

Comprehensive Annual Financial Report

For the Fiscal Year ended

June 30, 2007



Central Contra Costa Sanitary District

5019 Imhoff Place, Martinez, CA 94553

**CENTRAL CONTRA COSTA SANITARY DISTRICT
MARTINEZ, CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2007

**Prepared By:
Finance & Accounting Division**

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CENTRAL CONTRA COSTA SANITARY DISTRICT
Comprehensive Annual Financial Report
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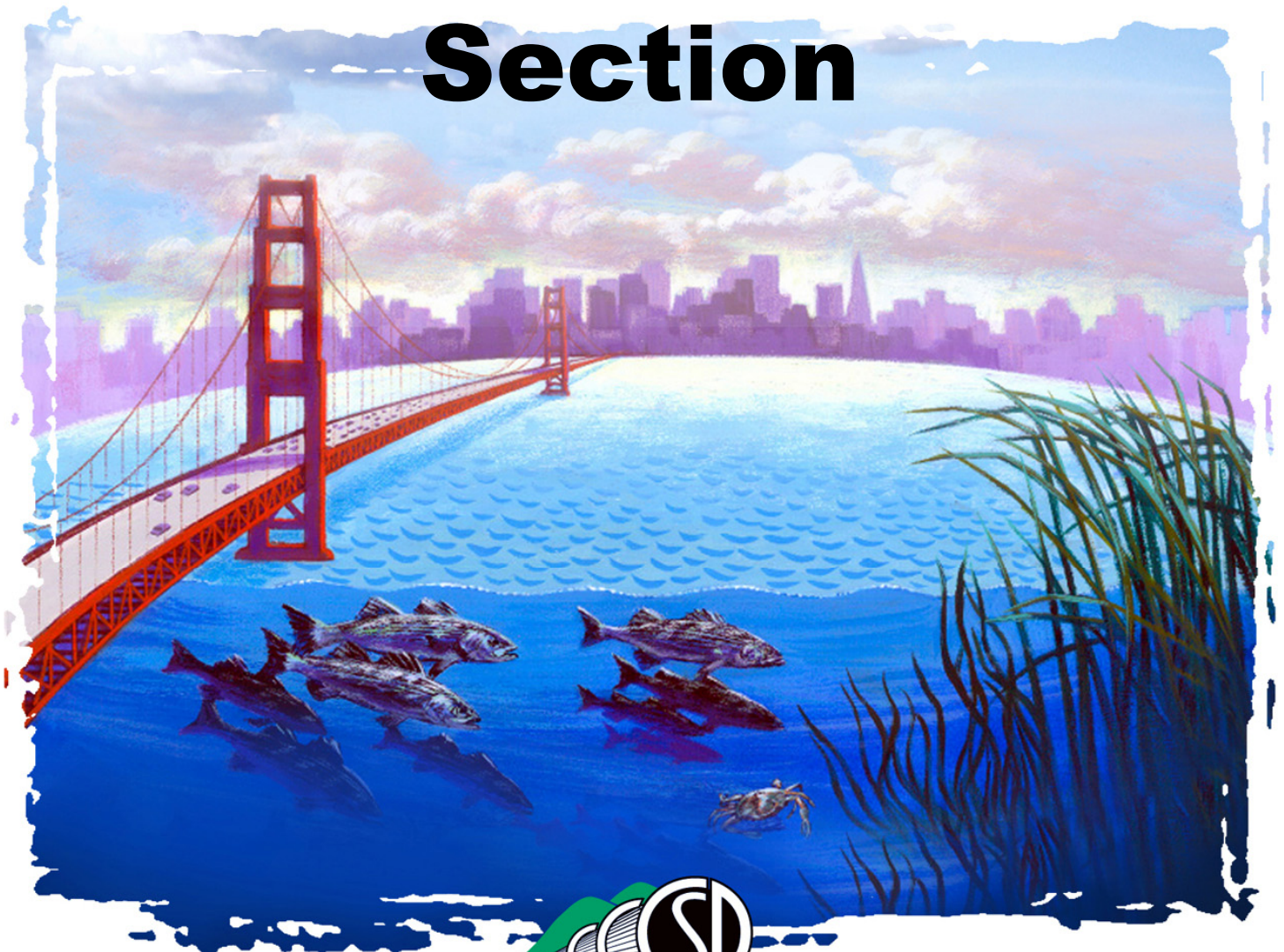
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Central Contra Costa Sanitary District

Introductory Section





November 13, 2007

Central Contra Costa Sanitary District Ratepayers and
The Honorable Board of Directors,
Martinez, California:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2007.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. The objective is to provide reasonable assurance that the financial statements are free of any material misstatements.

Cropper Accountancy Corporation has issued an unqualified (“clean”) opinion on the Central Contra Costa Sanitary District’s financial statements for the year ended June 30, 2007. The independent auditor’s report is located at the front of the financial section of this report. Management’s Discussion and Analysis report (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 GOVERNMENT

History and Services Provided

The District was established in 1946 under the Sanitary District Act of 1923 and is located about 30 miles east of San Francisco. The District builds, operates and maintains the facilities required to collect and process wastewater for approximately 314,000 residents of Danville, Lafayette, Martinez, Moraga, Orinda, Pleasant Hill, San Ramon, Walnut Creek and some of the unincorporated communities within Central Contra Costa County. The District also treats wastewater for 134,000 residents of the Cities of Concord and Clayton under a 1974 contract with the City of Concord.

The District is committed to protecting the public health and preserving the environment while minimizing facility and operating costs. The District has approximately 1,500 miles of sewer pipeline, ranging in size from 6 inches to 120 inches in diameter, and 19

sewage-pumping stations in the District's sewage collection system. The District is the sole provider of wastewater service within the District limits (see map of service area). Residents make up the largest segment of the District's customer base representing approximately 75% of the Sewer Service Charge revenue. The District's treatment capacity has grown from 4.5 million gallons per day (mgd) initiated in 1948 to 53.8 mgd currently. Bonds, state grants, federal grants, and pay-as-you-go resources of the District have financed expansions.

The District also provides an alternative source of water for irrigation by producing high quality recycled water. Recycled water can safely be used on freeway landscaping, street medians, golf courses, athletic fields, parks, playgrounds, schoolyards and multi-family residential common areas.

In addition to its wastewater responsibility, the District also teamed with Mountain View Sanitary District and other local governments to build and operate the first permanent Household Hazardous Waste (HHW) Collection Facility in Contra Costa County. The HHW Collection Facility is located adjacent to the District's wastewater treatment plant and seeks to keep pollutants out of the sewer system, making this facility an important part of our Pollution Prevention Program.

Organization, Accounting and Budgetary Controls

A 5-member Board of Directors governs the District. Board members are elected on a non-partisan basis and serve a four-year term. The Board appoints the General Manager, who in accordance with policies established by the Board of Directors, manages District affairs. The District employs 260 regular employees organized in four departments led by Department Directors responsible for their budgets and expenses. The four departments are: Administrative, Engineering, Operations, and Collection Systems.

The District uses an enterprise fund to account for the operations of the District, which is run in a manner similar to private industry. The District currently has one enterprise fund which is comprised of four internal sub-funds:

- **Running Expense** - accounts for the general operations of the District. Substantially all operating revenues and expenses are accounted for in this fund (also referred to as Operations & Maintenance or O&M).
- **Sewer Construction** - accounts for non-operating revenues that are to be used for acquisition or construction of plant, property, and equipment (also referred to as the Capital Fund).
- **Self-Insurance** - accounts for interest earnings on cash balances in this sub-fund and cash allocations from other funds, as well as costs of insurance premiums and claims not covered by the District's insurance policies.
- **Debt Service Fund** – accounts for activity associated with the payment of the District's long term bonds and loans.

Each year, the Board adopts the following six budgets: Staffing Plan, Capital Improvement, Operations and Maintenance, Equipment, Self-Insurance, and Debt-Service. The Board Finance Committee reviews disbursements prior to each Board meeting, and disbursements are then approved by the full Board. Monthly financial statements are issued to management and the Board. A detailed mid-year and annual budget analysis are prepared and presented to the Board. District management is accountable for variances and adhering to budget constraints. The District also has several documented financial policies that are reviewed and updated as appropriate.

ASSESSING THE DISTRICT'S ECONOMIC CONDITION

Local Economy and Outlook

The current situation and outlook for California are similar to the nation as a whole. It is expected that the national and state economic growth will remain sluggish. The key factors behind the economic slowdown in California are mainly due to its more cyclical real estate market, and the higher than average gasoline prices and consumption. In fact, the intensity of these negative forces have been even greater in California than in the rest of the country. Home prices have flattened out, and have been declining. It is anticipated that the effects of the housing downturn will slow real consumer spending growth, residential construction will fall, real business investment growth will slow, inflation will continue to subside, and that interest rates are projected to dip modestly.

In California, home sales and new construction activity fell by proportionally more than the rest of the nation, and the buildup of unsold home inventories suggests that further softness in building activity is in store. Of particular concern for a large portion of California homebuyers is the financial squeeze felt by recent home purchasers that have used variable rate loan financing. The use of nontraditional or "exotic" mortgages, many of which started with low initial payments, are now scheduled to adjust upward over the next few years. It is estimated that more than 50% of the homes purchased in California in recent years were financed with such nontraditional loans, roughly double the average for the rest of the nation. Of particular concern are unknown factors such as the duration of the market slump the duration of falling home prices. It is anticipated that these economic conditions and uncertainties will adversely impact the Districts' new permit and connection fees, property tax revenue, and interest income.

On a more positive note, the District has an excellent reputation in all areas of public service, which include finance, collection, treatment, training, safety, technology, capital projects, construction and customer service. The Central Contra Costa Sanitary District has balanced revenue sources, adequate reserves, and a low debt obligation, which will enable the District to meet the demands of future budgets. The District has the ability to increase its Sewer Service Charge rates when needed to make up revenue shortfalls.

Long Term Financial Planning

District management analyzes and updates their strategic plan annually, with the four main goals being: providing exceptional customer service, maintaining full regulatory compliance, maintaining responsible rates, and continuing to be a high performance organization. Strategies to achieve each of the goals are developed, as well as metrics to evaluate success.

The District performs a 10-year long-term cash flow forecast each year shortly before the budget process begins. The main economic factors usually considered in long range forecasting are: the impact of state legislation and mandates, regulatory compliance, GASB requirements, negotiated salary increases and employee benefits including significant increases in retirement and health care costs, energy costs and interpreting the energy market, and housing growth.

Major Initiatives

The District takes regulatory compliance seriously. Two of the areas the regulators are currently focusing on are sewer system overflows and mercury discharges to the San Francisco Bay. The focus of the District's capital investments has shifted in recent years from capacity improvements to renovation of our treatment plant, pumping stations and sewers to improve reliability, replace aging infrastructure and reduce overflows. In regards to mercury limits, regulators have recently approved a total maximum daily load (TMDL) that will set what will be the allowable mercury discharge to the San Francisco Bay. The TMDL will be used to calculate the allowable mercury to be discharged from each treatment plant, including our own, and may be significantly more restrictive than the current limit. The District has developed a two-pronged approach to addressing more restrictive mercury limits. First, we are focusing on controlling mercury at the source. In particular, the District will be implementing the mandatory installation of mercury amalgam separators in the dentist offices in our service area. Second, we are looking at ways to reduce the mercury contribution to our effluent from the air scrubber on our incinerator emissions. Both our renovation efforts and our effort to meet more restrictive mercury requirements will result in additional costs to the District.

The District has won Platinum and Gold awards from the National Association of Clean Water Agencies (NACWA) for nine straight years in recognition of 100% compliance with our National Pollutant Discharge Elimination System (NPDES) permit.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Central Contra Costa Sanitary District for its CAFR for the fiscal year ended June 30, 2006. This was the seventh consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual

financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

This report could not have been accomplished without the dedication and commitment provided by District staff. I would like to express my appreciation to the following employees who assisted in its preparation:

- The Finance and Accounting staff who compiled the information contained in this document with a special thanks to Thea Vassallo, Accountant, and Colette Curtis-Brown, Finance Administrator.
- The Reproduction and Graphics Team who creatively and professionally prepared this finished document.
- Engineering and Operations staff who provided much of the statistical information included in this document.
- The District's Board of Directors and Management Team for their support in preparing this document as well as their day-to-day support in conducting the financial operations of the District in a prudent and responsible manner.

Respectfully submitted,



Deborah Ratcliff
Controller

**CENTRAL CONTRA COSTA SANITARY DISTRICT
BOARD OF DIRECTORS
June 30, 2007**

James A. NejedlyPresident
Gerald R. Lucey.....President Pro-Tem
Barbara D. HockettMember
Michael R. McGill.....Member
Mario M. MenesiniMember



OUR MISSION

To protect the public health and the environment by:

- Collecting and treating wastewater
- Recycling high quality water
- Promoting pollution prevention



OUR VISION

Be a high performance organization that provides exceptional customer service and full regulatory compliance at responsible rates.

