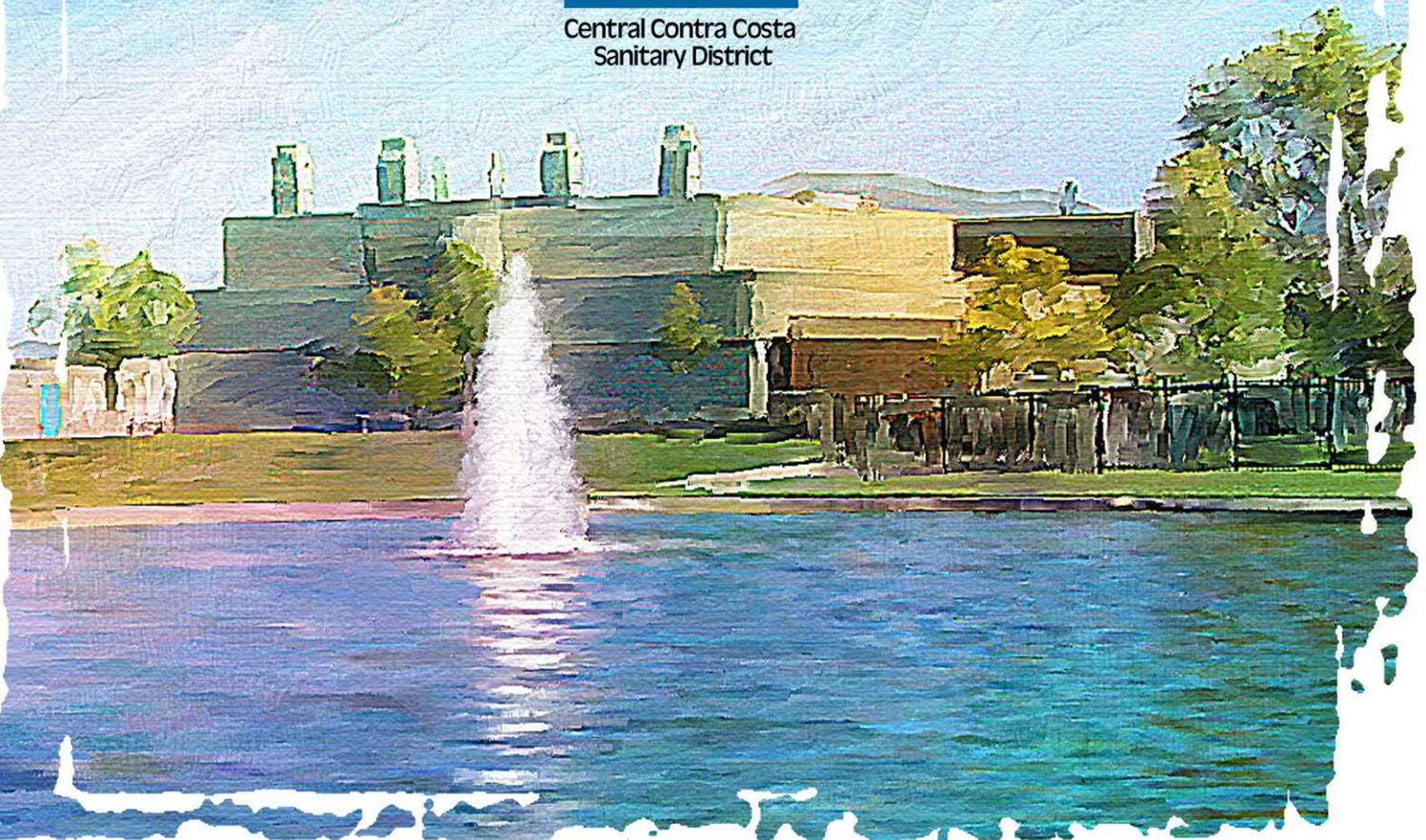


CENTRAL CONTRA COSTA SANITARY DISTRICT

5019 Imhoff Place, Martinez, CA 94553

Comprehensive Annual Financial Report

**For the Fiscal Year ended
June 30, 2010**



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010

**Prepared By:
Finance & Accounting Division**

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

Introductory Section





Central Contra Costa Sanitary District

Protecting public health and the environment

5019 Imhoff Place, Martinez, CA 94553-4392

November 13, 2010

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, 2010.

Management of Central Contra Costa Sanitary District assumes full responsibility for the completeness and reliability of the information in these financial statements, based upon a comprehensive system of internal controls that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

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, 2010. 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 327,000 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 135,000 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 18 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 80% 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 256 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 by law 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** – accounts for activity associated with the payment of the District's long term bonds and loans.

Each year, the Board adopts the following four budgets: Operations and Maintenance, Capital Improvement and Sewer Construction, Self-Insurance, and Debt-Service. The Board Finance Committee reviews disbursements prior to each regular 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

According to the Legislative Analyst's Office (LAO), the current economic situation and outlook for California in the near future are generally similar to the nation as a whole, with reduced levels of activity and subdued performance in most sectors. The LAO expects the major forecast variables to follow a slow recovery in 2011. It is projected that there will be low growth in personal income, unemployment will take more time to recover, housing prices and building permits will remain weak, new construction will improve but will remain low by historical standards, minimal growth in housing prices, and slow employment growth are expected. The pace of the recovery, however, is still unclear. Accordingly, the current consensus is that the state and national economies will experience a sluggish recovery in the next few years.

The health of the financial sector is going to be a key factor in recovery. A sustained economic recovery will depend on a healthier financial sector. The financial sector collapsed in 2008 primarily due to the bursting of the housing bubble that exposed holders of mortgages and mortgage derived assets. This financial collapse left a glut of unoccupied residential and commercial real estate, consumers struggling to get out from under historically large debt burdens, and banks unable or unwilling to lend even when they found willing borrowers. This caused lending activity to freeze and dragged the broader economy down. The concerns about the short term solvency of big banks have mostly subsided, although mortgages and credit card defaults are currently at high levels. Consequently, lenders and borrowers alike have been very cautious lately, further constraining the amount of economic growth. Also, with the federal funds rate already so low, there is little room for the Federal Reserve to stimulate the economy.

Changes in California's state budget significantly impact the District because property tax is a significant part of the District's revenue source and has been taken, borrowed or diverted by the state in the past. The downturn in the housing sector and new construction have decreased the Districts number of new sewer service hook ups and developer fee revenues. The District continuously looks to reduce spending and improve process efficiencies. Other factors the District is facing is increases in funding

retirement liability and cost of benefits, and lower interest earnings. Fortunately, the District's primary operating revenues are sewer service charge from District customers and the City of Concord. The District also receives a portion of the one-percent property tax levied by the Contra Costa County. The District is fortunate to participate in the California's alternative method of apportionment called the Teeter Plan. Under the Teeter plan the County advances the full amount of property tax and other levies to the District based on the tax levy rather than the actual tax collections by the County. The County assumes the risk of delinquencies and in turn retains the penalties and accrued interest. Even though property tax delinquencies have significantly increased, given the current housing situation, the County still anticipates collecting the taxes.

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 moderate debt obligation, which will enable the District to meet the demands of future budgets. CCCSD reviews its rate and other charges annually. The District can increase its sewer service charge rates when needed to make up revenue shortfalls by providing public notice to all customers, holding a Public Hearing, and obtaining approval by the Board of Directors. The District is also able to obtain bond financing, as needed, due to the District's AAA bond rating. The District anticipates that it will continue to meet its mission and goals, continue to provide excellent customer service and reasonable rates to its customers, and meet compliance requirements given the current economic conditions.

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's vision is to be a high-performance organization that provides exceptional customer service and full regulatory compliance at responsible rates. Full regulatory compliance is provided through exceptional operation of our collection system and treatment facilities, as well as through continued investment in our infrastructure. Our current capital plan has an emphasis on renovation, particularly in the collection system, in order to improve service, and fix deteriorating pipes and pumping stations before they can contribute to a sewer system overflow. Both at the State and Federal level, regulations addressing sewer system overflows and public notification have become increasingly stringent over the last several years. Collection system operations will be

enhanced by the construction of a new administration/crew/warehouse building, which is designed to be LEED certified and will incorporate many green design features. LEED represents "Leadership in Energy and Environmental Design," which is administered by the U.S. Green Building Council. The former facilities had reached an age and condition where significant rehabilitation, upgrading, and replacements were needed. Furthermore, the collection systems operations staff had increased to meet District growth and increasing regulatory demands and additional space was needed. It was determined that replacing several antiquated buildings on the existing site with a new state-of-the art facility was the best long term solution. The District has sold bonds to finance building the new facility which is scheduled to be completed in late 2011.

