	224	20	5,650
2021	224	20	5,110
2022	224	20	5,109

Source: Costa Mesa Sanitary District