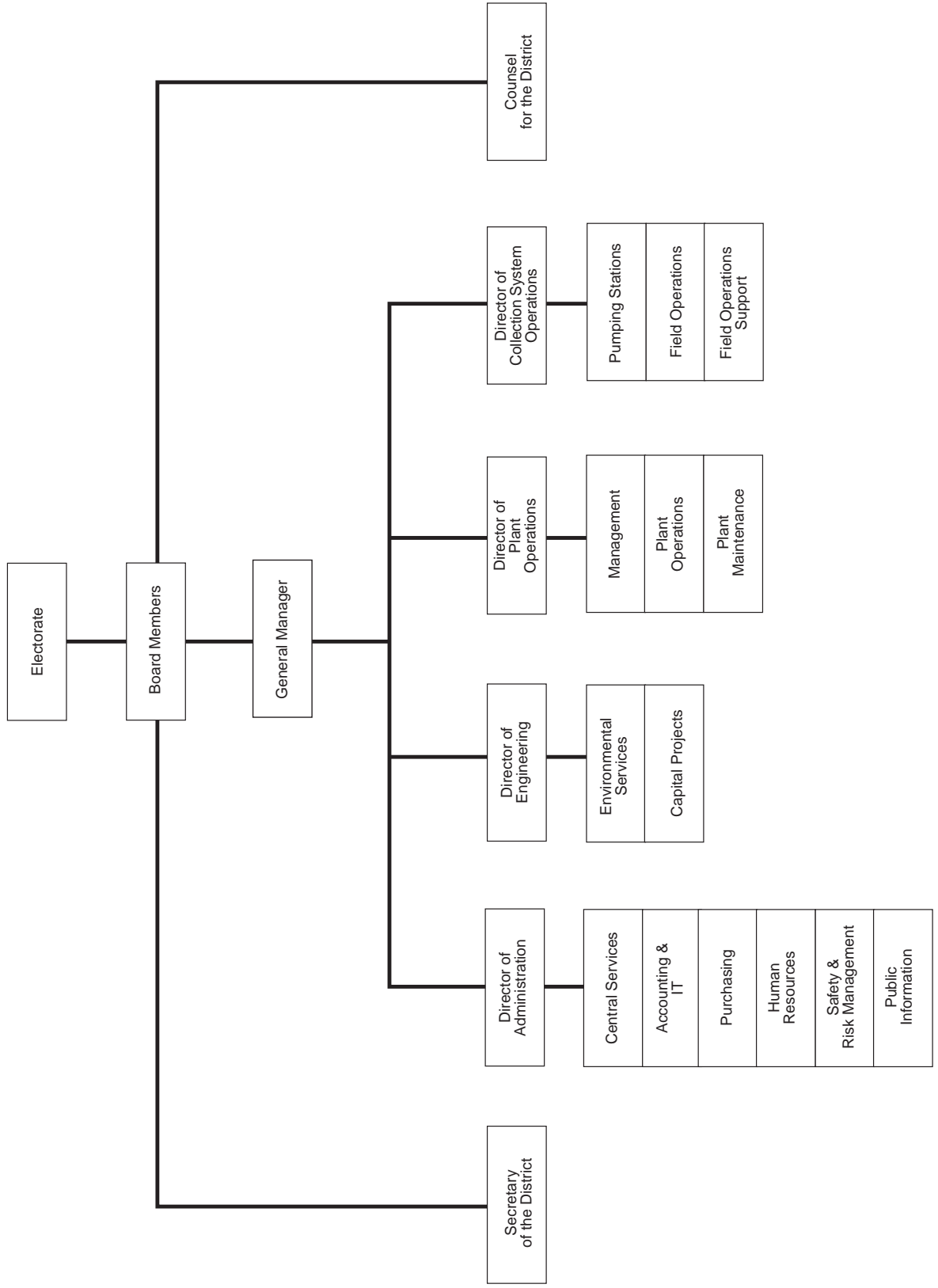


OUR VALUES

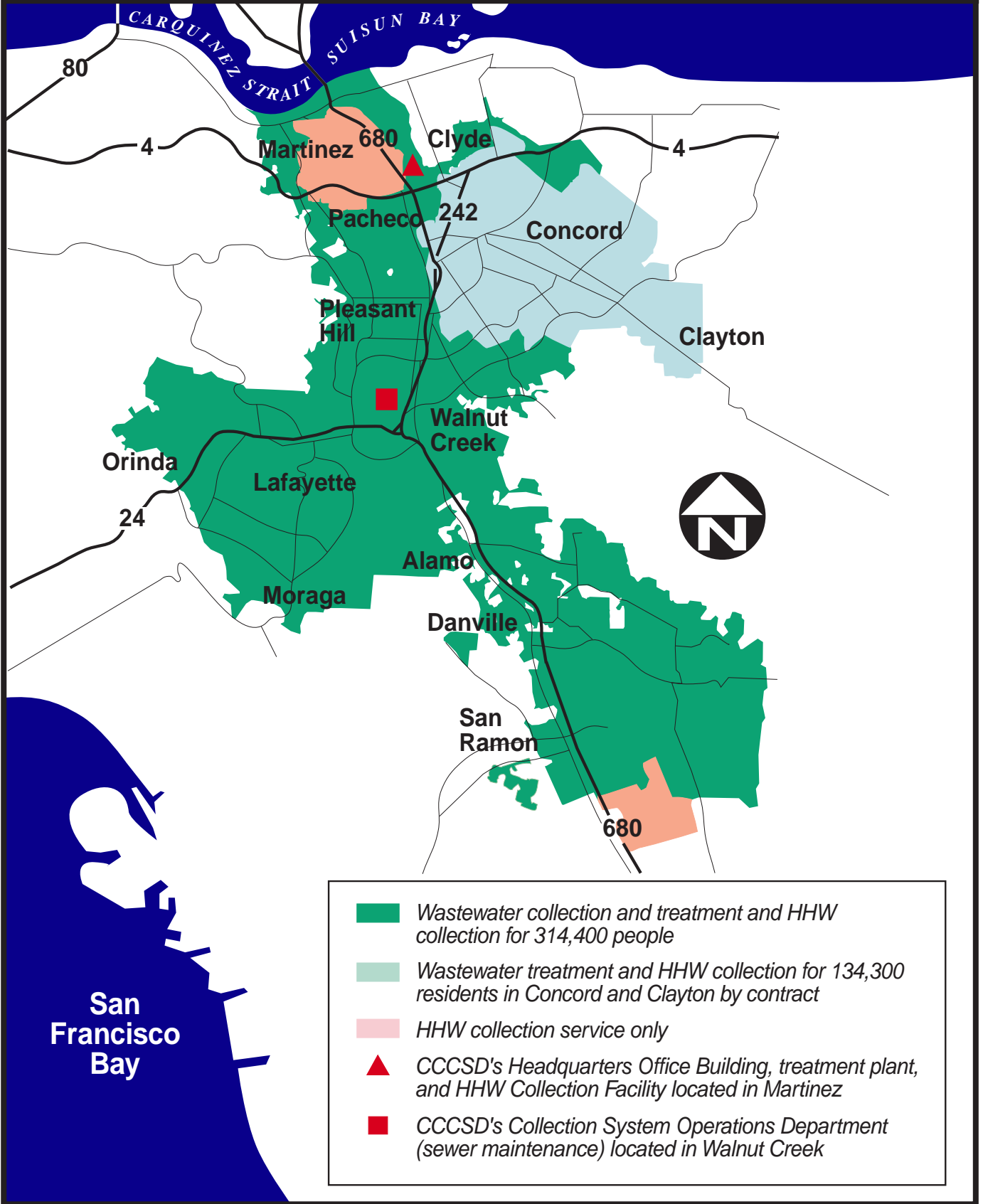
We will achieve our goals by valuing:

- Each other
- Ethics and integrity
- A healthy and safe environment
- Community relationships
- The meeting of commitments
- All aspects of diversity

CENTRAL CONTRA COSTA SANITARY DISTRICT
Organization Chart - Composite



Central Contra Costa Sanitary District
Map of Service Area
 June 30, 2007



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Central Contra Costa
Sanitary District, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

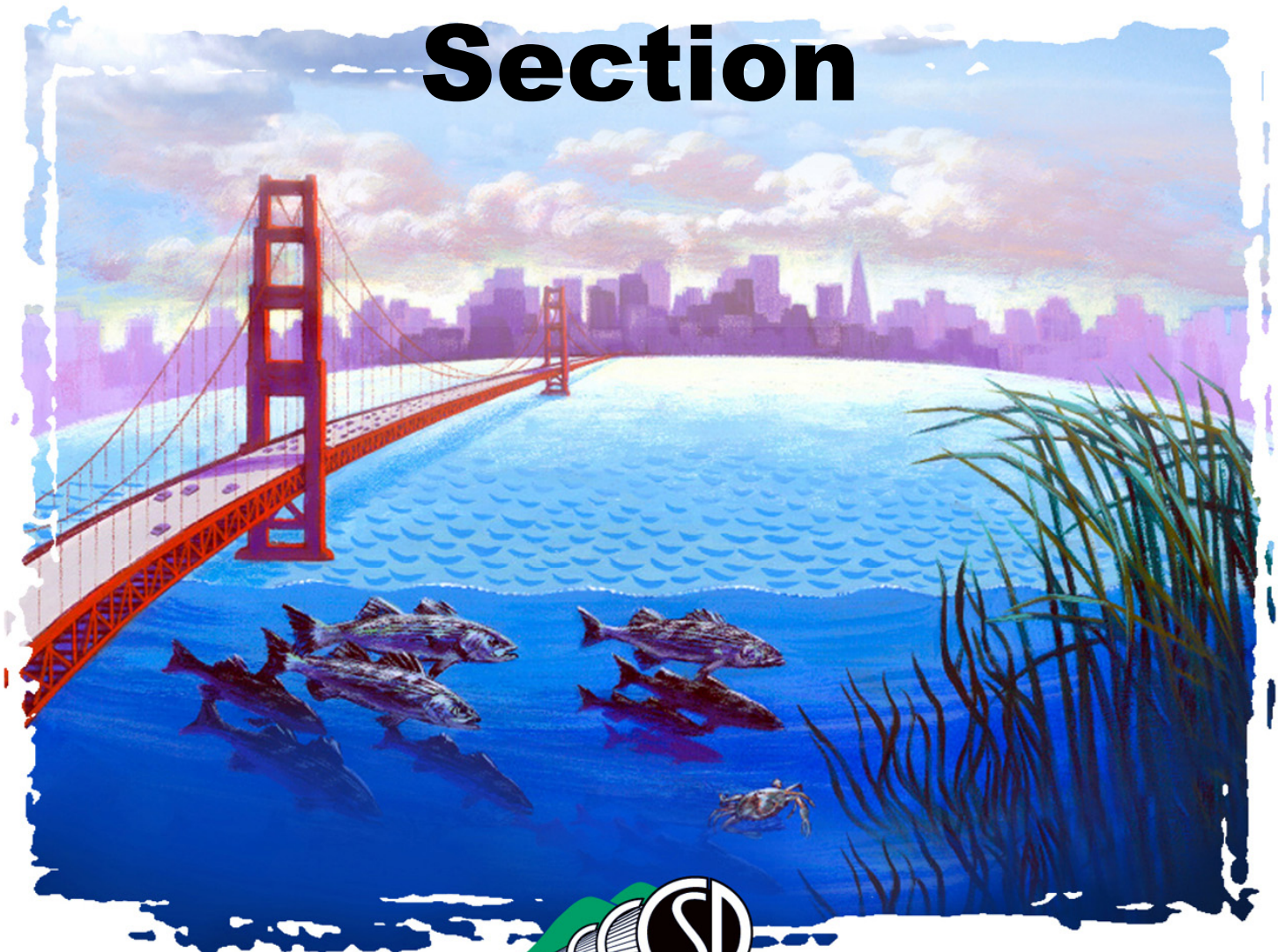


President

Executive Director

**Central Contra Costa Sanitary
District**

**Financial
Section**



Cropper Accountancy Corporation
Certified Public Accountants

2977 Ygnacio Valley Road, #460
Walnut Creek, California 94598
Tel: (925) 932-3860
Fax: (925) 932-3862

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Central Contra Costa Sanitary District
Martinez, California

We have audited the accompanying basic financial statements of the Central Contra Costa Sanitary District as of and for the year ended June 30, 2007, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Contra Costa Sanitary District as of June 30, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's office for special districts.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole.

The introductory and statistical sections, as listed in the table of contents, have not been audited by us and accordingly, we do not express an opinion on them.

Cropper Accountancy Corporation
CROPPER ACCOUNTANCY CORPORATION

September 25, 2007

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the District's annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2007. This information is presented in conjunction with the audited financial statements, which follow this report.

FINANCIAL HIGHLIGHTS

The District's 2006-07 financial highlights are listed below. These results are discussed in more detail later in the report.

- The District's total ending net assets increased by \$21.0 million or 3.73% in 2006-07 when compared to fiscal year 2005-06
- Total revenues were \$79.7 million in 2006-07 compared to \$66.8 million in 2005-06
- Total 2006-07 expenses were \$71.1 million compared to \$64.2 million in 2005-06
- Capital Contributions decreased from \$13.5 million in 2005-06 to \$12.4 million in 2006-07

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes the management's discussion and analysis report, the independent auditor's report and the basic financial statements of the District. The financial statements also include notes that explain information in the financial statements in more detail.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information utilizing methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

- **Statement of net assets** – reports the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations
- **Statement of revenues, expenses and changes in net assets** – reports the District's operating and non-operating revenues by major source along with operating and non-operating expenses and capital contributions
- **Statement of cash flows** – reports the District's cash flows from operating activities, investing, capital and noncapital financing activities

STATEMENT OF NET ASSETS

The following table shows the condensed statement of net assets of the Central Contra Costa Sanitary District for the past two years:

Condensed Statement of Net Assets	Fiscal Year 2006-2007	Fiscal Year 2005-2006	Dollar Change	Percent Change
Current Assets	\$ 80,148,191	\$ 82,856,308	\$ (2,708,117)	-3.27%
Capital Assets	543,622,261	518,189,113	25,433,148	4.91%
Other Non-current Assets	5,506,090	5,868,954	(362,864)	-6.18%
Total Assets	629,276,542	606,914,375	22,362,167	3.68%
Long-Term Debt	27,949,270	30,107,732	(2,158,462)	-7.17%
Other Liabilities	17,591,395	14,037,226	3,554,169	25.32%
Total Liabilities	45,540,665	44,144,958	1,395,707	3.16%
Invested in Capital Assets, Net of Related Debt	513,580,658	486,098,303	27,482,355	5.65%
Restricted - Debt Service	3,216,163	3,647,257	(431,094)	-11.82%
Unrestricted	66,939,056	73,023,857	(6,084,801)	-8.33%
Total Net Assets	\$ 583,735,877	\$ 562,769,417	\$ 20,966,460	3.73%

The total net assets of the District increased to \$583.7 million in 2006-07, a \$21.0 million increase from 2005-2006. The increase in net assets is the result of net income of \$8.5 million and capital contributions of \$12.4 million (shown in the next table).

By far the largest portion of the District's net assets (88 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and sewer line infrastructure), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its ratepayers; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. There is currently \$3.2 million restricted for debt service. The remaining balance of unrestricted net assets (\$67.0 million) may be used to meet the District's ongoing obligations to its ratepayers and creditors.

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REVIEW OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The following table shows the condensed statement of revenues, expenses, and changes in net assets for the Central Contra Costa Sanitary District:

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

	Fiscal Year 2006-2007	Fiscal Year 2005-2006	Dollar Change	Percent Change
Sewer Service Charges (SSC)	\$ 44,100,883	\$ 45,164,785	\$ (1,063,902)	-2.36%
Other Service Charges and misc.	1,657,238	1,273,568	383,670	30.13%
Total Operating Revenue	45,758,121	46,438,353	(680,232)	-1.46%
Customer Contributions (SSC)	15,945,915	9,862,620	6,083,295	61.68%
Property Tax	11,762,731	4,836,301	6,926,430	143.22%
Permit & Inspection Fees	1,615,308	2,062,216	(446,908)	-21.67%
All Other	4,574,156	3,562,386	1,011,770	28.40%
Total Non-Operating Revenues	33,898,110	20,323,523	13,574,587	66.79%
Total Revenues	79,656,231	66,761,876	12,894,355	19.31%
Total Labor and Benefits	34,678,665	29,875,340	4,803,325	16.08%
Chemicals & Utilities	7,024,986	6,024,001	1,000,985	16.62%
Repairs and Maintenance	3,254,643	2,881,978	372,665	12.93%
Professional, Legal and Outside Services	2,298,712	2,850,825	(552,113)	-19.37%
Materials & Supplies	1,734,504	1,622,865	111,639	6.88%
Hauling and Disposal	850,439	944,187	(93,748)	-9.93%
Self-Insurance Expense	519,284	879,513	(360,229)	-40.96%
All Other	1,444,082	1,080,946	363,136	33.59%
Depreciation Expense	17,714,714	16,354,488	1,360,226	8.32%
Total Operating Expenses	69,520,029	62,514,143	7,005,886	11.21%
Non-Operating Expense - Interest Expense	1,609,104	1,694,304	(85,200)	-5.03%
Total Expenses	71,129,133	64,208,447	6,920,686	10.78%
Income (Loss) Before Capital Contributions	8,527,098	2,553,429	5,973,669	233.95%
Contributed Sewer Lines	3,521,704	3,044,945	476,759	15.66%
Capital Contributions - Connection Fees	8,917,658	10,496,898	(1,579,240)	-15.04%
Total Capital Contributions	12,439,362	13,541,843	(1,102,481)	-8.14%
Change in Net Assets	20,966,460	16,095,272	4,871,188	30.26%
Beginning Net Assets	562,769,417	546,674,145	16,095,272	2.94%
Ending Net Assets	\$ 583,735,877	\$ 562,769,417	\$ 20,966,460	3.73%

In 2006-07, operating revenues decreased by \$0.7 million or -1.46%; non-operating revenue increased by \$13.6 million or 66.79%. The change in total revenue resulted in an increase of \$12.9 million or 19.31%. The SSC rate increased in 2006-07 by 3%, and the Sewer Service allocation between operating and non-operating revenue changed in 2006-07, reflecting a \$2.7 million decrease in SSC Operating Revenue and the \$5.0 million increase in non-operating revenue. Also, billings to the City of Concord included in the SSC category increased by \$2.7 million based on the city's share of higher treatment plant operations and maintenance costs and capital project expenditures. Property Tax revenue increased by \$6.9 million due to the curtailment of property tax diversion from local governments to the State (see "Economic and Other Factors" section of this report), and a larger, growing tax base. In 2006-07, there were additional interest earnings of almost \$0.8 million recorded in all other operating income mainly due to rising interest rates.