Our current capital plan is also addressing treatment plant reliability through design and construction of three necessary projects. The standby power project will provide new engine generators to ensure that adequate power is available to run the plant in the event of a utility power outage. A second project, the wet-weather improvement project, will ensure that extreme wet weather flows that overwhelm the capacity of the plant outfall and holding ponds can be discharged to Walnut Creek. A third project, the solids handling improvements project, will ensure that sludge can be hauled to proper disposal in the event of a failure of our incineration system. These projects are supplemented by a number of treatment plant renovation projects to replace aging piping and other plant infrastructure.

The District has received Platinum and Gold awards from the National Association of Clean Water Agencies (NACWA) for twelve straight years in recognition of 100 percent compliance with our National Pollutant Discharge Elimination System (NPDES) permit. It has also reduced the number of sanitary sewer overflows by more than 75% in the past 7 years by improved sewer cleaning and the sewer rehabilitation program.

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, 2009. This was the tenth 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, 2010**

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



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.

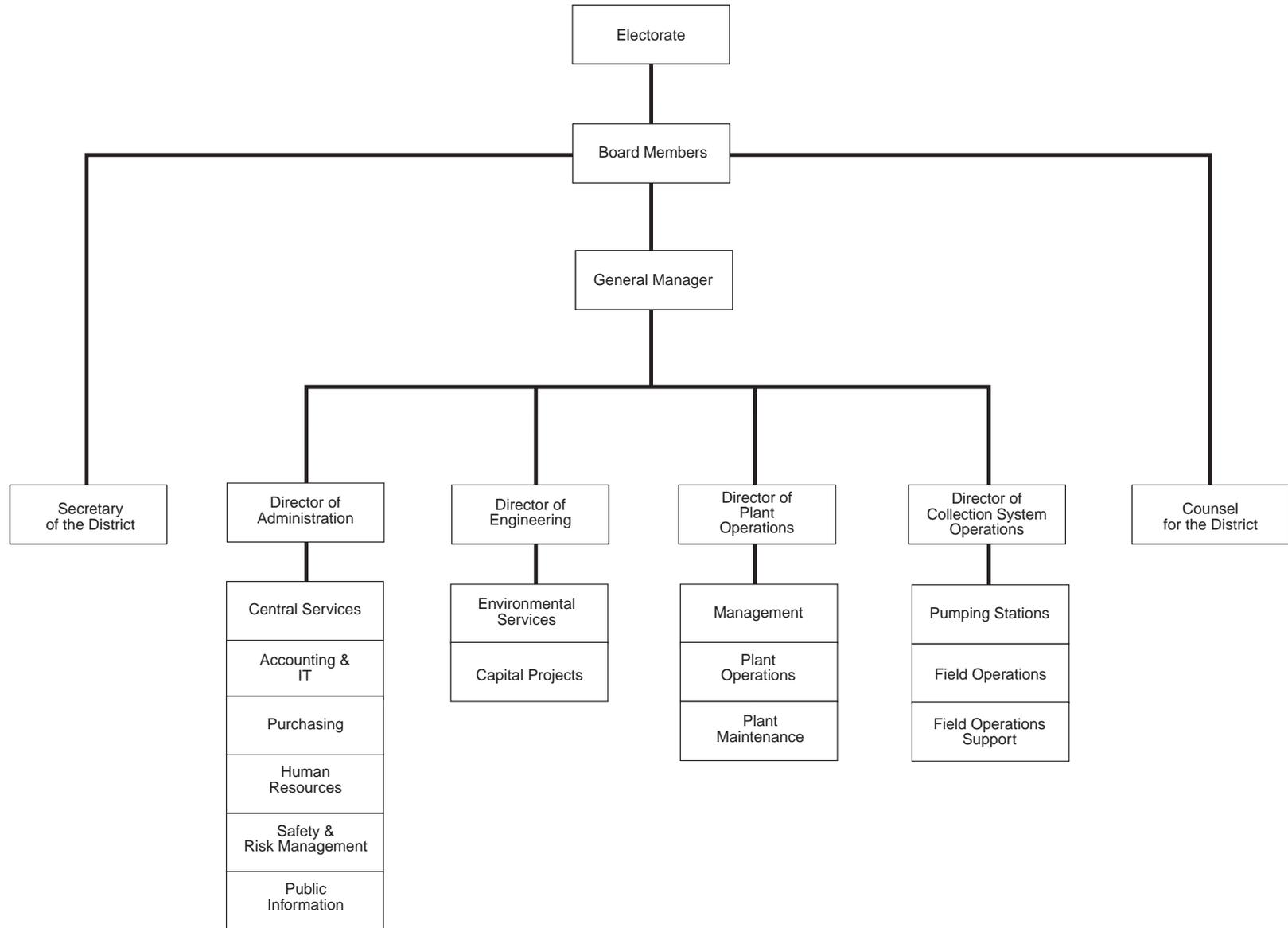


OUR VALUES

We will achieve our goals by valuing:

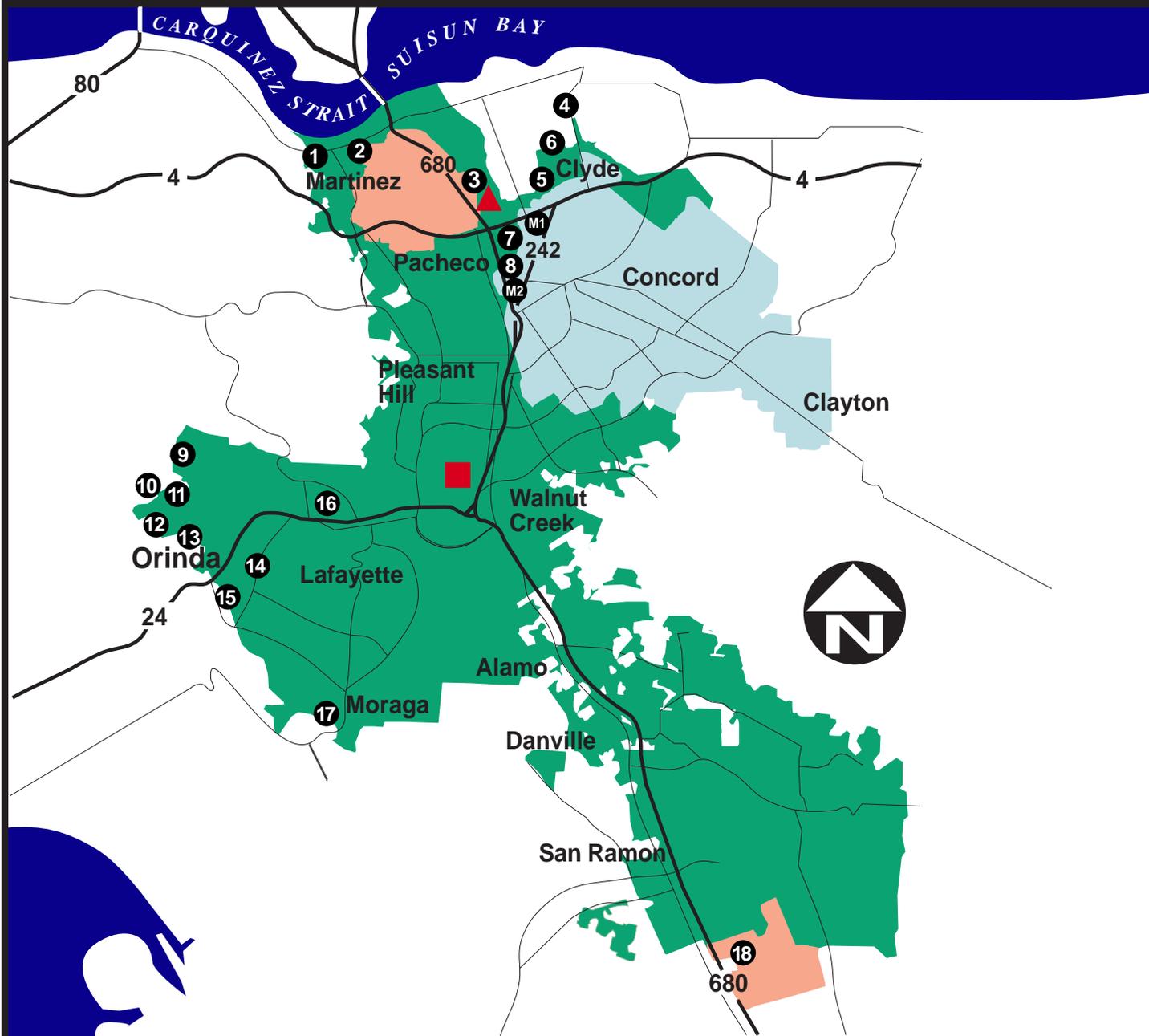
- Each other
- Ethics and integrity
- A healthy and safe environment
- Community relationships
- The meeting of commitments
- All aspects of diversity

CENTRAL CONTRA COSTA SANITARY DISTRICT
Organization Chart - Composite



Map of Service Area

June 30, 2010



- Wastewater collection and treatment and HHW collection for 462,000 people
- Wastewater treatment and HHW collection for 135,400 residents in Concord and Clayton by contract
- HHW collection service only
- CCCSD's Headquarters Office Building, treatment plant, HHW Collection Facility, and temporarily located CSO Department (Sewer Maintenance) in Martinez
- CCCSD's Collection System Operations Department (sewer maintenance) located in Walnut Creek. New facility under construction through 2011.