In 2006-07, operating expenses increased by \$7.0 million or 11.21%. This is mainly due to increases in total labor, chemical and utility costs, and depreciation expense. The District booked the first annual GASB 45 liability accrual in the amount of \$3.2 million, which is included in employee benefits. Depreciation expense increased by \$1.4 million reflecting increased capital additions. Non-Operating Income, which is made up of debt service interest expense decreased slightly. Total 2006-07 income before capital contributions increased from \$2.6 million in 2005-06 compared to \$8.5 million in 2006-07 for a net increase of \$6.0 million or 233.95%.

Capital contributions in 2006-07 were \$12.4 million compared to \$13.5 million in 2005-2006, resulting in a decrease of \$1.1 million or -8.14%. This was mainly due to less sewer connections as interest rates rose and housing construction slowed. The total change in net assets increased from \$16.1 million in 2005-06 to \$21.0 million in 2006-07.

CAPITAL ASSETS

As of June 30, 2007, the District's investment in capital assets totaled \$543.6 million, which is an increase of \$25.4 million or 4.91% over the capital asset balance of \$518.2 million at June 30, 2006. Capital assets include all of the District's major infrastructure including wastewater treatment facilities, sewers, land, buildings, pumping stations, vehicles, and furniture and equipment exceeding our capitalization policy limit of \$5,000, net of depreciation. A comparison of the District's capital assets over the past two fiscal years is presented below:

Capital Assets	Fiscal Year 2006-2007	Fiscal Year 2005-2006	Dollar Change	Percent Change
Land	\$ 17,114,720	\$ 17,114,720	\$ -	0.00%
Sewage Collection System	226,796,748	211,857,529	14,939,219	7.05%
Contributed Sewer Lines	144,151,897	140,630,193	3,521,704	2.50%
Outfall Sewers	8,518,443	8,518,443	-	0.00%
Sewage Treatment Plant	255,008,296	250,565,090	4,443,206	1.77%
Recycled Water Infrastructure	11,726,507	9,537,794	2,188,713	22.95%
Pumping Stations	50,082,876	48,413,678	1,669,198	3.45%
Buildings	19,537,601	13,624,912	5,912,689	43.40%
Furniture & Equipment	12,951,529	15,129,348	(2,177,819)	-14.39%
Motor Vehicles	4,575,910	4,436,224	139,686	3.15%
Construction In Progress	24,536,196	17,392,102	7,144,094	41.08%
Subtotal	775,000,723	737,220,033	37,780,690	5.12%
Less Accumulated Depreciation	231,378,462	219,030,920	12,347,542	5.64%
Total Capital Assets (net of depreciation)	\$ 543,622,261	\$ 518,189,113	\$ 25,433,148	4.91%

The major reasons for the increase of \$25.4 million in capital assets, net of depreciation, are:

- Sewer pipe ongoing renovations and contributed sewer lines (\$18.5 million)
- Construction In Progress increased by \$7.1 million due to increased project activity
- Building improvements, renovations and replacements (\$5.9 million)
- Treatment plant infrastructure renovations, upgrades, equipment, and improvements (\$4.4 million)
- Recycled Water Infrastructure and Pumping Station improvements/additions (\$3.9 million)

- These increases are offset by booking disposals of Furniture and Equipment due to an extensive review of assets (-\$2.2 million) and an increase in accumulated depreciation due to our increasing capital asset value and its associated depreciation expense (-\$12.3 million)

See Note #4 in the audited financial statements.

DEBT ADMINISTRATION

The District has the following outstanding debt as of June 30, 2007:

1998 Revenue Refunding Bonds	\$	13,700,020
2002 Revenue Bonds		14,830,000
Water Reclamation Loan Contract		1,770,340
	\$	<u>30,300,361</u>

See Note #6 in the audited financial statements.

ECONOMIC AND OTHER FACTORS

Changes in the state budget have an impact on the District. In the 2004-05 fiscal year, the California budget deficit was remedied by shifting local funds to the state. A shift of \$5.7 million in property tax revenue was made from the District to the state. This tax-shift carried over into the 2005-06 fiscal year. The tax shift ended in the 2006-07 fiscal year, resulting in additional tax revenue of \$6.9 million. Regulatory requirements are also becoming more stringent, causing the District to spend more on compliance, both for operations and maintenance costs and capital projects. In addition to making efforts to reduce spending, the District has the ability to raise the Sewer Service Charge to meet our long-term commitments.

FINANCIAL CONTACT

The financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact: Controller, Central Contra Costa Sanitary District, 5019 Imhoff Place, Martinez, CA 94553.

CENTRAL CONTRA COSTA SANITARY DISTRICT

Statement of Net Assets

June 30, 2007

ASSETS

Current Assets

Cash and investments available for operations	\$ 63,865,052
Accounts receivable	13,907,341
Interest receivable	61,207
Parts and supplies	1,543,018
Prepaid expenses	771,573
Total Current Assets	80,148,191

Noncurrent Assets

Restricted cash and investments	3,569,117
Land, property, plant and equipment, net of accumulated depreciation	519,086,064
Construction in progress	24,536,197
Contractual assessment district receivable	1,678,216
Revenue bond issuance costs, net of amortization	258,757
Total Noncurrent Assets	549,128,351

Total Assets	629,276,542
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LIABILITIES

Current Liabilities

Accounts payable and accrued expenses	5,143,848
Interest payable	440,824
Current portion of refunding revenue bonds	2,210,000
Current portion of water reclamation loan contract	141,090
Liability for uninsured claims	629,820
Other postemployment benefits	3,157,887
Accrued compensated absences	5,312,645
Refundable deposits	555,281
Total Current Liabilities	17,591,395

Noncurrent Liabilities

Revenue bonds, net of current portion	26,320,020
Water reclamation loan contract, net of current portion	1,629,250
Total Noncurrent Liabilities	27,949,270

Total Liabilities	45,540,665
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NET ASSETS

Invested in capital assets, net of related debt	513,580,658
Restricted for debt service	3,216,163
Unrestricted	66,939,056
Total Net Assets	\$ 583,735,877

The accompanying notes are an integral part of the financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
Statement of Revenues, Expenses, and Changes in Net Assets
June 30, 2007

OPERATING REVENUE	
Sewer service charges (SSC)	\$ 35,057,668
Service charges - City of Concord	9,043,215
Other service charges	793,395
Miscellaneous charges	863,843
Total operating revenue	45,758,121
 OPERATING EXPENSES	
Sewage collection and pumping stations	10,332,732
Sewage treatment	21,438,368
Engineering	5,472,707
Administrative and general	14,561,508
Depreciation	17,714,714
Total operating expenses	69,520,029
 OPERATING LOSS	 (23,761,908)
 NON-OPERATING REVENUES (EXPENSES)	
Taxes	11,762,731
City of Concord cash contributions to capital costs	3,435,512
Customer cash contributions to capital cost (SSC)	12,510,403
Permit and inspection fees	1,615,308
Interest earnings	3,257,773
Interest expense	(1,609,104)
Other income (expense)	1,316,383
Total non-operating revenues (expenses)	32,289,006
Income before contributions and transfers	8,527,098
Contributed sewer lines	3,521,704
Capital contributions - connection fees	8,917,658
 CHANGE IN NET ASSETS	 20,966,460
Total Net Assets - Beginning	562,769,417
Total Net Assets - Ending	\$ 583,735,877

The accompanying notes are an integral part of the financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
Statement of Cash Flows
June 30, 2007

Cash Flows From Operating Activities:	
Receipts from customers and users	\$ 41,606,988
Payments to suppliers	(11,878,232)
Payments to employees	(34,004,606)
Net cash provided by (used in) operating activities	<u>(4,275,850)</u>
Cash Flows From Noncapital Financing Activities:	
Receipt of taxes	11,762,731
Other income	2,931,692
Net cash provided by (used in) non capital and related financing activities	<u>14,694,423</u>
Cash Flows From Capital And Related Financing Activities:	
Capital contributions	15,945,915
Connection fees	8,917,658
Acquisition and construction of capital assets	(39,768,810)
Principal paid on bonds	(2,079,887)
Interest paid on bonds	(1,793,559)
Net cash provided by (used in) capital and related financing activities	<u>(18,778,683)</u>
Cash Flows From Investing Activities	
Interest received	<u>3,961,292</u>
Net decrease in cash and cash equivalents	(4,398,818)
Cash and cash equivalents, July 1	<u>71,832,987</u>
Cash and Cash equivalents, June 30	<u>\$ 67,434,169</u>
Reconciliation of operating loss to net cash provided (used) by operating activities	
Operating gain (loss)	(23,761,908)
Adjustment to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	17,714,714
Net book value on capital assets retired	142,652
(Increase) decrease in:	
Accounts receivable	(2,493,895)
Parts and supplies	19,001
Prepaid expenses	443,538
Increase (decrease) in:	
Accounts payable and accrued expenses	428,269
Refundable deposits	(38,935)
Other postemployment benefits	3,157,887
Accrued compensated absences	112,827
Net cash provided by (used in) operating activities	<u>\$ (4,275,850)</u>
Noncash investing, capital, and financing activities	
Contributions of capital assets	<u>\$ 3,521,704</u>
End of Period:	
Unrestricted cash and equivalents	\$ 63,865,052
Restricted cash and equivalents	3,569,117
	<u>\$ 67,434,169</u>

The accompanying notes are an integral part of the financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Central Contra Costa Sanitary District, a special district and a public entity established under the Sanitary District Act of 1923, provides sewer service for the incorporated and unincorporated areas under its jurisdiction. A Board of Directors comprised of five elected members governs the District.

As required by accounting principles generally accepted in the United States of America, these basic financial statements present Central Contra Costa Sanitary District and its component unit. The component unit discussed in the following paragraph is blended in the District's reporting entity because of the significance of its operational or financial relationship with the District.

Blended Component Unit – Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit discussed below is reported in the District's financial statements because of the significance of its relationship with the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the Governing Board of the component unit is essentially the same as of governing board of the District and because its purpose is to finance facilities to be used for the direct benefit of the District. The *Central Contra Costa Sanitary District Facilities Financing Authority* was organized solely for the purpose of providing financial assistance to the District by acquiring, constructing, improving and financing various facilities, land and equipment purchases, and by leasing or selling certain facilities, land and equipment for the use, benefit and enjoyment of the public served by the District. The Corporation has no members and the Board of Directors of the Corporation consist of the same persons who are serving as the Board of Directors of the District. There are no separate basic financial statements prepared for the Corporation.

Basis of Accounting

The District's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America as promulgated by the Government Accounting Standards Board (GASB). In addition, the District applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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

CENTRAL CONTRA COSTA SANITARY DISTRICT

Notes to Financial Statements

Year Ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for services. Operating expenses for the District include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

For internal operating purposes, the District's Board of Directors has established four separate sub-funds, each of which includes a separate self-balancing set of accounts and a separate Board approved budget for revenues and expenses. These sub-funds are combined into the single enterprise fund presented in the accompanying financial statements. The nature and purpose of these sub-funds are as follows:

Running Expense

Running expense accounts for the general operations of the District. Substantially all operating revenues and expenses are accounted for in this sub-fund.

Sewer Construction

Sewer construction accounts for non-operating revenues, which are to be used for acquisition or construction of plant, property and equipment.

Self Insurance

Self insurance accounts for interest earnings on cash balances in this sub-fund and cash allocations from other sub-funds, as well as for costs of insurance premiums and claims not covered by the District's insurance coverage.

Debt Service

Debt service accounts for activity associated with the payment of the District's long term bonds and loans.

That portion of the District's net assets which is allocable to each of these sub-funds has been shown separately in the accompanying financial statements.

The District's Board of Directors adopts annual budgets on a basis consistent with accounting principles generally accepted in the United States of America.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments held at June 30, 2007, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Parts and Supplies

Parts and supplies are valued at average cost and are used primarily for internal purposes.

Property, Plant, and Equipment

Purchased capital assets are stated at historical cost. Capital assets contributed to the District are stated at estimated fair value at the time of contribution. The capitalization threshold for capital assets is \$5,000. Expenditures, which materially increase the value or life of a capital assets are capitalized and depreciated over the remaining useful life of the asset.

Depreciation of exhaustible capital assets has been provided using the straight-line method as follows:

	<u>Years</u>
Sewage Collection Facilities	75
Sewage Treatment Plant and Pumping Plants	40
Buildings	50
Furniture and Equipment	5 – 15
Motor Vehicles	6 - 15

Defined Contribution Retirement Plans

District employees may defer a portion of their compensation under a District sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them; distributions may be made only at termination, retirement, death, or in an emergency as defined by the Plan. The District does not make contributions to the plan.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Defined Contribution Retirement Plans (continued)

On August 20, 1997, the provisions of the Internal Revenue Code covering section 457 were amended to require existing plans to establish trusts for assets of plans so that they would not be subject to the right of general creditors. The District amended its plan during the fiscal year ended June 30, 1999 to meet this requirement. Consequently, at June 30, 2007, the plans assets are held in trust for the exclusive benefit of the participants and are not included in the District's financial statements.

The District also contributes to a money purchase plan created in accordance with Internal Revenue Code section 401(a). Contributions to the plan are made in accordance with a memorandum of understanding stating that in lieu of making payments to Social Security, the District contributes to the 401 (a) Plan an amount equal to that which would have been contributed to Social Security on behalf of its employees as long as the District is not required to participate in Social Security. The assets are held in trust and are not recorded on the books of the District. The District contributed \$1,365,544 to the plan during the year ended June 30, 2007.

Property Taxes

Property tax revenue is recognized in the fiscal year for which the tax is levied. The County of Contra Costa levies, bills and collects property taxes for the District; all material amounts are collected by June 30.

General County taxes collected are the same as the amount levied since the County participates in California's alternative method of apportionment called the Teeter Plan. The Teeter Plan as provided in Section 4701 at seq. of the State of Revenue and Taxation Code establishes a mechanism for the county to advance the full amount of property tax and other levies to taxing agencies based on the tax levy, rather than on the basis of actual tax collections. Although this system is a simpler method to administer, the County assumes the risk of delinquencies. The County in return retains the penalties and accrued interest thereon.

Secured Property tax bills are mailed once a year during the month of October on the current secured tax roll, to the owner of the property as of the lien date (January 1). Payments can be made in two installments, and are due on November 1 and February 1. Delinquent accounts are assessed a penalty of 10 percent. Accounts, which remain unpaid on June 30, are charged an additional 1 ½ percent per month. Unsecured property tax is due on July 1 and becomes delinquent on August 31. The penalty percentage rates are the same as secured property tax.

Compensated Absences

The liability for vested vacation, compensatory time, and sick pay is recorded as an expense when earned. District employees have a vested interest in 100 percent of accrued vacation time and 85 percent of accrued sick time for employees hired before May 1, 1985. Employees hired after May 1, 1985 have a vested interest in up to 40 percent of their sick time, based upon length of employment with the District.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Statement of Cash Flows

For purposes of the statement of cash flows, all highly liquid investments, including restricted assets, with maturities of three months or less when purchased, are considered to be cash equivalents. Included therein are petty cash, bank accounts, and the State of California Local Agency Investment Fund (LAIF). Restricted assets are debt service amounts maintained by fiduciaries and not available for general expenses.

Use of Estimates

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

New Accounting Pronouncements

In July 2004, GASB issued GASBS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement requires local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers.

Current financial reporting practices for OPEB are generally based on pay-as-you-go financing approaches. Current financial reporting practices fail to measure or recognize the cost of OPEB during the periods when employees render the services, or to provide relevant information about OPEB obligations and the extent to which progress is being made in funding those obligations.

The District is required to implement the provisions of this Statement for the fiscal year ended June 30, 2009 (effective for fiscal years beginning after December 31, 2007). See note 10 for additional information.

In December 2004, GASB issued GASBS No. 46, *Net Assets Restricted by Enabling Legislation*. This Statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government—such as citizens, public interest groups, or the judiciary—can compel a government to honor. The Statement states that the legal enforceability of an enabling legislation restriction should be reevaluated if any of the resources raised by the enabling legislation are used for a purpose not specified by the enabling legislation or if a government has other cause for reconsideration. Although the determination that a particular restriction is not legally enforceable, it

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

1. Description of District and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

may cause a government to review the enforceability of other restrictions, it should not necessarily lead a government to the same conclusion for all enabling legislation restrictions.

This Statement also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Finally, this Statement requires governments to disclose the portion of total net assets that is restricted by enabling legislation. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2005 (fiscal 2006). The District has implemented this statement with no significant impact on the financial statements.

In June 2005, the GASB issued GASBS No. 47, *Accounting for Termination Benefits*. GASBS No. 47 addresses accounting for both voluntary and involuntary termination benefits. For termination benefits that affect an employer's obligations for defined OPEB, the provisions of GASBS No. 47 should be applied simultaneously with the requirements of GASBS No. 45 [GASBS No. 45 is effective in three phases, with implementation required for Phase 1 governments in periods beginning after December 15, 2006.] For all other termination benefits, including those that affect an employer's obligations for defined benefit pension benefits, GASBS No.47 is effective for financial statements for periods beginning after June 15, 2005 (fiscal 2006). The District has implemented this statement with no significant impact to the financial statements.

In September of 2006, GASB issued GASBS No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The District is required to implement the provisions of this statement for the fiscal year ended June 30, 2008 (effective for periods beginning after December 15, 2006). We do not expect this statement to have a material effect on the financial statements of the District.

In November of 2006, GASB issued GASBS No. 49, *Accounting and Financial Reporting Pollution Remediation Obligations*. The District is required to implement the provisions of this Statement for the fiscal year ended June 30, 2009 (effective for periods beginning after December 15, 2007). This standard addresses current or potential detrimental effects of *existing* pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution *prevention* or *control* obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as a landfill closure. This statement may have a material effect on the financial statements of the District.

In May of 2007, GASB issued GASBS No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*. The District is required to implement the provisions of this Statement for the fiscal year ended June 30, 2008 (effective for periods beginning after June 15, 2007). This Statement aligns more closely the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) be pension plans and by employers that provide pension benefits.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

1. Description of District and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

The reporting changes required by the Statement amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. We do not expect this statement to have a material effect on the financial statements of the District.

In June of 2007, GASB issued GASBS No. 51, *Accounting and Financial Reporting for Intangible Assets*. The District is required to implement the provisions of this Statement for the fiscal year ended June 30, 2010 (effective for periods beginning after June 15, 2009; for governments classified as phase 2 under GASBS No. 34, retroactive reporting is required for intangible assets acquired in fiscal years ended after June 30, 1980). This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, patents, trademarks, and computer software. Intangible assets, and more specifically easements, are referred to in the description of capital assets in Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This reference has created questions as to whether and when intangible assets should be considered capital assets for financial reporting purposes. The implementation of the provisions of this standard may have a material effect on the financial statements of the District.

2. CASH AND CASH EQUIVALENTS

Summary of Investments

Investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Cash and investments available for operations	\$ 63,865,052
Restricted cash and investments	<u>3,569,117</u>
Total Deposits and Investments	<u>\$ 67,434,169</u>

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

2. CASH AND CASH EQUIVALENTS (continued)

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	1 year	None	None
Banker's Acceptance	1 year (2)	40%	15%
Commercial Paper (1)	1 year (2)	25%	15%
Collateralized Certificates of Deposit	1 year (2)	30%	15%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

(1) Prime quality; limited to corporations with assets over \$500,000,000

(2) Prior approval of the Board of Directors must be obtained to acquire maturities beyond one year

Authorized Under Debt Agreements

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Federal Securities	None	None	None
Direct or indirect obligations of the following agencies of the USA:	None	None	None
Export-Import Bank	None	None	None
Farmers Home Administration	None	None	None
Participation Certificates issued by the General Services Administration	None	None	None
Mortgage-backed bonds or pass-through obligations issued by GNMA, FNMA, FHLMC, or FHA	None	None	None
Project notes issued by the US Department of HUD	None	None	None
Public housing notes and bonds guaranteed by the USA	None	None	None
Certificates of Deposit (fully insured by FDIC)	None	None	None
Commercial Paper – US Corporations (1)	180 Days	None	None
Bankers acceptances (1)	270 Days	None	None
State Investment Pool (LAIF)	None	None	None
Money Market Funds (1)	None	None	None

(1) Rated highest short-term rating by S&P and Moody's

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

2. CASH AND CASH EQUIVALENTS (continued)

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. The District manages exposure to interest rate risk 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 evenly over time 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 fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Fair Value	Maturity
U.S. Treasuries	\$ 4,940,661	September 27, 2007
Commercial Paper	20,373,359	July to December 2007
Cash	2,351,032	N/A
Treasuries	3,569,117	N/A
State Investment Pool (LAIF)	36,200,000	N/A
Total	\$ 67,434,169	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating by the California Government Code, the Districts' investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Fair Value	Minimum Legal Rating	Not Required To Be Rated	Rating as of Year End		
				AAA	A	Unrated
U.S. Treasuries	\$ 4,940,661	N/A	\$ 4,940,661	-	-	-
Commercial Paper	20,373,359	A	-	-	20,373,359	-
Cash	2,351,032	A	2,351,032	-	-	-
Treasuries	3,569,117	A	-	3,569,117	-	-
State Investment Pool	36,200,000	N/A	-	-	-	36,200,000
Total	67,434,169		7,291,693	3,569,117	20,373,359	36,200,000

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

2. CASH AND CASH EQUIVALENTS (continued)

Concentration of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code (see General Authorizations above)

Investments in any one issuer (other than the United States Treasuries, mutual funds, and external investment pools) that represent five percent (5%) or more of the total investments are as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>Reported Amount</u>
Commercial Paper	UBS Finance	\$7,073,359
Commercial Paper	Toyota Motor Credit	6,300,000
Commercial Paper	GE Capital	4,700,000

Investments in County Treasury – The District is considered to be a voluntary participant in an external investment pool. The fair value of the District’s investment in the pool is reported in the accounting financial statements at amounts based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Investment in the 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 the pool is reported in the accompanying financial statement 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 is recorded on the amortized costs basis.

Custodial Credit Risk – Investments

Custodial risk for investments is the risk that, in the event of the failure of the counterparty (e.g. the broker-dealer) to a transaction, a government 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 does not contain legal or policy requirements that would limit the exposure to custodial credit risk. The District’s policy is to use the services of the Treasurer’s Office of the County of Contra Costa, which will transact the District’s investment decisions in compliance with the requirements of the District’s policy. The County Treasurer’s Office will execute the District’s investments through such brokers, dealers, and financial institutions as are approved by the County Treasurer, and through the State Treasurer’s Office for investment in the Local Agency Investment Fund.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

3. ACCOUNTS RECEIVABLE

At June 30, 2007, accounts receivable are comprised of the following:

City of Concord (see Note 8)	\$ 12,719,908
Household Hazardous Waste Partners	553,023
All other	546,539
	<hr/>
	13,819,470
Debt Service Interest Receivable	87,871
	<hr/>
Total accounts receivable	<u>\$ 13,907,341</u>

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CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

4. PROPERTY, PLANT AND EQUIPMENT, AND CONSTRUCTION IN PROGRESS

Property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2007:

	Balance Beginning of Year	Additions	Retirements	Transfer from CIP	Balance End of Year
At Cost					
Capital assets not being depreciated					
Land	\$ 17,114,720	\$ -	\$ -	\$ -	\$ 17,114,720
Construction in progress	17,392,102	39,474,139	-	(32,330,045)	24,536,196
Total nondepreciated assets	<u>34,506,822</u>	<u>39,474,139</u>	<u>-</u>	<u>(32,330,045)</u>	<u>41,650,916</u>
Capital assets being depreciated					
Sewage collection system	211,857,529	-	(851,000)	15,790,219	226,796,748
Contributed sewer lines	140,630,193	3,521,704	-	-	144,151,897
Outfall sewers	8,518,443	-	-	-	8,518,443
Sewage treatment plant	250,565,090	-	(380,000)	4,823,206	255,008,296
Recycled water infrastructure	9,537,794	-	-	2,188,713	11,726,507
Pumping stations	48,413,678	-	(10,000)	1,679,198	50,082,876
Buildings	13,624,912	-	(585,000)	6,497,689	19,537,601
Furniture and equipment	15,129,348	-	(3,528,839)	1,351,020	12,951,529
Motor vehicles	4,436,224	294,671	(154,985)	-	4,575,910
Total depreciated assets	<u>702,713,211</u>	<u>3,816,375</u>	<u>(5,509,824)</u>	<u>32,330,045</u>	<u>733,349,807</u>
Less accumulated depreciation					
Sewage system and lines	68,986,902	4,977,366	(851,000)	-	73,113,268
Sewage treatment plant	119,365,289	8,631,476	(380,000)	-	127,616,765
Recycled water infrastructure	2,656,081	431,829	-	-	3,087,910
Pumping stations	9,964,982	2,063,901	(10,000)	-	12,018,883
Buildings	4,810,828	472,026	(585,000)	-	4,697,854
Furniture and equipment	10,357,487	766,063	(3,386,186)	-	7,737,364
Motor vehicles	2,889,350	372,053	(154,985)	-	3,106,418
Total accumulated depreciation	<u>219,030,919</u>	<u>17,714,714</u>	<u>(5,367,171)</u>	<u>-</u>	<u>231,378,462</u>
Total capital assets being depreciated, net	<u>483,682,292</u>	<u>(13,898,339)</u>	<u>(142,653)</u>	<u>32,330,045</u>	<u>501,971,345</u>
Capital assets, net	<u>\$ 518,189,114</u>	<u>\$ 25,575,800</u>	<u>\$ (142,653)</u>	<u>\$ -</u>	<u>\$ 543,622,261</u>

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

5. CONTRACTUAL ASSESSMENT DISTRICTS

The District established the Contractual Assessment District (CAD) program to help homeowners finance the cost of connecting to the District. The construction costs associated with the project within the program are capitalized and depreciated. Individual homeowners are assessed an amount equal to their share of the construction costs and connection fee. The assessments plus interest are generally payable over 10 years. At year-end, the receivable balance was \$1,678,216.

6. LONG-TERM DEBT

Revenue Bonds – 2002

In May 2002, the District issued \$16,565,000 of Revenue Installment Certificates for Wastewater Facilities Improvements, with interest rates ranging from 4.0 to 5.0%. The bonds are secured by a pledge of revenue. Principal payments are due annually on September 1, commencing in fiscal year 2005, and interest is payable semi-annually on September 1 and March 1 of each year.

Refunding Revenue Bonds – 1998

In September 1998, the District issued \$25,335,000 of Refunding Revenue Bonds with interest rates ranging from 3.5 and 4.7%. The Bonds are secured by a pledge of revenue. Principal payments are due annually on September 1, and interest is payable semi-annually on September 1 and March 1.

The District issued the 1998 Refunding Revenue Bonds to advance refund the 1994 Revenue Installment Certificates, which had interest rates of 5.25 to 6.25%. The net proceeds were deposited in an escrow fund to service and redeem the 1994 debt. As a result, the advance refunding met the requirements of an in-substance debt defeasance, and the outstanding balance of the 1994 debt was removed from the District's accounts.

The excess of the amount required to be deposited into the escrow fund over the net carrying amount of the 1994 debt resulted in a deferred loss. The deferred loss is reported as reduction of the new debt and is being amortized over the 15-year term of the new debt.

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	<u>Balance</u> <u>July 1, 2006</u>	<u>Deferred</u> <u>Cost</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Due in</u> <u>One Year</u>
General obligation bonds	\$30,472,392	\$ 192,628	\$2,135,000	\$28,530,020	\$2,210,000
Water Reclamation Loan	<u>1,907,855</u>	<u>-</u>	<u>137,515</u>	<u>1,770,340</u>	<u>141,090</u>
	<u>\$32,380,247</u>	<u>\$ 192,628</u>	<u>\$ 2,272,515</u>	<u>\$ 30,300,360</u>	<u>\$ 2,351,090</u>

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

6. LONG-TERM DEBT (continued)

Debt Service Requirements

The 2002 and 1998 Revenue Bonds debt service requirements are as follows:

Fiscal Year Ending June 30, 2007	2002 Debt Service Requirement	1998 Debt Service Requirement	Total
2008	\$ 1,270,961	\$ 2,217,310	\$ 3,488,271
2009	1,271,061	2,216,178	3,487,239
2010	1,265,261	2,216,478	3,481,739
2011	1,263,561	2,222,341	3,485,902
2012 – 2016	6,331,070	8,874,672	15,205,742
2017 – 2021	6,339,822	-	6,339,822
2022 – 2024	3,811,500	-	3,811,500
Total	21,553,236	17,746,979	39,300,215
Amount representing interest	(6,723,236)	(2,826,979)	(9,550,215)
Principal outstanding	14,830,000	14,920,000	29,750,000
Less: Unamortized deferred loss on refunding year end	-	(1,219,980)	(1,219,980)
Less: Current portion of revenue bonds	14,830,000	13,700,020	28,530,020
Long-term portion of revenue bonds	(610,000)	(1,600,000)	(2,210,000)
	<u>\$ 14,220,000</u>	<u>\$ 12,100,020</u>	<u>\$ 26,320,020</u>

Water Reclamation Loan Contract

The District has entered into a contract with the State of California State Water Resources Control Board (the Board), where the Board advanced to the District \$2,916,872 for design and construction costs for projects related to recycled water treatment programs.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

6. LONG-TERM DEBT (continued)

Water Reclamation Loan Contract (continued)

The District must repay advances from the Board over a 20-year period beginning March 31, 1999, with an interest rate of 2.6%. Debt service requirements are as follows:

Years	Debt Service Requirements
2008	\$ 187,119
2009	187,119
2010	187,119
2011	187,119
2012 – 2016	935,596
2017 - 2018	374,240
Total	2,058,312
Amount representing interest	(287,972)
	1,770,340
Less: Current portion of Water Reclamation Loan Contract	(141,090)
	\$ 1,629,250

Local Improvement District Bonds

Within the District's boundaries, there exist several Improvement Districts, which were formed for the sole purpose of financing sewer system improvements. The District has no oversight responsibility for these Districts and is not liable for repayment of any bonds issued to finance these local improvement districts. Contra Costa County acts as the agent for the property owners in these districts in collecting assessments, forwarding collections to bondholders, and initiating foreclosure procedures, if appropriate. The outstanding balance on these bonds was \$135,000 at June 30, 2007.