CCCSD Pumping Stations

- | | |
|-------------------------|---------------------------|
| 1. Martinez | 10. Wagner Ranch School |
| 2. Fairview | 11. Acacia |
| 3. Maltby | 12. Flush Kleen |
| 4. Clyde | 13. Lower Orinda |
| 5. Bates Avenue | 14. Bates Blvd.-Orinda |
| 6. Concord Industrial | 15. Orinda Cross roads |
| 7. Buchanan Field North | 16. Via Robles |
| 8. Buchanan Field South | 17. Moraga |
| 9. Sleepy Hollow | 18. San Ramon |
| | M1 Concord North Metering |
| | M2 Concord South Metering |

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, 2009

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.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Enos".

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

Board of Directors
Central Contra Costa Sanitary District
Martinez, California

We have audited the accompanying financial statements of the Central Contra Costa Sanitary District as of and for the year ended June 30, 2010 and 2009, as listed in the table of contents. These 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 audits 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 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, 2010 and 2009, and the changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's office for Special Districts.

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Contra Costa Sanitary District's financial statements as a whole. The introductory section, *Management's Discussion and Analysis*, budgetary comparison information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. *Management's Discussion and Analysis* and the budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Cropper Accountancy Corporation
CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, CA
October 1, 2010



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, 2010. This information is presented in conjunction with the audited financial statements, which follow this report.

FINANCIAL HIGHLIGHTS

The District's 2009-10 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 \$9.8 million or 1.60% in 2009-10 when compared to fiscal year 2008-09; when comparing 2009-10 to 2007-08, net assets have increased by \$19.8 million or 3.3%. This is mainly due to capital improvements and new long-term receivables that allow customers to connect to the system and pay over time (See Note 5).
- Total revenues in 2009-10 decreased by \$2.4 million or -2.90% when compared to 2008-09; when comparing 2009-10 to 2007-08, total revenue has decreased by \$2.0 million or -2.41% over the 2-year period. This is mainly due to no Sewer Service Charge (SSC) rate increase in 2009-10 along with reduced non-operating revenue.
- Total 2009-10 expenses decreased by \$0.6 million or 0.71% compared to 2008-09 due to a concerted effort to reduce or defer non-critical expenses. When comparing 2009-10 to 2007-08, total expenses increased by \$4.3 million or 5.78% over the 2-year period.
- Capital Contributions were \$8.9 million in 2009-10, \$6.3 million in 2008-09, and \$10.7 million in 2007-08; the year-to-year variances reflect the volatile housing market.

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 non-capital 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 three years:

Condensed Statement of Net Assets	Fiscal Year 2009-2010	Fiscal Year 2008-2009	Fiscal Year 2007-2008
Current Assets	\$ 77,968,736	\$ 73,083,764	\$ 86,373,020
Capital Assets	586,785,155	578,889,989	560,288,889
Other Non-current Assets	27,196,507	5,361,834	5,219,183
Total Assets	691,950,398	657,335,587	651,881,092
Current Liabilities	11,255,377	15,098,030	13,270,194
Non-Current Liabilities	59,243,809	30,557,514	37,000,803
Total Liabilities	70,499,186	45,655,544	50,270,997
Invested in Capital Assets, Net of Related Debt	531,324,187	552,165,498	531,119,639
Restricted - Debt Service	4,565,970	3,163,956	3,185,416
Unrestricted	85,561,055	56,350,589	67,305,040
Total Net Assets	\$ 621,451,212	\$ 611,680,043	\$ 601,610,095

The total net assets of the District increased from \$601.6 million in 2007-08 to \$621.5 million in 2009-10. This increase in net assets of \$19.9 million is the result of both net income and capital contributions totaling \$9.8 million in 2009-10 and \$10.1 million in 2008-09 (shown in the next table).

By far the largest portion of the District’s net assets (85.5% percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, intangible assets, 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 funds 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 \$4.6 million restricted for debt service and is higher than in prior years due to the District refinancing current debt in addition to raising \$30 million in new proceeds. The remaining balance of \$85.6 million in unrestricted net assets may be used to meet the District’s ongoing obligations to its ratepayers and creditors. These unrestricted net assets may also be used for payment of long-term unfunded liabilities, the 2 largest being Other Post Employment Benefits and Pension Plan.

REVIEW OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The table on the following page shows the condensed statement of revenues, expenses, and changes in net assets for the Central Contra Costa Sanitary District for the past 3 years:

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

	Fiscal Year 2009-2010	Fiscal Year 2008-2009	Fiscal Year 2007-2008
Sewer Service Charges (SSC)	\$ 57,357,188	\$ 51,843,311	\$ 48,414,017
Other Service Charges and misc.	1,474,898	1,540,833	1,465,569
Total Operating Revenue	58,832,086	53,384,144	49,879,586
Customer Contributions (SSC)	6,793,040	13,938,421	14,970,637
Property Tax	12,260,123	12,539,375	12,254,168
Permit & Inspection Fees	776,348	1,093,756	1,335,160
Interest and All Other	1,568,235	1,672,618	3,771,438
Total Non-Operating Revenues	21,397,746	29,244,170	32,331,403
Total Revenues	80,229,832	82,628,314	82,210,989
Total Labor and Benefits	39,986,763	39,440,034	37,312,472
Chemicals & Utilities	6,268,343	7,414,467	7,223,877
Repairs and Maintenance	2,868,675	3,057,540	2,985,670
Professional, Legal and Outside Services	2,129,552	2,832,001	2,613,658
Materials & Supplies	1,705,649	1,954,288	1,728,963
Hauling and Disposal	939,960	880,589	877,885
Self-Insurance Expense	746,612	958,906	916,639
All Other	1,223,191	1,437,429	1,247,298
Depreciation Expense	20,969,429	19,417,941	18,615,747
Total Operating Expenses	76,838,174	77,393,195	73,522,209
Non-Operating Expense - Interest Expense	2,539,383	1,421,686	1,518,142
Total Expenses	79,377,557	78,814,881	75,040,351
Income Before Capital Contributions	852,275	3,813,433	7,170,638
Contributed Sewer Lines	1,840,259	1,231,022	1,444,420
Capital Contributions - Connection Fees	7,078,635	5,025,493	9,259,160
Total Capital Contributions	8,918,894	6,256,515	10,703,580
Change in Net Assets	9,771,169	10,069,948	17,874,218
Beginning Net Assets	611,680,043	601,610,095	583,735,877
Ending Net Assets	\$ 621,451,212	\$ 611,680,043	\$ 601,610,095

In 2009-10, operating revenues increased by \$5.4 million or 10.21%; however, non-operating revenue decreased by -\$7.8 million or -26.83% when comparing 2009-10 to 2008-09. The change in total revenue resulted in a decrease of -\$2.4 million or -2.90% when comparing 2009-10 to 2008-09. There was no SSC rate increase in 2009-10 and a portion of SSC revenue was shifted from non-operating to operating revenue. Property Tax revenue has remained flat for the 3-year period due to slight growth to the tax base, in spite of the sub-prime mortgage crisis and recession. Permit fees have decreased in the 3-year period reflecting the slower housing market. Interest and all other revenue continue to drop, mainly due to lower investment rates on District investments. Comparing 2009-10 to 2007-08, total revenue decreased by \$2.0 million over the 2-year period.

In 2009-10, total expenses decreased by \$0.6 million or -0.71% compared to 2008-09. This is mainly due to planned efforts to reduce spending. Comparing 2009-10 to 2007-08, total expenses were \$4.3 million or 5.78% higher, mainly due to increases in total labor and depreciation expense, offset by savings to all other line items. Labor and Benefits increased due to cost-of-living adjustments, merit increases, filling of vacant positions, and increased benefit costs in general. Depreciation expense increased due to new capital additions. Non-Operating Expense is made up of debt service interest expense and in 2009-10, allowance for doubtful accounts of almost \$1.0 million. This allowance for doubtful accounts assumes there is a strong possibility that the State will not be able to pay back the Proposition 1A loan by June 30, 2013 (See Note 3). Total income before capital contributions decreased from \$7.2 million in 2007-08 to \$3.8 million in 2008-09, and to \$0.9 million in 2009-10 for a net decrease of -\$6.3 million or -88.11% comparing 2007-08 to 2009-10.

Capital contributions in 2009-10 were \$8.9 million compared to \$6.3 million in 2008-2009 and \$10.7 million in 2007-08. This was mainly due to less contributed sewer lines and connection fees due to the construction and housing slowdown, except for one large complex connection that was delayed but then paid early in 2009-10. The total change in net assets decreased from \$17.9 million in 2007-08 to \$9.8 million in 2009-10.