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 disaster. The District joined with other entities to form the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool currently operating as a common risk management and insurance program for the member entities. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost. Through CSRMA, the District purchases property insurance and workers' compensation insurance.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

7. RISK MANAGEMENT (continued)

Insurance Coverage

The District's insurance coverage is as follows:

Type of Insurance Coverage	Insurer	Limits	Self Insured Deductible Per Occurrence
All-Risk Property			
Fire	Public Entity Property Insurance Program (PEPIP)	\$ 488,258,480	\$ 250,000
Boiler & Machinery (Shared Limits per Occurrence)	PEPIP	\$ 100,000,000	\$ 250,000
Liability			
Errors and Omissions	Insurance Company of the State of Pennsylvania (AIG)	\$ 10,000,000	\$ 500,000
Employment Practices Liability	AIG	\$ 10,000,000	\$ 1,000,000
Employment Practices Liability	Admiral Insurance Company	\$ 1,000,000	\$ 15,000
General Liability	AIG	\$ 10,000,000	\$ 500,000
Auto Liability	AIG	\$ 10,000,000	\$ 500,000
Pollution (General Aggregate) General Liability (Occurrence)	American International Specialty Lines Insurance Co.	\$ 5,000,000	\$ 5,000
Pollution (Legal Liability Aggregate) (Claims Made)	American International Specialty Lines Insurance Co	\$ 10,000,000	\$ 50,000
Workers' Compensation	CSRMA	\$ 750,000	-
Excess Workers' Compensation	National Union Fire Insurance Company	\$ 50,000,000	\$ 750,000
Fiduciary Liability	Nation Union Fire Ins. Com	\$ 1,000,000	\$ 5,000

Liability for Uninsured Claims

The Governmental Accounting Standards Board (GASB) requires state and local governments to record their liability for uninsured claims in their financial statements.

The District's uninsured claims activity and exposure relates primarily to its general and automobile liability program. The District records its estimated liability for uninsured claims in this area based on the results of periodic actuarial evaluations. The actuarial evaluations are typically performed every two years. For intervening years, the liability for uninsured claims is reviewed for adequacy based on claims activity during the intervening period.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

7. RISK MANAGEMENT (continued)

Liability for Uninsured Claims (continued)

For the fiscal year ended June 30, 2007, 2006, and 2005, settlements have not exceeded insurance coverage. Changes in the District's estimated liability for uninsured claims for fiscal years 2007, 2006, and 2005 are summarized as follows:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Beginning balance	\$ 881,500	\$ 881,500	\$ 437,360
Provisions for claims incurred in the current year and changes in the liability for uninsured – claims incurred in prior years	(208,667)	198,292	551,188
Claims and claim adjustment expenses paid	<u>(43,013)</u>	<u>(198,292)</u>	<u>(107,048)</u>
Ending balance	<u>\$ 629,820</u>	<u>\$ 881,500</u>	<u>\$ 881,500</u>

8. AGREEMENT WITH THE CITY OF CONCORD

In 1974, the District and the City of Concord (the City) entered into a cost-sharing agreement under which the District became responsible for providing sewage treatment facilities and services to the City. Under this agreement, the City pays a service charge for its share of operating, maintenance and administrative costs and makes a contribution for its share of facilities capital costs expended. Service charges and contributions to capital costs from the City totaled \$9,043,215 and \$3,676,693 respectively, for the year ended June 30, 2007.

The District had the opportunity to make an unexpected capital purchase of real property adjacent to its existing treatment plant. The City of Concord's share according to the terms of the above agreement is \$905,255. Because the purchase was unexpected, the District agreed to accept four equal annual payments beginning July 1, 2004, and thereafter annually on July 1. The interest shall accrue at 2.06% on a declining balance basis and each installment payment will be in the amount of \$246,000. At the end of June 30, 2007, interest of \$5,027 has accrued for a total receivable balance of \$246,699.

9. PENSION PLAN

Plan Description

Substantially, all District full-time employees are required to participate in the Contra Costa County Employees' Retirement Association (CCCERA), a cost-sharing multiple-employer public employee deferred benefit retirement plan (Plan), governed by the County Employee's Retirement Law of 1937, as amended. The latest available actuarial and financial information for the Plan is for the year ended December 31, 2006. The Contra Costa Employees' Retirement Association issues a

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

9. PENSION PLAN (continued)

Plan Description (continued)

publicly available financial report that includes financial statements and supplemental information of the Plan. That report is available by writing to Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA 94520-5728 or calling (925) 646-5741.

The Plan provides for retirement, disability, and death and survivor benefits. Annual cost of living (COL) adjustments to retirement allowances can be granted by the Retirement Board as provided by State statutes. Service retirements are based on age, length of service and final average salary. Subject to vested status, employees can withdraw contributions plus interest credited, or leave them as a deferred retirement when they terminate, or transfer to a reciprocal retirement system.

Plan Contribution Requirement

The Plan requires employees to pay one-half of the basic retirement benefit and one-half future COL costs. However, the District has paid the employee's basic contributions in accordance with the MOU. The contribution requirement and payment from the District for the plan year ended June 30, 2007 and 2006 was as follows:

	2007	2006
Covered payroll for fiscal years ended June 30	\$ 21,504,951	\$ 20,687,905
Employer contributions to pension	8,045,860	7,202,912
Employee contributions to pension	861,387	811,220
Total Contributions	\$ 8,907,247	\$ 8,014,132

These contributions represented approximately 41% and 39% of covered payroll for the fiscal years ended June 30, 2007 and 2006, respectively, and were equal to the District's required contributions and the employee's basic contributions for each year.

The actuarial valuation required by the Contra Costa County Employee Retirement Association has been prepared as of December 31, 2006 for the Plan's risk pool. The following information is disclosed to comply with Governmental Accounting Standards Board Statement 27 for cost sharing multi-employer defined benefit plans.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

9. PENSION PLAN (continued)

Valuation Date	December 31, 2006
Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	16 Years declining for UAAL
Asset Valuation Method	Market value of assets less unrecognized returns in each of the last nine semi-annual accounting periods. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized semi-annually over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves and designations

Actuarial Assumptions:

Investment Rate of Return	7.80%
Projected Salary Increase	General: 5% to 11.75% (including COL, merit & longevity increases)
Inflation	3.75
Payroll Growth	4.25

Plan Membership:

Retired members and beneficiaries receiving benefits	6,646
Terminated members entitled to but not yet receiving benefits	1,919
Active members	9,210
Total	<u>17,775</u>

The schedule of *aggregate* Funding Progress below shows the recent history of the Risk Pool's actuarial value of assets, accrued liability, their relationship, and the relationship of the unfunded liability (UL) to payroll. The Schedule is for information purposes only, and includes all employers in the risk pool.

Risk Pool History of Funded Status and Funding Progress (Aggregate)

Valuation Date	Accrued Liabilities	Actuarial Assets	Unfunded Liabilities (UL)	Funded Ratio	Annual Covered Payroll	UL as of Payroll
June 30, 2004	\$ 4,481,242,899	\$ 3,673,858,074	\$ 807,384,825	81.98%	\$ 619,132,218	130.41%
June 30, 2005	\$ 4,792,428,024	\$ 4,062,057,143	\$ 730,370,881	84.76%	\$ 627,546,408	116.39%
June 30, 2006	\$ 5,293,977,010	\$ 4,460,871,033	\$ 833,105,977	84.26%	\$ 653,953,163	127.40%

The *aggregate* unfunded liability increased from 730 to 833 million in 2006. The increase is mainly due to changes in economic and non-economic assumptions, offset by lower than expected salary increases and an actuarial value that exceeded 7.90% assumed in the previous changes.

The schedule of employer required and actual Plan *aggregate* contributions for 2006, 2005, and 2004 were \$179,755,315, \$147,165,108 and \$118,245,418, respectively or 100%, of which CCCSD's portion represents approximately .05%, or less than 1%.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Year Ended June 30, 2007

10. POST EMPLOYMENT HEALTH CARE BENEFITS

The District provides certain health care and life insurance benefits for retired employees. These benefits are provided for in negotiated employment agreements, commonly referred to as Memorandums of Understanding, which cover substantially all employees who reach normal retirement age while working for the District. These benefits, and similar benefits for active employees, are provided through a health maintenance organization and an insurance company whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing those benefits by expensing the annual insurance premiums, which were \$1,842,113 for the 180 eligible retirees for the year ended June 30, 2007.

The Government Accounting Standards Board (GASB) published Statement 45 in 2004 with an effective date of fiscal year ending June 30, 2009 for the District. Statement 45 requires a minimum expense called the Annual Required Contribution (ARC) equal to the actuarial normal cost plus amortization of the Unfunded Actuarial Accrued Liability (UAAL) over 30 years (or less) as a level percentage of increasing payroll.

An actuarial study was performed by the District as of June 30, 2005 and is currently being updated. The 2005 study estimated the Accumulated Postretirement Benefit Obligation (APBO) at June 30, 2006 to be approximately \$53,390,573 (based on a 5% discount rate); however, the Expected Postretirement Benefit obligation (EPBO) is estimated to be closer to \$65,291,269. The funding estimate would include a service cost and amortization of the unfunded APBO of approximately \$4,871,551 over a 30 year period.

In the Current year, the District set aside \$3,157,887 to comply with the new accounting standard. The District is required to implement GASB 45 by June 30, 2009.

11. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse effect on the financial position of the District.

Claims and losses are recorded when they are reasonably probable of being incurred and the amount is estimable. Insurance proceeds and settlements are recorded when received.

The District has purchase commitments relating to construction projects at June 30, 2007 of \$17,900,282.

SUPPLEMENTARY

CENTRAL CONTRA COSTA SANITARY DISTRICT

**COMBINING SCHEDULE OF STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007**

	<u>Running Expense</u>	<u>Sewer Contribution</u>	<u>Self Insurance</u>	<u>Debt Service</u>	<u>Elimination</u>	<u>Total</u>
ASSETS						
Current Assets						
Cash and investments available for operations	1,254,436	59,273,499	3,337,117	-	-	63,865,052
Accounts receivable	9,988,996	3,830,475	-	87,870	-	13,907,341
Interest receivable	-	61,207	-	-	-	61,207
Due from other sub-funds	91,419,265	79,131,432	744,441	37,193,392	(208,488,530)	-
Parts and supplies	1,543,018	-	-	-	-	1,543,018
Prepaid expenses	771,573	-	-	-	-	771,573
Total Current Assets	<u>104,977,288</u>	<u>142,296,613</u>	<u>4,081,558</u>	<u>37,281,262</u>	<u>(208,488,530)</u>	<u>80,148,191</u>
Noncurrent Assets						
Restricted cash and investments	-	-	-	3,569,117	-	3,569,117
Land, property, plant and equipment, net of accumulative depreciation	519,086,064	-	-	-	-	519,086,064
Construction in progress	24,536,197	-	-	-	-	24,536,197
Contractual assessment district receivable	-	1,678,216	-	-	-	1,678,216
Revenue bond issuance costs net of amortization	-	-	-	258,757	-	258,757
	<u>648,599,549</u>	<u>143,974,829</u>	<u>4,081,558</u>	<u>41,109,136</u>	<u>(208,488,530)</u>	<u>629,276,542</u>
LIABILITIES						
Current Liabilities						
Accounts payable and accrued expenses	3,050,540	2,089,695	3,613	-	-	5,143,848
Due to other sub-funds	97,936,907	99,483,522	700,149	10,367,952	(208,488,530)	-
Interest payable	-	-	-	440,824	-	440,824
Current portion of refunding water revenue bonds	-	-	-	2,210,000	-	2,210,000
Current portion of water reclamation loan contract	-	-	-	141,090	-	141,090
Liability for uninsured claims	-	-	629,820	-	-	629,820
OPEB employee benefits	3,157,887	-	-	-	-	3,157,887
Accrued compensation absences	5,312,645	-	-	-	-	5,312,645
Refundable deposits	141,700	413,581	-	-	-	555,281
Total Current Liabilities	<u>109,599,679</u>	<u>101,986,798</u>	<u>1,333,582</u>	<u>13,159,866</u>	<u>(208,488,530)</u>	<u>17,591,395</u>
NONCURRENT LIABILITIES						
Revenue bonds, net of current portion	-	-	-	26,320,020	-	26,320,020
Water reclamation loan contract net of current portion	-	-	-	1,629,250	-	1,629,250
Total Liabilities	<u>109,599,679</u>	<u>101,986,798</u>	<u>1,333,582</u>	<u>41,109,136</u>	<u>(208,488,530)</u>	<u>45,540,665</u>
NET ASSETS						
Invested in capital assets, net of related debt	543,622,261	-	-	(30,041,603)	-	513,580,658
Restricted for debt service	-	-	-	3,216,163	-	3,216,163
Unrestricted	(4,622,391)	41,988,031	2,747,976	26,825,440	-	66,939,056
Total Net Assets	<u>\$ 538,999,870</u>	<u>\$ 41,988,031</u>	<u>\$ 2,747,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 583,735,877</u>

The accompanying notes are an integral part of the financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT

**COMBINING SCHEDULE OF STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007**

	Running Expense	Sewer Contribution	Self Insurance	Debt Service	Elimination	Total
Operating Revenues						
Sewer Service Charges (SSC)	\$ 35,057,668	\$ -	\$ -	\$ -	\$ -	\$ 35,057,668
Service charges - City of Concord	9,043,215	-	-	-	-	9,043,215
Other service charges	793,395	-	-	-	-	793,395
Miscellaneous charges	612,164	-	251,679	-	-	863,843
Total operating revenues	45,506,442	-	251,679	-	-	45,758,121
Operating Expenses						
Sewage collection and pumping stations	10,332,732	-	-	-	-	10,332,732
Sewage treatment	21,438,368	-	-	-	-	21,438,368
Engineering	5,472,707	-	-	-	-	5,472,707
Administrative and general	14,742,224	-	519,284	-	(700,000)	14,561,508
Depreciation	17,714,714	-	-	-	-	17,714,714
Total operating expenses	69,700,745	-	519,284	-	(700,000)	69,520,029
Operating Loss	(24,194,303)	-	(267,605)	-	700,000	(23,761,908)
Non-Operating Revenues (Expenses):						
Taxes	-	8,110,935	-	3,651,796	-	11,762,731
City of Concord cash contributions to capital costs	-	3,435,512	-	-	-	3,435,512
Customer cash contributions to capital cost (SSC)	-	12,510,403	-	-	-	12,510,403
Permit and inspection fees	1,250,753	364,555	-	-	-	1,615,308
Interest earnings	860,141	2,005,180	162,629	229,823	-	3,257,773
Interest expense	-	-	-	(1,609,104)	-	(1,609,104)
Other income (expense)	346,237	970,146	700,000	-	(700,000)	1,316,383
Total non-operating revenues (expenses)	2,457,131	27,396,731	862,629	2,272,515	(700,000)	32,289,006
Income (loss) before contributions and transfers	(21,737,172)	27,396,731	595,024	2,272,515	-	8,527,098
Contributed sewer lines	3,521,704	-	-	-	-	3,521,704
Capital contributions - connection fees	-	8,917,658	-	-	-	8,917,658
Transfers	39,522,516	(37,250,001)	-	(2,272,515)	-	-
Change in Net Assets	21,307,048	(935,612)	595,024	-	-	20,966,460
Total Net Assets - Beginning	517,692,822	42,923,643	2,152,952	-	-	562,769,417
Total Net Assets - Ending	\$ 538,999,870	\$ 41,988,031	\$ 2,747,976	\$ -	\$ -	\$ 583,735,877

The accompanying notes are an integral part of the financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
Schedule of Running Expenses
Comparison of Budget and Actual Expenses by Department
June 30, 2007

	Sewage Collection	Pumping Stations	Sewage Treatment Plant	Engineering	Administrative and General	Total	Budget	Variance Favorable (Unfavorable)
Salaries and Wages	\$ 3,855,896	\$ 837,460	\$ 7,190,802	\$ 4,268,419	3,746,722	\$ 19,899,299	\$ 21,087,172	\$ 1,187,873
Employee Benefits	2,384,552	508,518	4,443,571	2,503,781	7,884,909	17,725,331	17,886,385	161,054
Directors' Fees and Expense	-	-	-	-	54,883	54,883	58,200	3,317
Chemicals	-	232,234	998,625	-	-	1,230,859	1,181,000	(49,859)
Professional and Legal Services	6,008	-	35,865	115,659	348,679	506,211	506,600	389
Outside Services	106,312	32,229	376,283	436,793	840,884	1,792,501	2,205,670	413,169
Hauling and Disposal	57,953	6,236	332,465	453,785	-	850,439	1,058,360	207,921
Repairs and Maintenance	726,439	178,219	1,879,011	67,330	403,644	3,254,643	3,060,071	(194,572)
Materials and Supplies	685,347	49,798	645,289	179,443	174,627	1,734,504	1,691,855	(42,649)
Utilities	89,504	446,213	5,083,862	51,598	122,950	5,794,127	5,836,960	42,833
Other	146,509	21,359	625,234	131,171	1,164,926	2,089,199	2,597,825	508,626
Less Capitalized Overhead and Benefits	(25,023)	(13,031)	(172,639)	(2,735,272)	-	(2,945,965)	(2,962,742)	(16,777)
	<u>8,033,497</u>	<u>2,299,235</u>	<u>21,438,368</u>	<u>5,472,707</u>	<u>\$ 14,742,224</u>	<u>\$ 51,986,031</u>	<u>\$ 54,207,356</u>	<u>\$ 2,221,325</u>

The accompanying notes are an integral part of the financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
Running Expense
Schedule of Supplemental Net Assets Analysis
June 30, 2007

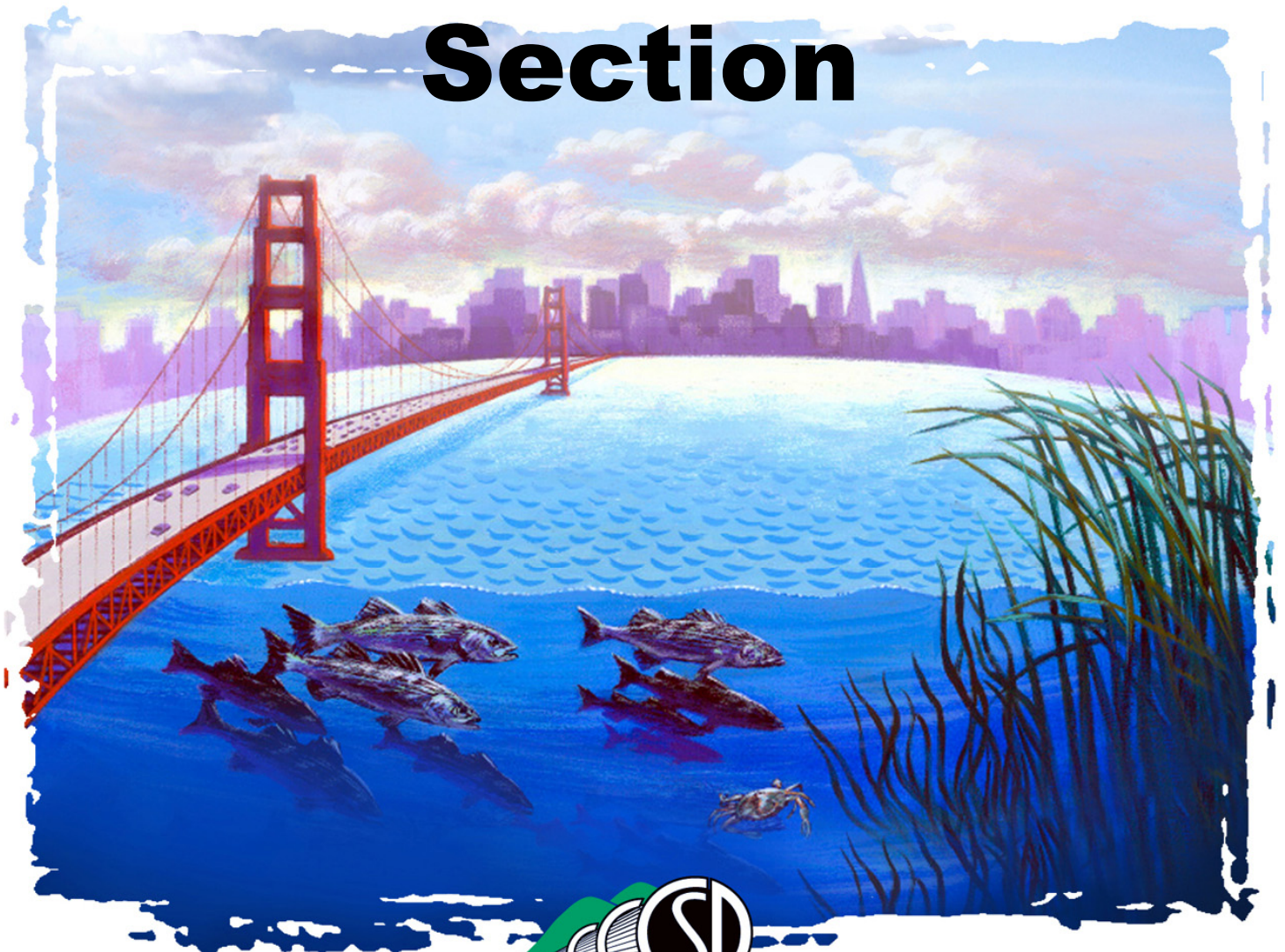
Prior Year Balance		\$ 13,790,205
2006 - 2007 Revenue	\$ 47,963,573	
2006 - 2007 Expense	(69,700,745)	
Add Back Depreciation Expense	<u>17,714,714</u>	<u>(4,022,458)</u>
Net Assets Attributed to General Operations		9,767,747
All Other Net Assets		<u>529,232,123</u>
Running Expense Net Assets		<u><u>\$ 538,999,870</u></u>

The accompanying notes are an integral part of the financial statements

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**Central Contra Costa Sanitary
District**

**Statistical
Section**



**Central Contra Costa Sanitary District
Statistical Section
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These schedules contain trend information to help the reader understand how the District's financial performance has changed over time.

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

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

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in the 2002-2003 fiscal year; schedules presented include information beginning in that year.

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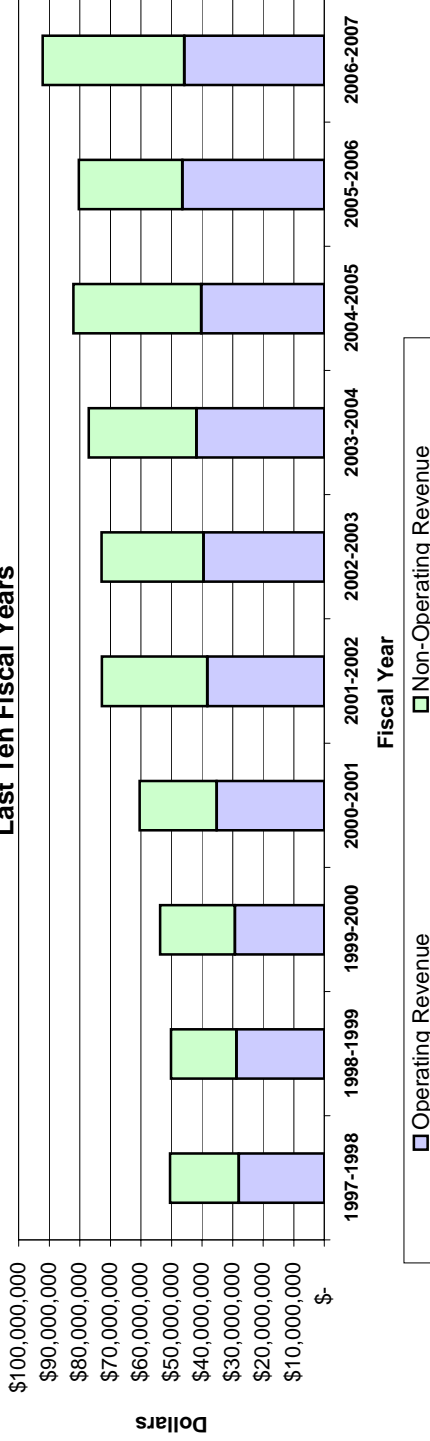
**Central Contra Costa Sanitary District
Changes in Net Assets and Statement of Net Assets
Last Five Fiscal Years**

	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Changes in Net Assets					
Operating Revenues:					
Sewer Service Charges (SSC)	\$ 35,057,668	\$ 37,781,774	\$ 32,282,806	\$ 33,935,899	\$ 31,967,101
City of Concord	9,043,215	7,383,011	6,603,000	6,609,602	6,321,452
Other Service Charges	793,395	755,827	672,887	648,617	633,037
Miscellaneous Charges	863,843	517,741	612,851	560,454	506,812
Total Operating Revenue	<u>45,758,121</u>	<u>46,438,353</u>	<u>40,171,544</u>	<u>41,754,572</u>	<u>39,428,402</u>
Operating Expenses:					
Salaries & Benefits	34,678,665	29,875,340	27,989,401	28,095,636	24,919,820
Chemicals, Utilities & Supplies	8,759,490	7,646,866	6,801,750	5,808,070	5,735,379
Professional & Outside Services	2,298,712	2,850,825	2,350,387	2,282,408	2,084,830
Hauling, Disposal, Repairs & Maintenance	4,105,082	3,826,165	3,716,176	3,871,749	3,557,171
Self-Insurance (net of transfers)	(180,716)	629,513	1,189,693	464,702	407,007
Depreciation	17,714,714	16,354,488	16,041,555	15,186,594	14,527,871
All Other	2,144,082	1,330,946	1,437,272	1,267,809	1,243,345
Total Operating Expenses	<u>69,520,029</u>	<u>62,514,143</u>	<u>59,526,234</u>	<u>56,976,968</u>	<u>52,475,423</u>
Operating Loss	<u>(23,761,908)</u>	<u>(16,075,790)</u>	<u>(19,354,690)</u>	<u>(15,222,396)</u>	<u>(13,047,021)</u>
Non-Operating Revenues (Expenses):					
Property Taxes	11,762,731	4,836,301	4,010,380	8,919,327	8,801,230
Customer Contributions	15,945,915	9,862,620	14,716,585	10,187,725	7,833,641
Connection & Other Fees	1,615,308	2,062,216	4,265,620	2,936,298	1,479,870
Interest Income	3,257,773	2,465,985	1,519,192	831,215	925,509
Interest Expense	(1,609,104)	(1,694,304)	(1,775,857)	(1,101,115)	(1,153,349)
All Other	1,316,383	1,096,401	1,109,716	1,467,877	1,076,654
Total Non-Operating	<u>32,289,006</u>	<u>18,629,219</u>	<u>23,845,636</u>	<u>23,241,327</u>	<u>18,963,555</u>
Income Before Contributions and Transfers	8,527,098	2,553,429	4,490,946	8,018,931	5,916,534
Contributed Sewer Lines	3,521,704	3,044,945	5,530,848	4,410,808	7,818,537
Capital Contributions - Connection Fees	8,917,658	10,496,898	10,728,717	6,585,984	5,530,064
CHANGE IN NET ASSETS	20,966,460	16,095,272	20,750,511	19,015,723	19,265,135
Total Net Assets - Beginning	562,769,417	546,674,145	525,923,634	506,907,911	487,642,776
Total Net Assets - Ending	<u>583,735,877</u>	<u>562,769,417</u>	<u>546,674,145</u>	<u>525,923,634</u>	<u>506,907,911</u>
Statement of Net Assets					
Investments in Capital Assets, Net of Related Debt	\$ 513,580,658	\$ 486,098,303	\$ 469,375,715	\$ 453,251,761	\$ 443,350,151
Restricted for Debt Service	3,216,163	3,647,257	3,118,704	3,035,944	4,484,542
Unrestricted	66,939,056	73,023,857	74,179,726	69,635,929	59,073,218
Total Net Assets	<u>583,735,877</u>	<u>562,769,417</u>	<u>546,674,145</u>	<u>525,923,634</u>	<u>506,907,911</u>

The District implemented GASB 34 in the 2002-2003 fiscal year, one year earlier than required.