CAPITAL ASSETS

Capital assets include the District's entire major infrastructure including wastewater treatment facilities, sewers, land, buildings, pumping stations, vehicles, intangible assets and furniture and equipment exceeding our capitalization policy limit of \$5,000, net of depreciation. As of June 30, 2010, the District's investment in capital assets totaled \$586.8 million, which is an increase of \$7.9 million or 1.36% over the capital asset balance of \$578.9 million at June 30, 2009. Capital Assets increased by \$26.5 million or 4.73% comparing 2009-10 to 2007-08. A comparison of the District's capital assets over the past 3 fiscal years is presented below:

Capital Assets	Fiscal Year 2009-2010	Fiscal Year 2008-2009	Fiscal Year 2007-2008
Land	\$ 17,114,720	\$ 17,114,720	\$ 17,114,720
Sewage Collection System	286,351,576	273,333,617	242,706,977
Contributed Sewer Lines	148,580,734	146,757,520	145,596,316
Outfall Sewers	8,518,443	8,518,443	8,518,443
Sewage Treatment Plant	275,413,411	268,399,708	264,327,208
Recycled Water Infrastructure	12,281,480	11,936,662	11,936,662
Pumping Stations	53,750,940	52,404,387	51,632,331
Buildings	21,206,981	19,997,044	19,987,656
Intangible Assets	1,806,272	1,521,424	-
Furniture & Equipment	13,756,662	14,523,054	13,730,782
Motor Vehicles	5,759,209	5,983,539	5,224,941
Construction In Progress	26,735,297	24,645,390	28,515,814
Subtotal	871,275,725	845,135,508	809,291,850
Less Accumulated Depreciation	284,490,570	266,245,519	249,002,961
Total Capital Assets (net of depreciation)	\$ 586,785,155	\$ 578,889,989	\$ 560,288,889

The major reasons for the increase in capital assets, net of depreciation, of \$7.9 million from 2009-10 to 2008-09 and \$26.5 million from 2009-10 to 2007-08, are:

- Sewer pipe ongoing renovations, pumping station improvements, and contributed sewer lines (increase of \$16.2 million comparing 2009-10 to 2008-09 and \$48.7 million comparing 2009-10 to 2007-08)
- Treatment plant infrastructure renovations, upgrades, equipment, and improvements (increase of \$7.0 million comparing 2009-10 to 2008-09 and \$11.1 million comparing 2009-10 to 2007-08)
- All other asset categories, including construction in progress, increased slightly (\$2.9 million comparing 2009-10 to 2008-09 and \$2.2 million comparing 2009-10 to 2007-08)
- Capital Asset increases are offset by an increased subtraction of accumulated depreciation of \$18.2 million comparing 2009-10 to 2008-09 and \$35.5 million comparing 2009-10 to 2007-08 due to our increasing capital asset value and its associated depreciation expense.

See Note #4 in the audited financial statements.

DEBT ADMINISTRATION

The District has the following outstanding debt as of June 30, 2010:

Revenue Bonds	\$ 54,125,000
Water Reclamation Loan	1,335,968
	<u>\$ 55,460,968</u>

See Note #6 in the audited financial statements.

ECONOMIC AND OTHER FACTORS

Changes in the state budget have a significant impact on the District. The State currently faces an unprecedented budget deficit. Previous California budget deficits were partially remedied by shifting a portion of local property tax to the state in 2004-05 and 2005-06. The tax shift ended in 2006-07, and the voters passed Proposition 1A that mandates the State repay any future property tax that it borrows in an effort to curtail local government tax raids.

The Governor and legislature voted to suspend Proposition 1A, and the District lost almost \$1.0 million in property tax proceeds in 2009-10. The State is obligated to pay back local governments, plus interest, in 3 years. It is uncertain if the State will have the resources for repayment and the financials show this to be a doubtful account. The State’s problems will continue into future budgets and will have a trickle-down effect on local governments (See Note 3).

Some of the other factors the District faces in the future are:

- The recession, recovery, and the future state of the economy

- Large market losses in 2008 and 2009 and slow economic recovery will likely increase the cost of retirement benefits
- Current and future legislation impacting public employee pensions
- Other Post-Employment benefit required contributions based on actuarial analyses using lower interest rates
- Possibility of continued reduced new connections and connection fees
- Regulatory requirements becoming more stringent, causing the District to spend more on compliance, both for operations and maintenance costs and capital projects
- Continued low interest rates negatively impact interest earnings

In addition to making efforts to reduce spending and improve process efficiencies, the District has the ability to raise the Sewer Service Charge to meet our long-term commitments. The District has a Standard and Poors AAA rating, and can obtain bond financing if necessary.

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.

FINANCIAL STATEMENTS

CENTRAL CONTRA COSTA SANITARY DISTRICT
Statement of Net Assets
June 30, 2010 and 2009

	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 49,299,833	\$ 41,484,847
Short term investments	11,500,340	13,495,124
Accounts receivable, net	14,248,079	15,665,972
Interest receivable	92,375	143,522
Parts and supplies	1,733,312	1,636,566
Prepaid expenses	1,094,797	657,733
Total Current Assets	77,968,736	73,083,764
Noncurrent Assets		
Restricted cash and equivalents	18,835,592	3,644,092
Restricted investments	5,318,908	-
Land, property, plant and equipment, net	560,049,858	554,244,599
Construction in progress	26,735,297	24,645,390
Contractual and Alhambra Valley assessment districts receivable	2,667,605	1,520,345
Revenue bond issuance costs, net	374,402	197,397
Total Noncurrent Assets	613,981,662	584,251,823
Total Assets	691,950,398	657,335,587
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	4,978,208	5,688,477
OPEB transition payable	-	4,966,336
Interest payable	848,600	382,229
Current portion of refunding revenue bonds	3,460,000	2,390,000
Current portion of water reclamation loan contract	152,384	148,523
Current portion of accrued compensated absences	572,500	529,000
Liability for uninsured claims	1,000,000	750,000
Refundable deposits	243,685	243,465
Total Current Liabilities	11,255,377	15,098,030
Noncurrent Liabilities		
Revenue bonds, net of current portion	50,665,000	22,015,277
OPEB obligation	2,243,041	1,611,622
Accrued compensated absences, net of current portion	5,152,184	5,594,647
Water reclamation loan contract, net of current portion	1,183,584	1,335,968
Total Noncurrent Liabilities	59,243,809	30,557,514
Total Liabilities	70,499,186	45,655,544
NET ASSETS		
Invested in capital assets, net of related debt	531,324,187	552,165,498
Restricted for debt service	4,565,970	3,163,956
Unrestricted	85,561,055	56,350,589
Total Net Assets	\$ 621,451,212	\$ 611,680,043

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
Years Ended June 30, 2010 and 2009

	2010	2009
OPERATING REVENUE		
Sewer service charges (SSC)	\$ 48,692,520	\$ 43,087,454
Service charges - City of Concord	8,664,668	8,755,857
Other service charges	824,022	872,978
Miscellaneous charges	650,876	667,855
Total operating revenue	58,832,086	53,384,144
OPERATING EXPENSES		
Sewage collection and pumping stations	11,722,925	11,817,621
Sewage treatment	21,467,827	22,927,971
Engineering	6,898,357	6,834,321
Administrative and general	15,779,636	16,395,341
Depreciation	20,969,429	19,417,941
Total operating expenses	76,838,174	77,393,195
OPERATING LOSS	(18,006,088)	(24,009,051)
NON-OPERATING REVENUES (EXPENSES)		
Taxes	12,260,123	12,539,375
City of Concord cash contributions to capital costs	3,628,949	5,485,858
Customer cash contributions to capital cost (SSC)	3,164,091	8,452,563
Permit and inspection fees	776,348	1,093,756
Interest earnings	570,024	1,033,095
Interest expense	(1,553,467)	(1,421,686)
Allowance for doubtful accounts	(985,916)	-
Other income (expense)	998,211	639,523
Total non-operating revenues (expenses)	18,858,363	27,822,484
Income before contributions and transfers	852,275	3,813,433
Contributed sewer lines	1,840,259	1,231,022
Capital contributions - connection fees	7,078,635	5,025,493
CHANGE IN NET ASSETS	9,771,169	10,069,948
Total Net Assets - Beginning	611,680,043	601,610,095
Total Net Assets - Ending	\$ 621,451,212	\$ 611,680,043

The accompanying notes are an integral part of the financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
Statement of Cash Flows
Years Ended June 30, 2010 and 2009