Source: Central Contra Costa Sanitary District Audited Financial Statements

Central Contra Costa Sanitary District Revenue By Type Last Ten Fiscal Years



Fiscal Year	Operating Revenue				Total Operating
	Sewer Service Charges*	City of Concord	Other Service Charges	Miscellaneous Charges	
1997-1998	\$ 22,474,802	4,693,646	547,682	202,239	\$ 27,918,369
1998-1999	23,063,532	4,786,407	661,168	229,851	28,740,958
1999-2000	23,165,616	5,342,002	446,168	309,535	29,263,321
2000-2001	27,613,157	6,610,774	601,270	345,295	35,170,496
2001-2002	31,228,855	5,897,008	617,768	508,916	38,252,547
2002-2003	31,967,101	6,321,452	633,037	506,812	39,428,402
2003-2004	33,935,899	6,609,602	648,617	560,454	41,754,572
2004-2005	32,282,806	6,603,000	672,887	612,851	40,171,544
2005-2006	37,781,774	7,383,011	755,827	517,741	46,438,353
2006-2007	35,057,668	9,043,215	793,395	863,843	45,758,121

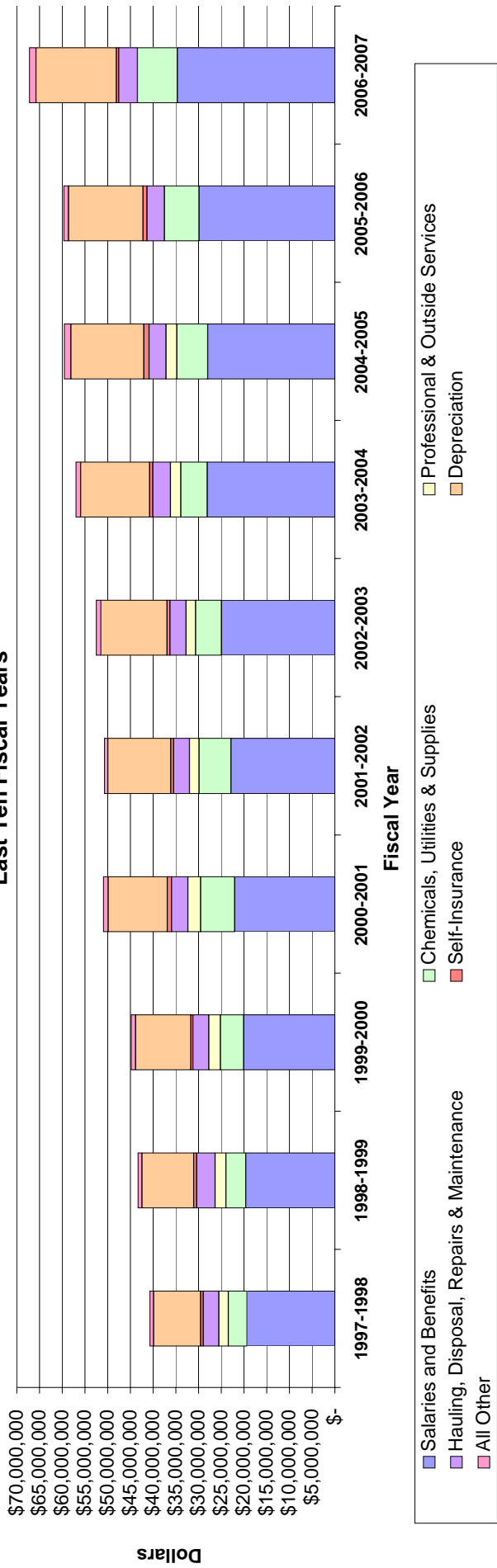
Fiscal Year	Non-Operating Revenue					Total Non-Operating
	Property Taxes	Customer Contributions *1	Connection & Other Fees	Interest	All Other	
1997-1998	\$ 5,693,740	7,284,034	4,314,339	3,702,313	1,552,362	\$ 22,546,788
1998-1999	6,169,390	6,556,005	5,415,272	3,127,827	158,844	21,427,338
1999-2000	6,684,949	8,733,886	5,786,188	2,921,648	330,623	24,457,294
2000-2001	7,238,662	9,636,912	5,004,261	2,979,749	408,120	25,267,704
2001-2002	7,551,581	19,006,658	5,385,527	1,498,751	1,032,527	34,475,044
2002-2003	8,801,230	15,652,178	7,009,934	925,509	1,076,654	33,465,505
2003-2004	8,919,327	14,598,533	9,522,282	831,215	1,467,877	35,339,234
2004-2005	4,010,380	20,247,433	14,994,337	1,519,192	1,109,716	41,881,058
2005-2006	4,836,301	12,907,565	12,559,114	2,465,985	1,096,401	33,865,366
2006-2007	11,762,731	19,467,619	10,532,966	3,257,773	1,316,383	46,337,472

* Sewer Service Charge (SSC) represents the Running Expense Fund portion of SSC County collections along with District direct billings and counter collections.

*1 Customer Contributions also include the portion of SSC that is allocated to Sewer Construction Fund and City of Concord reimbursement of capital costs.

Beginning in 2000-2001, due to changes in GASB 33 reporting requirements developer contributed sewer lines are also included.

**Central Contra Costa Sanitary District
Operating Expenses by Type
Last Ten Fiscal Years**



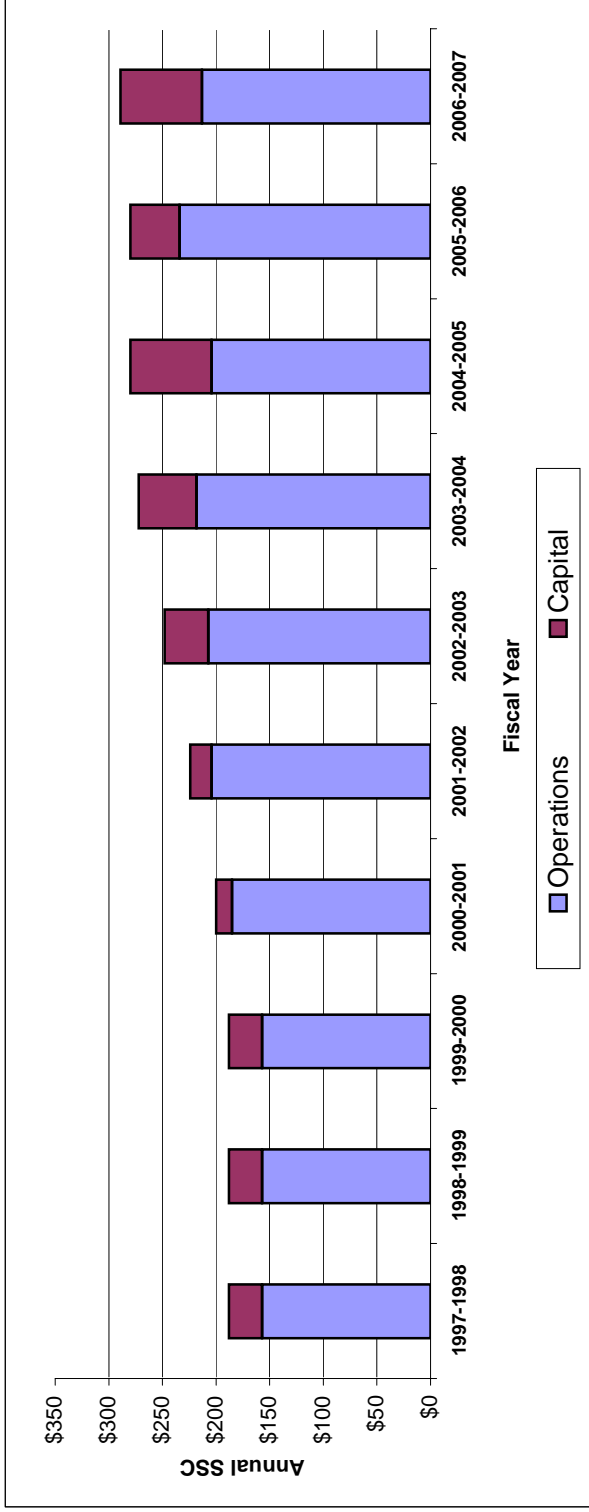
OPERATING EXPENSES

Fiscal Year	Salaries and Benefits	Chemicals, Utilities & Supplies	Professional & Outside Services	Hauling, Disposal, Repairs & Maintenance	Self-Insurance	Depreciation	All		Total Operating Expenses
							All	Other	
1997-1998	\$ 19,308,686	\$ 4,149,602	\$ 2,065,599	\$ 3,442,826	\$ 582,222	\$ 10,332,200	\$ 840,923	\$ -	\$ 40,722,058
1998-1999	19,564,429	4,399,152	2,345,887	4,115,527	644,371	11,345,155	920,080	1,301,200	43,334,601
1999-2000	20,034,810	5,130,743	2,560,175	3,513,754	419,312	12,157,975	1,034,683	1,304,980	44,851,452
2000-2001	22,051,911	7,496,028	2,762,603	3,621,826	924,242	13,004,018	1,085,888	1,250,588	50,946,516
2001-2002	22,848,114	7,009,868	2,110,886	3,476,325	677,159	13,833,124	745,605	1,202,782	50,701,081
2002-2003	24,919,820	5,735,379	2,084,830	3,557,171	632,007	14,527,871	1,018,345	1,153,349	52,475,423
2003-2004	28,095,636	5,808,070	2,282,408	3,871,749	689,702	15,186,594	1,042,809	1,101,115	56,976,968
2004-2005	27,989,401	6,801,750	2,350,387	3,716,176	1,189,693	16,041,555	1,437,272	1,775,857	59,526,234
2005-2006	29,875,340	7,646,866	2,850,825	3,826,165	879,513	16,354,488	1,080,946	1,694,304	62,514,143
2006-2007	34,678,665	8,759,490	2,298,712	4,105,082	519,284	17,714,714	1,444,082	1,609,104	69,520,029

Informational - not graphed

Source: Central Contra Costa Sanitary District Audited Financial Statements

Central Contra Costa Sanitary District Major Revenue Base and Rates Historical and Current Fees Last Ten Fiscal Years



Fiscal Year	Annual Sewer Service Charge *1		Facility Capacity Fee *2	Pump Zone Fee *3
	Operations	Capital		
1997-1998	\$157	\$31	\$2,572	\$348
1998-1999	157	31	2,572	348
1999-2000	157	31	2,572	348
2000-2001	185	15	2,572	348
2001-2002	204	20	3,360	710
2002-2003	207	41	3,360	710
2003-2004	218	54	3,983	988
2004-2005	204	76	3,983	988
2005-2006	234	46	4,150	1,331
2006-2007	213	76	4,263	1,404

*1 All residential accounts pay a flat annual sewer service charge shown above per household. The charge for commercial users consists of an annual rate based on a measured volume of water usage per 100 cubic feet (HCF).

*2 New users who are connected to the Wastewater System are charged Capital Improvement Fees called Facility Capacity Fees. (Fee is per connection.)

*3 New customers in areas where wastewater pumping stations are needed to reach the District's gravity fed sewers are charged a Pump Zone Fee. (Fee is per connection.)

**Central Contra Costa Sanitary District
Sewer Service Charge
List Of Ten Largest Customers
Last Five Fiscal Years**

Ratepayer	2006-2007			2005 - 2006			2004 - 2005			2003 - 2004			2002 - 2003		
	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue
City of Concord*	\$ 9,043,215	1	19.76%	\$ 7,383,011	1	15.90%	\$ 6,603,000	1	16.44%	\$ 6,609,602	1	15.83%	\$ 6,321,452	1	16.03%
Contra Costa County General Services	322,351	2	0.70%	295,173	2	0.64%	294,670	2	0.73%	250,442	3	0.60%	222,619	2	0.56%
First Walnut Creek Mutual	304,606	3	0.67%	295,120	3	0.64%	266,000	3	0.66%	258,400	2	0.62%	206,246	3	0.52%
Park Regency	257,788	4	0.56%	249,760	4	0.54%	249,760	4	0.62%	242,624	4	0.58%	197,408	4	0.50%
Second Walnut Creek Mutual	216,750	5	0.47%	210,000	5	0.45%	210,000	5	0.52%	204,000	5	0.49%	158,224	5	0.40%
Sun Valley Mall	176,293	6	0.39%	169,916	6	0.37%	158,077	6	0.39%	145,169	6	0.35%	138,993	6	0.35%
Archstone/Treat Commons Apartments	147,390	7	0.32%	142,800	7	0.31%	142,800	7	0.36%	138,720	7	0.33%	126,480	7	0.32%
Willows Shopping Center	128,303	8	0.28%	-	-	-	120,459	9	0.30%	111,822	9	0.27%	103,321	9	0.26%
St. Mary's College Contract	127,355	9	0.28%	117,119	10	0.25%	100,976	10	0.25%	97,670	10	0.23%	106,497	8	0.27%
Kaiser Foundation Hospital	112,853	10	0.25%	126,904	9	0.27%	139,062	8	0.35%	-	-	-	-	-	-
Reflections San Ramon Apartments**	-	-	-	139,062	8	0.30%	-	-	-	134,912	8	0.32%	-	-	-
Canyon Point Condominiums	-	-	-	-	-	-	-	-	-	-	-	-	86,304	10	0.22%
Total	\$ 10,836,904		23.68%	\$ 9,128,865		19.66%	\$ 8,284,804		20.62%	\$ 8,193,361		19.62%	\$ 7,667,544		19.45%

The District implemented GASB 34 in the 2002-2003 fiscal year, one year earlier than required.

* Contract with the City of Concord to treat and dispose of wastewater for Concord and Clayton.

** Converted to condominiums during 2006-2007 fiscal year.

Source: Central Contra Costa Sanitary District Environmental Services Division

Central Contra Costa Sanitary District
Assessed and Estimated Actual Valuation of Taxable Property
Last Ten Fiscal Years

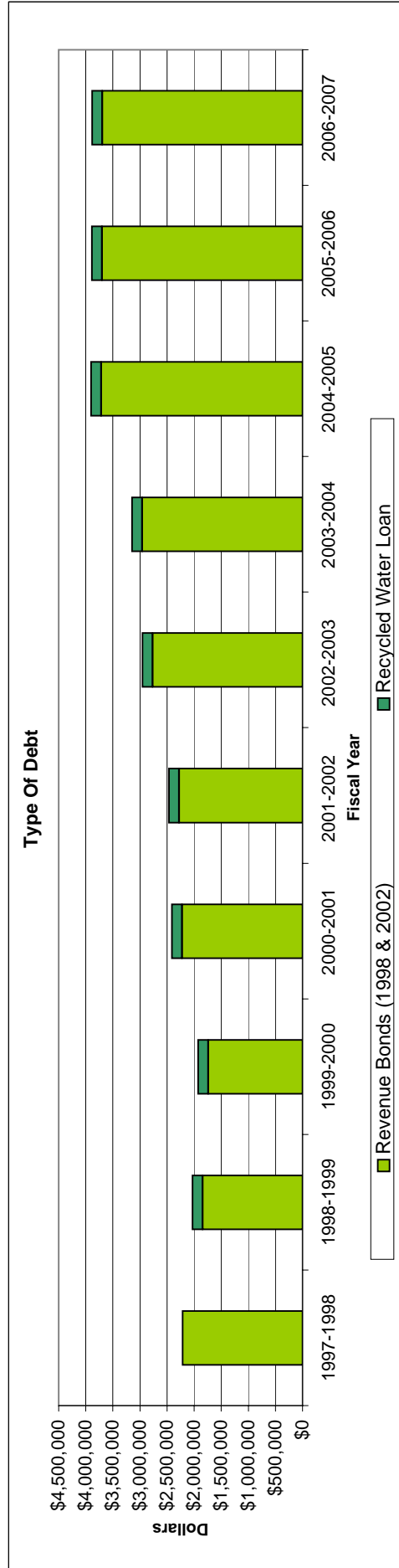
Fiscal Year	Local Secured	Unsecured	Total	% Change
1997-1998	\$ 30,582,674,632	\$ 1,107,438,395	\$ 31,690,113,027	3.4%
1998-1999	32,514,783,517	1,119,407,570	33,634,191,087	6.1%
1999-2000	34,973,946,879	1,140,492,514	36,114,439,393	7.4%
2000-2001	38,029,210,584	1,225,608,154	39,254,818,738	8.7%
2001-2002	40,166,666,299	1,375,049,056	41,541,715,355	5.8%
2002-2003	43,172,880,129	1,434,598,034	44,607,478,163	7.4%
2003-2004	46,821,339,668	1,446,650,234	48,267,989,902	8.2%
2004-2005	50,577,841,843	1,416,240,351	51,994,082,194	7.7%
2005-2006	55,586,311,888	1,463,536,750	57,049,848,638	9.7%
2006-2007	61,409,513,246	1,533,076,135	62,942,589,381	10.3%

Property Tax and Sewer Service Charge Fees Levied and Collected
Last Ten Fiscal Years

Fiscal Year	Property Tax* Levied & Collected	% Change	Sewer Service Charges* Levied & Collected	% Change
1997-1998	\$ 5,863,085	3.6%	\$ 26,437,148	1.8%
1998-1999	6,254,229	6.7%	26,984,372	2.1%
1999-2000	6,723,957	7.5%	27,078,595	0.3%
2000-2001	7,228,881	7.5%	29,253,537	8.0%
2001-2002	7,901,161	9.3%	33,650,005	15.0%
2002-2003	8,460,674	7.1%	37,479,440	11.4%
2003-2004	9,013,484	6.5%	41,499,031	10.7%
2004-2005	4,027,427	-55.3%	43,327,756	4.4%
2005-2006	4,856,758	20.6%	44,261,318	2.2%
2006-2007	11,860,961	144.2%	46,694,671	5.5%

* General County taxes collected are the same as the amount levied since the County participates in California's alternative method of apportionment called the Teeter Plan. The Teeter Plan as provided in Section 4701 et seq. of the State Revenue and Taxation Code, establishes a mechanism for the County to advance the full amount of property tax and other levies to taxing agencies based on the tax levy, rather than on the basis of actual tax collections. Although this system is a simpler method to administer, the County assumes the risk of delinquencies. The County in return retains the penalties and accrued interest thereon.

**Central Contra Costa Sanitary District
Summary Of Debt Service
Last Ten Fiscal Years**



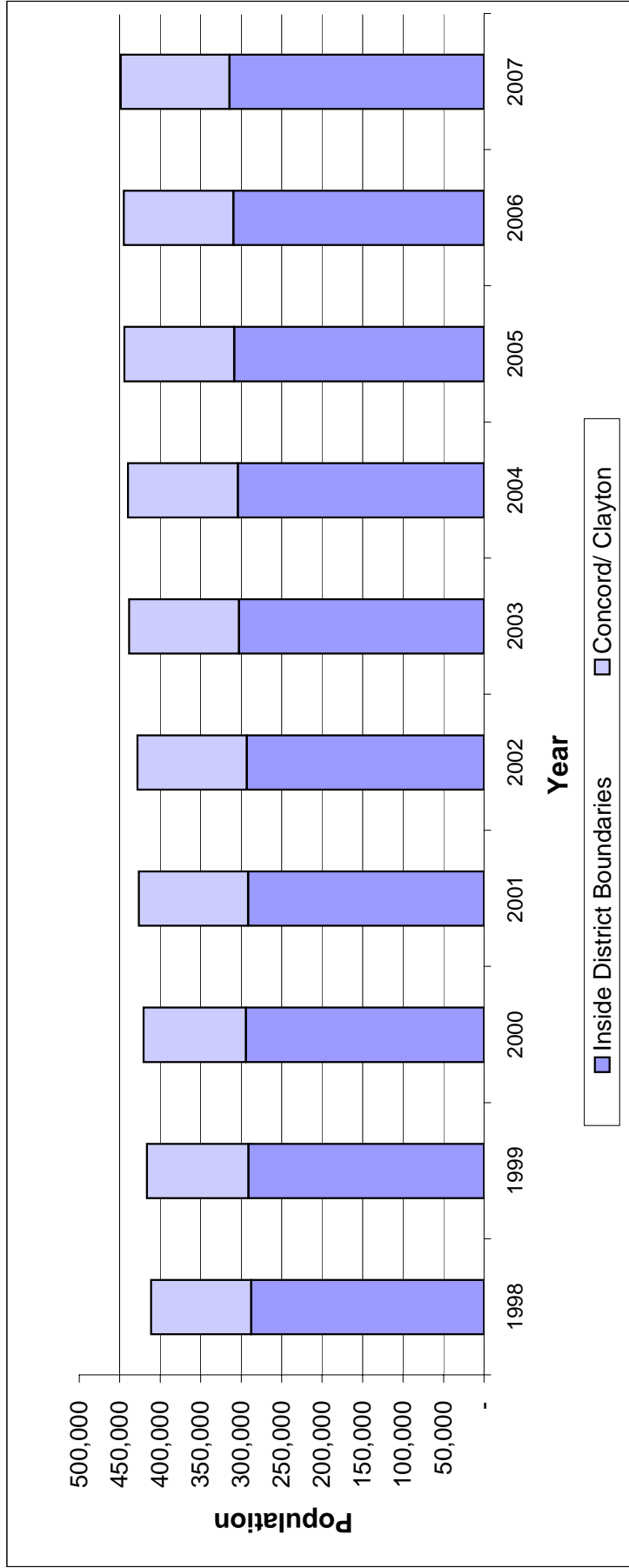
Debt Restrictions:
No maximum limit on borrowing.
Revenue Pledge & Covenant:
The District pledges Property Tax Revenue along with its ability to raise Sewer Service Charge (SSC) rates. Debt Coverage requirements are discussed in the footnotes below.

Fiscal Year	Revenue Bonds (1998 & 2002)			Recycled Water Loan			Total Debt Service		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
1997-1998	\$ 790,000	\$ 1,421,245	\$ 2,211,245	-	-	-	\$ 790,000	\$ 1,421,245	\$ 2,211,245
1998-1999	835,000	1,005,749	1,840,749	139,194	47,925	187,119	974,194	1,053,674	2,027,868
1999-2000	725,000	1,013,715	1,738,715	114,900	72,219	187,119	839,900	1,085,934	1,925,834
2000-2001	1,245,000	979,240	2,224,240	117,887	69,232	187,119	1,362,887	1,048,472	2,411,359
2001-2002	1,285,000	993,407	2,278,407	120,952	66,167	187,119	1,405,952	1,059,574	2,465,526
2002-2003	1,330,000	1,435,811	2,765,811	124,097	63,022	187,119	1,454,097	1,498,833	2,952,930
2003-2004	1,375,000	1,583,739	2,958,739	127,323	59,796	187,119	1,502,323	1,643,535	3,145,858
2004-2005	1,995,000	1,719,372	3,714,372	130,634	56,485	187,119	2,125,634	1,775,857	3,901,491
2005-2006	2,060,000	1,641,215	3,701,215	134,030	53,089	187,119	2,194,030	1,694,304	3,888,334
2006-2007	2,135,000	1,559,836	3,694,836	137,515	49,604	187,119	2,272,515	1,609,440	3,881,955

Fiscal Year	Debt Service Coverage Summary					Debt Ratio Summary					
	Total Debt Service	Total Operating Expenses less Depreciation	Non-Operating Revenue & Contributions	Net Revenue ^{*1}	Debt Service Coverage (Net Revenue) ^{*2}	Capital Improvement Fees/Concord	Adjusted Net Revenue ^{*3}	Debt Service Coverage (Adj. Net Revenue) ^{*4}	Debt to Expense Ratio	Sewer Service Equivalent Units ^{*5}	Cost of Debt Per Connection
1997-1998	\$ 2,211,245	\$ 30,389,858	\$ 22,546,788	\$ 20,075,299	9.08	\$ 6,327,985	\$ 13,747,314	6.22	7.28%	143,152	15.45
1998-1999	2,027,868	31,989,446	21,427,338	18,178,850	8.96	6,457,432	11,721,418	5.78	6.34%	146,891	13.81
1999-2000	1,925,834	29,263,321	24,457,294	21,027,138	10.92	8,867,213	12,159,925	6.31	5.89%	147,552	13.05
2000-2001	2,411,359	37,942,498	25,267,704	22,495,702	9.33	7,927,822	14,567,880	6.04	6.36%	149,245	16.16
2001-2002	2,465,526	36,867,957	34,475,044	35,859,634	14.54	5,753,738	30,105,896	12.21	6.69%	153,073	16.11
2002-2003	2,952,930	39,428,402	33,465,505	34,946,355	11.83	7,023,589	27,922,766	9.46	7.78%	154,420	19.12
2003-2004	3,145,858	41,754,572	35,339,234	35,303,432	11.22	8,370,344	26,933,088	8.56	7.53%	155,669	20.21
2004-2005	3,901,491	40,171,544	41,881,058	38,567,923	9.89	13,351,448	25,216,475	6.46	8.97%	158,249	24.65
2005-2006	3,888,334	46,438,353	33,865,366	34,144,064	8.78	12,931,577	21,212,487	5.46	8.42%	161,461	24.08
2006-2007	3,881,955	45,758,121	46,337,472	40,290,278	10.38	12,353,170	27,937,108	7.20	7.49%	164,582	23.59

*1 Net Revenue = Operating Revenue less Total Operating Expenses less Depreciation plus Non-Operating Revenue.
 *2 This ratio must be above 1.00 to meet the Debt Ratio Covenant (Net Revenue/Total Debt Service).
 *3 Adjusted Net Revenue = Net Revenue less Capital Improvement Fees (Connection Fees) and City of Concord Capital Charges.
 *4 This ratio must be above 1.25 to meet the Debt Ratio Covenant (Adjusted Net Revenue/Total Debt Service).
 *5 Number of connections to the sewer system. Commercial customers based on water consumption, averaged using the residential fixed rate (SSC/O&M SSC Rate).

**Central Contra Costa Sanitary District
Demographic and Economic Data
Population Served
Last Ten Calendar Years**



As Of January 1	Inside District Boundaries	Concord/ Clayton	Total Served	% Change
1998	287,320	124,030	411,350	1.9%
1999	290,780	125,610	416,390	1.2%
2000	294,170	126,300	420,470	1.0%
2001	291,230	135,150	426,380	1.4%
2002	293,080	134,920	428,000	0.4%
2003	302,675	135,900	438,575	2.5%
2004	303,980	135,845	439,825	0.3%
2005	308,428	135,780	444,208	1.0%
2006	309,600	135,400	445,000	0.2%
2007	314,400	134,300	448,700	0.8%

**Central Contra Costa Sanitary District
Full-time Equivalent Employees by Department
Last Ten Fiscal Years**

	Full-time Equivalent Employees as of June 30									
<u>Department</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Administration	36	39	43	42	42	43	42	43	42	42
Engineering	71	62	64	67	67	70	71	76	73	75
Operations										
Collection Systems	43	40	43	41	42	44	45	46	49	50
Plant	84	79	77	79	81	82	82	81	88	83
Pumping Station	7	7	7	7	7	8	9	9	9	10
Operations Total	<u>134</u>	<u>126</u>	<u>127</u>	<u>127</u>	<u>130</u>	<u>134</u>	<u>136</u>	<u>136</u>	<u>146</u>	<u>143</u>
District Total	<u><u>241</u></u>	<u><u>227</u></u>	<u><u>234</u></u>	<u><u>236</u></u>	<u><u>239</u></u>	<u><u>247</u></u>	<u><u>249</u></u>	<u><u>255</u></u>	<u><u>261</u></u>	<u><u>260</u></u>

**Number of Retirees and Surviving Spouses as of June 30
Last Ten Fiscal Years**

District Total	<u><u>121</u></u>	<u><u>131</u></u>	<u><u>144</u></u>	<u><u>150</u></u>	<u><u>156</u></u>	<u><u>159</u></u>	<u><u>163</u></u>	<u><u>167</u></u>	<u><u>167</u></u>	<u><u>177</u></u>
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**Central Contra Costa Sanitary District
Capital Asset and Operating Statistics
Last Ten Calendar or Fiscal Years**

Millions of Gallons per Day (mgd)

Treatment Plant	Year	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Treatment Plant Permitted Capacity	Calendar	53.8	53.8	53.8	53.8	53.8	45.0	45.0	45.0	45.0	45.0
Average Dry Weather Flow (ADWF)	Calendar	41.6	41.4	40.6	40.0	39.4	38.4	40.8	39.6	42.0	37.3
Wastewater Treated per day	Calendar	50.4	48.0	44.7	42.9	43.1	42.1	45.5	44.4	51.0	43.0
Tons per Year											
Sludge to Furnace (Dry) ^{*1}	Fiscal	15,341	15,841	16,727	16,053	16,318	16,881	16,076	15,847	15,041	14,280
Ash to Reuse Site (Wet) ^{*2}	Fiscal	4,418	5,074	5,397	5,384	5,235	5,226	4,781	5,353	4,184	3,863

*1 In the multi-hearth furnace, the wet sludge is converted to dry ash. Water is added to the dry ash as it is loaded into trucks (ratio of 60 percent ash to 40 percent water) to prevent the ash from blowing out of the truck during transport.
*2 Wet sludge, which at 22 to 28 percent solids, is pumped to the multiple-hearth furnace for incineration. The table above shows the dry tons per year of sludge to the furnace, excluding the 72 to 78 percent water in the wet sludge.

Collection Systems/Pumping Stations/Outfall Sewers

Pipeline Miles	Calendar	1,500	1,500	1,400	1,400	1,400	1,400	1,400	1,391	1,376	1,361	1,346
Number of pumping stations	Calendar	19	19	22	21	23	22	22	22	21	21	20

Recycled Water

Recycled Water Produced per day	Calendar	1.6 mgd	1.5 mgd	1.5 mgd	1.4 mgd	1.5 mgd	1.5 mgd	1.4 mgd	1.3 mgd	1.1 mgd	1.0 mgd	1.0 mgd
Number of Recycled Water Customers	Calendar	30	24	23	21	20	20	19	13	11	11	11

Household Hazardous Waste (HHW) - Inception 1997/1998

Residential Participation (Number of cars)	Fiscal	23,992	22,872	23,061	22,359	19,219	17,308	15,649	14,019	9,536	-	-
Percentage of Households in Service Area	Fiscal	12.3%	12.1%	12.3%	12.1%	10.5%	9.3%	8.6%	7.7%	5.2%	-	-
Operating Cost per Car	Fiscal	\$ 64	\$ 60	\$ 58	\$ 62	\$ 66	\$ 67	\$ 71	\$ 75	\$ 93	-	-
Pounds of HHW per Car	Fiscal	80	65	64	71	72	77	77	64	78	-	-

Miscellaneous Statistics

- Governing Body: Elected 5-Member Board of Directors
- Governmental Structure: Established in 1946 under the Sanitary District Act of 1923
- Staff: 260 full-time equivalent employees
- Authority: California Health and Safety Code Section 4700 et. Seq.
- Services: Wastewater collection, treatment, and disposal
Household Hazardous Waste Facility
Recycled Water
- Type Of Treatment: Discharge - Secondary; Reclamation - Tertiary
- Service Area: 142 square miles
- Total Population Served: 448,700
- Sewer Service Charge: \$289 annually per residential equivalent unit