	2010	2009
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 58,116,803	\$ 55,395,420
Payments to suppliers	(105,039,239)	(18,306,594)
Payments to employees and related benefits	43,443,433	(42,824,881)
Net cash used in operating activities	(3,479,003)	(5,736,055)
Cash Flows From Noncapital Financing Activities:		
Receipt of taxes	12,260,123	12,539,375
Inspection/permit fees and other non-operating income	1,774,557	1,733,280
Interest paid on reimbursements payable	-	(6,206)
Net cash provided by non capital and related financing activities	14,034,680	14,266,449
Cash Flows From Capital And Related Financing Activities:		
Capital contributions	8,633,299	13,938,421
Connection fees	7,078,635	5,025,493
Acquisition and construction of capital assets	(28,865,271)	(36,788,271)
Proceeds from bond issuance	53,730,892	-
Principal paid on bonds	(24,336,697)	(2,444,759)
Interest paid on bonds	(1,087,096)	(1,229,600)
Net cash provided by (used in) capital and related financing activities	15,153,762	(21,498,716)
Cash Flows From Investing Activities		
Purchases of short term investments	(3,324,124)	(13,495,124)
Interest received	621,171	1,229,846
Net cash provided by (used in) investing activities	(2,702,953)	(12,265,278)
Net increase (decrease) in cash and cash equivalents	23,006,486	(25,233,600)
Cash and cash equivalents, July 1	45,128,939	70,362,539
Cash and Cash equivalents, June 30	\$ 68,135,425	\$ 45,128,939
Reconciliation of operating loss to net cash provided (used) by operating activities		
Operating gain (loss)	(18,006,088)	(24,009,051)
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation expense	20,969,429	19,417,941
Net book value on capital assets retired	676	253
Allowance for doubtful accounts	(985,916)	-
(Increase) decrease in:		
Accounts receivable	270,633	1,210,259
Parts and supplies	(96,746)	(24,507)
Prepaid expenses	(437,064)	(5,054)
Increase (decrease) in:		
Accounts payable and accrued expenses	(703,123)	(2,992,249)
Refundable deposits	220	(68,912)
Liability for uninsured claims	250,000	120,180
OPEB obligation	(4,342,061)	594,289
Accrued compensated absences	(398,963)	20,796
Net cash provided by (used in) operating activities	\$ (3,479,003)	\$ (5,736,055)
Noncash investing, capital, and financing activities		
Contributions of capital assets	\$ 1,840,259	\$ 1,231,022
End of Period:		
Unrestricted cash and equivalents	\$ 49,299,833	\$ 41,484,847
Restricted cash and equivalents	18,835,592	3,644,092
	\$ 68,135,425	\$ 45,128,939

The accompanying notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF DISTRICT AND 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 the financial statements of 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 consists 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
Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF DISTRICT AND 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
Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments held at June 30, 2010, 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.

Bank Escrow Deposit

An escrow agreement was formed between the District and the National Park Service for the Right of Way through the John Muir National Historic Site, in lieu of issuing a performance bond. The current Right of Way Permit is 10 years, but is renewable and must remain in effect so long as there is sewerage running through the area; therefore, it is unlikely that the escrow funds will ever be released to the District. These funds are listed as restricted cash in the financial statements. See note 2.

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 capital assets are capitalized and depreciated over the remaining useful life of the asset. The term depreciation includes amortization of intangible assets.

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

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

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2010, the plan's 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 \$1,565,483 to the plan during the year ended June 30, 2010.

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.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING

POLICIES (continued)

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.

The accrued compensated absences decreased to \$5,724,684 from \$6,123,647, a decrease of \$398,963 in fiscal 2010. The current portion of the liability to be used within the next year is estimated by management to be approximately \$572,500. The change of \$398,963 consists of increases of \$437,087 and decreases of \$836,050.

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, CalTRUST 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 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 District recorded intangible assets acquired in fiscal year ended June 30, 2009 and has formally implemented this Statement in fiscal year ending June 30, 2010. The implementation of the provisions of this standard did not have a material effect on the financial statements of the District.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

In June of 2008, GASB issued GASBS No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement requires governments to measure derivative instruments at fair value in their economic resources measurement focus financial statements. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. The District is required to implement the provisions of the Statement for the fiscal year ending June 30, 2010 (effective for periods beginning after June 15, 2009), which should allow users of the financial statements to more fully understand the District's resources available to provide services. The District does not currently hold such instruments which would be classified as derivatives other than a minor amount held through the State Investment Pool and CalTRUST.

In March of 2009, GASB issued GASBS No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement will improve financial reporting by providing fund balance categories and classifications that will be more easily understood. Elimination of the reserved component of fund balance in favor of a restricted classification will enhance the consistency between information reported in the government-wide statements and information in the governmental fund financial statements and avoid confusion about the relationship between reserved fund balance and restricted net assets. The fund balance classification approach in this Statement will require governments to classify amounts consistently, regardless of the fund type or column in which they are presented. As a result, an amount cannot be classified as restricted in one fund but unrestricted in another. The fund balance disclosures will give users information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated. The clarifications of the governmental fund type definitions will reduce uncertainty about which resources can or should be reported in the respective fund types. The provisions of the Statement are effective for fiscal years beginning after June 30, 2010. Fund balance reclassifications made to conform to the provisions of this Statement should be applied retroactively by restating fund balance for all prior periods presented. The District is classified as an Enterprise Fund and not a Governmental Fund Type. As such, this standard will not have an effect on the financial statements of the District.

In March of 2009, GASB issued GASBS No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement will improve financial reporting by contributing to the GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source. This Statement will make it easier for preparers of state and local government financial statements to identify and apply all relevant guidance. This Statement will not result in a change in current practice or have a material effect on the financial statements of the District.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

In March of 2009, GASB issued GASBS No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This effort is important from the perspective of bringing the authoritative accounting and financial reporting literature together in one place, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. This Statement will not result in a change in current practice or have a material effect on the financial statements of the District.

In December of 2009, GASB issued GASBS No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, requirement that a defined benefit OPEB plan obtain an actuarial valuation. The amendment permits the requirement to be satisfied for an agent multiple-employer OPEB plan by reporting an aggregation of results of actuarial valuations of the individual-employer OPEB plans or measurements resulting from use of the alternative measurement method for individual-employer OPEB plans that are eligible. The District is required to implement the provisions of the Statement for the year ended June 30, 2012 (effective for periods beginning after June 15, 2011). This Statement will not result in a change in current practice, since the District does not use the alternative measurement method.

In December of 2009, GASB issued GASBS No. 58, *Accounting and Reporting for Chapter 9 Bankruptcies*. This Statement will improve financial reporting by providing more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. In addition, these requirements will provide financial statement users with better information regarding the effects of bankruptcy upon governments that file for Chapter 9 protection. The District is required to implement the provisions of the Statement for current fiscal year (effective for periods beginning after June 15, 2009). This Statement will not result in a change in current practice, or have a material effect on the financial statements of the District.

In June of 2010, GASB issued GASBS No. 59, *Financial Instruments Omnibus*. This Statement provides for the following amendments, to be effective for the year ended June 30, 2011 (effective for periods beginning after June 15, 2010):

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

- National Council on Governmental Accounting Statement 4, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, is updated to be consistent with the amendments to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, regarding certain financial guarantees.
- Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, are amended to remove the fair value exemption for unallocated insurance contracts. The effect of this amendment is that investments in unallocated insurance contracts should be reported as interest-earning investment contracts according to the provisions of paragraph 8 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.
- Statement 31 is clarified to indicate that a 2a7-like pool, as described in Statement 31, is an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended.
- Statement No. 40, *Deposit and Investment Risk Disclosures*, is amended to indicate that interest rate risk information should be disclosed only for debt investment pools—such as bond mutual funds and external bond investment pools—that do not meet the requirements to be reported as a 2a7-like pool.
- Statement 53 is amended to:
 - Clarify that the net settlement characteristic of Statement 53 that defines a derivative instrument is not met by a contract provision for a penalty payment for nonperformance
 - Provide that financial guarantee contracts included in the scope of Statement 53 are limited to financial guarantee contracts that are considered to be investment derivative instruments entered into primarily for the purpose of obtaining income or profit
 - Clarify that certain contracts based on specific volumes of sales or service revenues are excluded from the scope of Statement 53
 - Provide that one of the “leveraged yield” criteria of Statement 53 is met if the initial rate of return on the companion instrument has the potential for at least a doubled yield.

This statement will not result in a change on current practice, or have a material, effect on the financial statements of the District.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

1. DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain items in the prior year financial statements have been reclassified to match their presentation in the current year financial statements.

2. CASH AND CASH EQUIVALENTS

Summary of Cash and Investments

Investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 49,299,833
Short term investments	11,500,340
Restricted cash and investments	<u>24,154,500 *</u>
Total Cash and Investments	<u>\$ 84,954,673</u>

* Includes \$100,000 bank escrow deposit- see note 1.

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; and certificates of participation. State code and the District's investment policy prohibit the District from investing in investments with a rating of less than A or equivalent. District policy limits investments in commercial paper to prime quality with corporate assets over \$500,000,000.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

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:

<u>Authorized Investment Type</u>	<u>California State Limits</u>			<u>District Policy</u>
	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>	<u>Maximum Percentage of Portfolio</u>
U.S. Treasury Obligations	5 years	None	None	100%
Banker's Acceptance	180	40%	30%	15%
Commercial Paper (1)	270	25%	10%	15%
Collateralized Certificates of Deposit (2)	5 years	30%	None	15%
County Pooled Investment Funds	N/A	None	None	100%
Local Agency Investment Fund (LAIF)	N/A	None	None	100%

(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

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. It is the District's policy to manage 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. District policy is that investment maturities do not exceed one year, with the exception of Treasury Notes, Local Agency Investment Fund, or CalTRUST, however investments can be held longer with Board approval.

The District's investments at year end with the exception of the U.S Treasuries and Commercial Paper below are held in external investment pools which are liquid investments.

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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
Treasury Bills	\$ 3,499,757	07/22/10
Treasury Bills	3,996,313	10/21/10
Treasury Bills	4,004,270	04/07/11
Total	<u>\$ 11,500,340</u>	

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

2. CASH AND CASH EQUIVALENTS (continued)

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 required by the California Government Code, the District's investment policy, and the actual rating as of the year-end for each investment type.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Not Required To Be Rated</u>	<u>Rating at Year-End</u>	
				<u>Aaa</u>	<u>Unrated</u>
Cash	\$ 1,287,025	N/A	\$ 1,287,025	\$ -	\$ -
Money Markets	5,525,308	Aaa	-	5,525,308	-
Treasuries	11,500,340	Aaa	-	11,500,340	-
State Investment Pool	<u>66,642,000</u>	N/A	-	-	<u>66,642,000</u>
Total	<u>\$ 84,954,673</u>		<u>\$ 1,287,025</u>	<u>\$ 17,025,648</u>	<u>\$ 66,642,000</u>

Concentration of Credit Risk

The investment policy of the District contains the limitation that no more than 15% of the District's investment portfolio will be invested in a single issuer. During the current fiscal year the District invested 78% of its monies in the State Investment Pool (LAIF) which is not limited by the California Government Code or District Investment Policy.

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 cost basis.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

2. CASH AND CASH EQUIVALENTS (continued)

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 broker-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.

3. ACCOUNTS RECEIVABLE

At June 30, 2010, accounts receivable are comprised of the following:

City of Concord (see Note 8)	\$ 12,414,353
Household Hazardous Waste Partners	728,415
Proposition 1A loan	985,916
Connection fees	618,449
All other	<u>486,862</u>
Total Accounts Receivable	15,233,995
Allowance for Doubtful Accounts	<u>(985,916)</u>
Net Accounts Receivable	<u>\$ 14,248,079</u>

Proposition 1A Loan Receivable

Under the provisions of Proposition 1A, and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the supplemental property tax apportioned to special districts. The state is required to repay this borrowing, plus interest, by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the District was \$ 985,916.

The borrowing by the State of California was recognized as a receivable in the accompanying financial statements, with an equal amount set up as an allowance for doubtful accounts. In the Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets, the tax revenues were recognized in the fiscal year for which they were levied (fiscal year 2010).

Due to the current economic climate, and the current budget difficulties of the State of California, District management has decided to reserve the entire Proposition 1A loan of \$985,916. This amount is tracked as a loan receivable on the books, with a corresponding contra account on the Statement of Net Assets, which effectively eliminates the receivable. The Statement of Revenues, Expenses, and Changes in Net Assets also includes the property tax revenue connected to the receivable. The revenue is offset by the provision for losses.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

4. LAND, 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, 2010:

	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	24,645,390	27,012,517	-	(24,922,610)	26,735,297
Total nondepreciated assets	<u>41,760,110</u>	<u>27,012,517</u>	<u>-</u>	<u>(24,922,610)</u>	<u>43,850,017</u>
Capital assets being depreciated					
Sewage collection system	273,333,617	-	(80,000)	13,097,959	286,351,576
Contributed sewer lines	146,757,520	1,840,259	(17,045)	-	148,580,734
Outfall sewers	8,518,443	-	-	-	8,518,443
Sewage treatment plant	268,399,708	-	(495,000)	7,508,703	275,413,411
Recycled water infrastructure	11,936,662	-	(150,000)	494,818	12,281,480
Pumping stations	52,404,387	-	(100,000)	1,446,553	53,750,940
Buildings	19,997,044	-	(32,000)	1,241,937	21,206,981
Intangibles	1,521,424	-	-	284,848	1,806,272
Furniture and equipment	14,523,054	-	(1,614,184)	847,792	13,756,662
Motor vehicles	5,983,539	12,495	(236,825)	-	5,759,209
Total depreciated assets	<u>803,375,398</u>	<u>1,852,754</u>	<u>(2,725,054)</u>	<u>24,922,610</u>	<u>827,425,708</u>
Less accumulated depreciation					
Sewage collection system	37,368,734	3,776,626	(80,000)	-	41,065,360
Contributed sewer lines	43,152,893	1,981,714	(17,045)	-	45,117,562
Outfall sewers	2,540,266	113,353	-	-	2,653,619
Sewage treatment plant	144,270,635	9,337,779	(495,000)	-	153,113,414
Recycled water infrastructure	4,022,722	481,605	(150,000)	-	4,354,327
Pumping stations	15,986,380	2,193,433	(100,000)	-	18,079,813
Buildings	5,949,709	647,477	(32,000)	-	6,565,186
Intangibles	10,142	22,185	-	-	32,327
Furniture and equipment	9,544,235	2,056,981	(1,613,508)	-	9,987,708
Motor vehicles	3,399,803	358,276	(236,825)	-	3,521,254
Total accumulated depreciation	<u>266,245,519</u>	<u>20,969,429</u>	<u>(2,724,378)</u>	<u>-</u>	<u>284,490,570</u>
Total capital assets being depreciated, net	<u>537,129,879</u>	<u>(19,116,675)</u>	<u>(676)</u>	<u>24,922,610</u>	<u>542,935,138</u>
Capital assets, net	<u>\$ 578,889,989</u>	<u>\$ 7,895,842</u>	<u>\$ (676)</u>	<u>\$ -</u>	<u>\$ 586,785,155</u>

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

5. 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 CAD receivable balance was \$877,420.

The District also established the Alhambra Valley Assessment District (AVAD) to provide services to residents in the Alhambra Valley in Martinez. Residents have the choice to pay cash or finance the construction costs and connection fees. At year-end the AVAD receivable balance was \$1,790,185.

The total receivable balance for the CAD and AVAD is \$2,667,605, and is shown as a non-current asset on the Statement of Net Assets.

6. LONG-TERM DEBT

2009 Wastewater Revenue Certificates of Participation

On November 12, 2009 and December 3, 2009 the District issued two Certificates of Participation (COP).

The 2009 Wastewater Revenue Certificates of Participation, Series A and Series B were issued for \$19,635,000 and \$34,490,000, respectively. The Series A COP are federally taxable “Build America Bonds” which have a direct 35% interest rate subsidy from the Federal Government. Yields on this series range from 3.45% to 3.78% net of the subsidy. The Series B COP are tax exempt bonds that were used to refund the 1998 and 2002 bond issues and raise an additional \$30 million in new proceeds with yields ranging from .4% to 3.79%.

The two bonds total \$54,125,000, and are secured by a pledge of revenue. Principal payments begin annually on September 1, 2010 with semi-annual payments due on September 1 and March 1 of each year. Both bonds will be fully amortized as of September 1, 2029. The refunded portion of the original bonds will be paid off based on the original amortization schedule.

Summary

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

	<u>Balance</u> <u>July 1, 2009</u>	<u>Deductions</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due in</u> <u>One Year</u>
Revenue bonds	\$ 24,405,277	\$ 24,405,277	\$ 54,125,000	\$ 54,125,000	\$ 3,460,000
Water Reclamation Loan	<u>1,484,491</u>	<u>148,523</u>	<u>-</u>	<u>1,335,968</u>	<u>152,384</u>
	<u>\$ 25,889,768</u>	<u>\$ 24,553,800</u>	<u>\$ 54,125,000</u>	<u>\$ 55,460,968</u>	<u>\$ 3,612,384</u>

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

6. LONG-TERM DEBT (continued)

Debt Service Requirements

In 2009, the District issued Certificates of Participation (COP), which retired the 2002 and 1998 debt. The 2009 Revenue COP debt service requirements are as follows:

Fiscal Year Ending June 30,	Series A Debt Service Requirement	Series B Debt Service Requirement	Gross Total	Series A 35% Tax Subsidy	Net Total
2011	\$ 1,190,840	\$ 4,693,417	\$ 5,884,257	\$ (416,794)	\$ 5,467,463
2012	1,190,840	4,559,850	5,750,690	(416,794)	5,333,896
2013	1,190,840	4,586,625	5,777,465	(416,794)	5,360,671
2014	1,190,840	4,571,683	5,762,523	(416,794)	5,345,729
2015	1,190,840	4,565,467	5,756,307	(416,794)	5,339,513
2016 – 2020	5,954,200	14,057,942	20,012,142	(2,083,970)	17,928,172
2021 – 2025	13,916,731	4,381,011	18,297,742	(1,620,424)	16,677,318
2026 - 2030	12,327,862	-	12,327,862	(554,002)	11,773,860
Total	38,152,993	41,415,995	79,568,988	(6,342,366)	73,226,622
Amount representing interest	(18,517,993)	(6,925,995)	(25,443,988)	-	(25,443,988)
Principal outstanding	19,635,000	34,490,000	54,125,000	(6,342,366)	47,782,634
Short-term portion of revenue bonds	-	(3,460,000)	(3,460,000)	416,794	(3,043,206)
Long-term portion of revenue bonds	\$ 19,635,000	\$ 31,030,000	\$ 50,665,000	\$(5,925,572)	\$ 44,739,428

Water Reclamation Loan Contract

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

The District must repay advances from the Board over a 20-year period beginning March 31, 1999, with an interest rate of 2.60%. Debt service requirements are as follows:

Fiscal Year Ending June 30,	Debt Service Requirements
2011	\$ 187,119
2012	187,119
2013	187,119
2014	187,119
2015	187,119
2016 - 2018	561,359
Total	1,496,954
Amount representing interest	(160,986)
	1,335,968
Less: Current portion of Water Reclamation Loan Contract	(152,384)
Long term portion of Water Reclamation Loan Contract	\$ 1,183,584

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

6. LONG-TERM DEBT (continued)

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 \$55,000 at June 30, 2010.

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.

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)	\$528,621,210	\$ 250,000
Boiler & Machinery (Shared Limits per Occurrence)	PEPIP	\$100,000,000	\$ 50,000 to \$ 250,000
Crime	Travelers	\$ 1,000,000	\$ 25,000
Liability			
Errors and Omissions	Insurance Company of the State of Pennsylvania (AIG)	\$ 15,000,000	\$ 1,000,000
Employment Practices Liability	AIG	\$ 15,000,000	\$ 1,000,000
Employment Practices Liability	Admiral Insurance Company	\$ 1,000,000	\$ 15,000
General Liability	AIG	\$ 15,000,000	\$ 1,000,000
Auto Liability	AIG	\$ 15,000,000	\$ 1,000,000
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
Fiduciary Liability	RLI Insurance Company	\$ 1,000,000	-
Workers' Compensation	CSRMA	\$ 750,000	-
Excess Workers' Compensation	National Union Fire Insurance Company	Statutory	\$ 750,000

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

7. RISK MANAGEMENT (continued)

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.

For the fiscal years ended June 30, 2010, 2009, and 2008, settlements have not exceeded insurance coverage. Changes in the District's estimated liability for uninsured claims for fiscal years 2010, 2009, and 2008 are summarized as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Beginning balance	\$ 750,000	\$ 629,820	\$ 629,820
Provisions for claims incurred in the current year and changes in the liability for uninsured – claims incurred in prior years	295,348	286,220	387,095
Claims and claim adjustment expenses paid	<u>(45,348)</u>	<u>(166,040)</u>	<u>(387,095)</u>
Ending balance	<u>\$1,000,000</u>	<u>\$ 750,000</u>	<u>\$ 629,820</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 \$8,664,668 and \$3,628,949 respectively, for the year ended June 30, 2010. Additionally, there was a receivable of \$120,736 for reimbursement of A-line work, increasing the accounts receivable from the City to \$12,414,353.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

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 defined 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, 2008. The Contra Costa Employees' Retirement Association issues a 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 by calling (925) 521-3960.

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. Retirement benefits 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 a portion of the basic retirement benefit and a portion of future COL costs. However, the District has paid the employee's basic contributions in accordance with the Memorandum of Understanding (MOU). The contribution requirement and payment from the District for the plan years ended June 30, 2010, 2009 and 2008 was as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Covered payroll for fiscal years ended June 30	<u>\$ 25,080,233</u>	<u>\$ 24,202,098</u>	<u>\$ 22,503,704</u>
Employer required contributions to pension	8,804,127	9,084,809	8,757,705
Employee required contributions to pension	<u>939,388</u>	<u>913,027</u>	<u>892,488</u>
Total required contributions	<u>\$ 9,743,515</u>	<u>\$ 9,997,836</u>	<u>\$ 9,650,193</u>
Percentage of payroll	<u>39%</u>	<u>41%</u>	<u>43%</u>

The District pension plan covered 253 participants during the year.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

10. POST EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The District's defined benefit post employment healthcare plan, (DPHP), provides medical benefits to eligible retired District employees and beneficiaries. DPHP is part of the Public Agency portion of the Public Agency Retirement System (PARS), an agent multiple-employer plan administered by PARS, which acts as a common investment and administrative agent for participating public employees within the State of California. A menu of benefit provisions as well as other requirements is established by the State statute with the Public Employees' Retirement Law. DPHP selects optional benefit provisions from the benefit menu by contract with PARS and adopts those benefits through District resolution. PARS issues a separate Comprehensive Annual Financial Report. Copies of the PARS annual financial report may be obtained from PARS, 4350 Von Karman Ave., Suite 100, Newport Beach, CA 92660; by calling 1(800) 540-6369; or by emailing info@pars.org.

Funding Policy

Statement No. 45 sets rules for computing the employer's expense for retiree benefits other than pension, called OPEBs. The expense, called the annual OPEB Cost (AOC), is determined similarly to pensions. The *annual required contribution (ARC)* of the employer, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal annual costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. When an agency contributes more than the ARC, there is a net OPEB asset; when the contribution is less, a net OPEB obligation results. There is a net OPEB obligation of \$1,611,622 as of June 30, 2009 and a net OPEB asset of \$746,931 as of June 30, 2010.

Because of the volatility of the investment market, the District opted to make monthly installments into the OPEB Trust to take advantage of dollar-cost-averaging. On November 6, 2008, the Board approved payments into the Trust of \$560,000 per month for 20 months; contributions commenced in March 2009.

Annual OPEB Cost

For 2010, the District's annual OPEB cost (expense) was equal to the ARC of \$6,976,634. The District contributed \$9,334,917; \$2,614,917 for retiree health care premiums (an implied subsidy), and \$6,720,000 to the PARS trust. The following table shows the components of the District's annual OPEB costs for the years 2010 and 2009, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	<u>2010</u>	<u>2009</u>
Net OPEB Obligation (Asset) – Beginning of Year	\$ 1,611,622	\$ -
Annual Required Contribution	6,976,364	6,224,478
Contributions Made:		
Health care premiums paid	(2,614,917)	(2,372,856)
Contributions to PARS trust	(6,720,000)	(2,240,000)
Net OPEB Obligation (Asset) – End of Year	<u>\$ (746,931)</u>	<u>\$ 1,611,622</u>

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

10. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation for 2010 and the preceding year are presented below:

Fiscal Year	Annual OPEB Cost (AOC)	Annual Employer Contribution	Percentage of AOC Contributed	Current Year AOC Obligation (Asset)	Net OPEB Obligation (Asset)
June 30, 2010	\$6,976,364	\$ 9,334,917	134%	\$(2,358,553)	\$ (746,931)
June 30, 2009	\$6,224,478	\$ 4,612,856	74%	\$ 1,611,622	\$ 1,611,622

Funding Status and Funding Progress

The funded status of the plan as of July 1, 2009 was as follows:

Actuarial Valuation Date	Actuarial Valuation of Assets (A)	Cost Method Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A-B) UAAL	Funding Ratio (A/B)	Covered Payroll (Active Plan Members)	UAAL as a % of Covered Payroll
June 30, 2009	\$2,341,251	\$ 68,769,305	\$ (66,428,054)	3.40%	\$ 25,080,233	283%
June 30, 2007	\$2,341,251	\$ 68,447,956	\$ (66,106,705)	3.42%	\$ 22,648,230	292%

Per PARS, actuarial assets as of June 30, 2010, including trust contributions and interest, total \$9,305,798 (\$2,341,251 at June 30, 2009). Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial liabilities for benefits.

Actuarial Methods and Assumptions

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation as well as the historical pattern of sharing benefit costs between the employer and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations. The next actuarial valuation is scheduled to be performed in October 2011.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

10. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

The following is a summary of the actuarial assumptions and methods:

Valuation Date	July 1, 2009
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Dollar
Average Remaining Period	30 Years as of the Valuation Date
<i>Actuarial Assumptions:</i>	
Investment Rate of Return	8%
Inflation	Medical – 9% grading to 5% in 2017 Medicare Part B – 5% Dental – 5%

Financial Statements

The District has deposited monies to the PARS trust in excess of the actuarial determined annual required contribution (ARC), therefore, under the provisions of GASB 45, the District has an OPEB asset of \$746,931 for reporting purposes.

In addition, the District Board has set aside an additional \$2,989,972, which are not yet deposited to the PARS trust at June 30, 2010. The net of the GASB 45 asset and GASB 45 Board commitment is \$2,243,041, which is shown in the noncurrent liability section of the Statement of Net Assets. The actuarial determined liability, which is being paid over the next 30 years, is \$68,769,305 at July 1, 2009.

11. LEASE COMMITMENTS

The District leases various facilities and equipment under operating leases. Following is a summary of operating lease commitments as of June 30, 2010:

Fiscal Year <u>Ending</u>	Office <u>Equipment</u>	<u>Facilities</u>	Total
2011	\$ 271,849	\$ 52,050	\$ 323,899
2012	-	26,400	26,400
Total	<u>\$ 271,849</u>	<u>\$ 78,450</u>	<u>\$ 350,299</u>

Total rental expense for the fiscal years ended June 30, 2010 and 2009 were \$431,661 and \$520,941, respectively.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2010 and 2009

12. 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, 2010 of \$23,645,690.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 1, 2010, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CENTRAL CONTRA COSTA SANITARY DISTRICT
Combining Statement of Net Assets
for the Year Ended June 30, 2010

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 690,468	\$ 44,896,557	\$ 3,693,101	\$ 19,707	\$ -	\$ 49,299,833
Short term investments	-	11,500,340	-	-	-	11,500,340
Accounts receivable, net of allowance for Sewer Construction Fund of \$985,916	9,716,437	4,527,887	3,755	-	-	14,248,079
Interest receivable	-	87,544	4,831	-	-	92,375
Due from other sub-funds	101,458,659	86,695,245	1,551,163	69,166,776	(258,871,843)	-
Parts and supplies	1,733,312	-	-	-	-	1,733,312
Prepaid expenses	1,094,797	-	-	-	-	1,094,797
Total Current Assets	<u>114,693,673</u>	<u>147,707,573</u>	<u>5,252,850</u>	<u>69,186,483</u>	<u>(258,871,843)</u>	<u>77,968,736</u>
Noncurrent Assets						
Restricted cash and equivalents	100,000	18,642,000	-	93,592	-	18,835,592
Restricted investments	-	-	-	5,318,908	-	5,318,908
Land, property, plant and equipment, net	560,049,858	-	-	-	-	560,049,858
Construction in progress	26,735,297	-	-	-	-	26,735,297
Contractual assessment district and Alhambra Valley Assessment District receivable	-	2,667,605	-	-	-	2,667,605
Revenue bond issuance costs net of amortization	-	-	-	374,402	-	374,402
	<u>701,578,828</u>	<u>169,017,178</u>	<u>5,252,850</u>	<u>74,973,385</u>	<u>(258,871,843)</u>	<u>691,950,398</u>
LIABILITIES						
Current Liabilities						
Accounts payable and accrued expenses	2,764,696	2,202,669	10,843	-	-	4,978,208
Due to other sub-funds	108,369,296	131,432,040	404,620	18,665,887	(258,871,843)	-
Interest payable	2,070	-	-	846,530	-	848,600
Current portion of refunding water revenue bonds	-	-	-	3,460,000	-	3,460,000
Current portion of water reclamation loan contract	-	-	-	152,384	-	152,384
Liability for uninsured claims	-	-	1,000,000	-	-	1,000,000
Accrued compensation absences	572,500	-	-	-	-	572,500
Refundable deposits	135,925	107,760	-	-	-	243,685
Total Current Liabilities	<u>111,844,487</u>	<u>133,742,469</u>	<u>1,415,463</u>	<u>23,124,801</u>	<u>(258,871,843)</u>	<u>11,255,377</u>
NONCURRENT LIABILITIES						
Revenue bonds, net of current portion	-	-	-	50,665,000	-	50,665,000
OPEB liability- medical insurance premiums	2,243,041	-	-	-	-	2,243,041
Accrued compensated absences	5,152,184	-	-	-	-	5,152,184
Water reclamation loan contract net of current portion	-	-	-	1,183,584	-	1,183,584
Total Liabilities	<u>119,239,712</u>	<u>133,742,469</u>	<u>1,415,463</u>	<u>74,973,385</u>	<u>(258,871,843)</u>	<u>70,499,186</u>
NET ASSETS						
Invested in capital assets, net of related debt	586,785,155	-	-	(55,460,968)	-	531,324,187
Restricted for debt service	-	-	-	4,565,970	-	4,565,970
Unrestricted	(4,446,039)	35,274,709	3,837,387	50,894,998	-	85,561,055
Total Net Assets	<u>\$ 582,339,116</u>	<u>\$ 35,274,709</u>	<u>\$ 3,837,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 621,451,212</u>

The accompanying notes are an integral part of the financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
Combining Statement of Revenues, Expenses and Changes in Net Assets
for the Year Ended June 30, 2010

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
Operating Revenues						
Sewer Service Charges (SSC)	\$ 48,692,520	\$ -	\$ -	\$ -	\$ -	\$ 48,692,520
Service charges - City of Concord	8,664,668	-	-	-	-	8,664,668
Other service charges	824,022	-	-	-	-	824,022
Miscellaneous charges	650,876	-	-	-	-	650,876
Total operating revenues	<u>58,832,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,832,086</u>
Operating Expenses						
Sewage collection and pumping stations	11,722,925	-	-	-	-	11,722,925
Sewage treatment	21,467,827	-	-	-	-	21,467,827
Engineering	6,898,357	-	-	-	-	6,898,357
Administrative and general	16,468,495	-	746,612	-	(1,435,471)	15,779,636
Depreciation	20,969,429	-	-	-	-	20,969,429
Total operating expenses	<u>77,527,033</u>	<u>-</u>	<u>746,612</u>	<u>-</u>	<u>(1,435,471)</u>	<u>76,838,174</u>
Operating Loss	<u>(18,694,947)</u>	<u>-</u>	<u>(746,612)</u>	<u>-</u>	<u>1,435,471</u>	<u>(18,006,088)</u>
Non-Operating Revenues (Expenses):						
Taxes	-	8,200,970	-	4,059,153	-	12,260,123
City of Concord cash contributions to capital costs	-	3,628,949	-	-	-	3,628,949
Customer cash contributions to capital cost (SSC)	-	3,164,091	-	-	-	3,164,091
Permit and inspection fees	719,357	56,991	-	-	-	776,348
Interest earnings	140,111	367,262	29,815	32,836	-	570,024
Interest expense	-	-	-	(1,553,467)	-	(1,553,467)
Allowance for doubtful accounts	-	(985,916)	-	-	-	(985,916)
Other income (expense)	565,119	433,092	1,435,471	-	(1,435,471)	998,211
Total non-operating revenues (expenses)	<u>1,424,587</u>	<u>14,865,439</u>	<u>1,465,286</u>	<u>2,538,522</u>	<u>(1,435,471)</u>	<u>18,858,363</u>
Income (loss) before contributions and transfers	(17,270,360)	14,865,439	718,674	2,538,522	-	852,275
Contributed sewer lines	1,840,259	-	-	-	-	1,840,259
Capital contributions - connection fees	-	7,078,635	-	-	-	7,078,635
Transfers	<u>28,748,694</u>	<u>(26,210,172)</u>	<u>-</u>	<u>(2,538,522)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	13,318,593	(4,266,098)	718,674	-	-	9,771,169
Total Net Assets - Beginning	569,020,523	39,540,807	3,118,713	-	-	611,680,043
Total Net Assets - Ending	<u>\$ 582,339,116</u>	<u>\$ 35,274,709</u>	<u>\$ 3,837,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 621,451,212</u>

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, 2010

	<u>Administration</u>	<u>Engineering</u>	<u>Sewage Collection</u>	<u>Sewage Treatment Plant</u>	<u>Pumping Stations</u>	<u>Total</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Salaries and Wages	\$ 4,752,144	\$ 5,375,256	\$ 4,527,410	\$ 7,845,859	\$ 1,009,388	\$ 23,510,057	\$ 23,875,148	\$ 365,091
Employee Benefits	8,042,985	3,273,798	2,963,521	5,057,824	595,248	19,933,376	19,911,881	(21,495)
Less Capitalized Overhead and Benefits	<u>(42,189)</u>	<u>(3,227,759)</u>	<u>(22,039)</u>	<u>(152,673)</u>	<u>(12,010)</u>	<u>(3,456,670)</u>	<u>(3,460,279)</u>	<u>(3,609)</u>
Total Salaries and Benefits	12,752,940	5,421,295	7,468,892	12,751,010	1,592,626	39,986,763	40,326,750	339,987
Directors' Fees and Expense	70,485	-	-	-	-	70,485	109,595	39,110
Chemicals	-	-	-	1,104,871	335,251	1,440,122	1,609,000	168,878
Utilities	150,514	68,349	87,214	4,044,232	477,912	4,828,221	5,295,400	467,179
Repairs and Maintenance	285,310	80,566	466,411	1,836,828	199,560	2,868,675	3,331,511	462,836
Hauling and Disposal	-	514,201	56,924	351,480	17,355	939,960	1,030,460	90,500
Professional and Legal Services	317,662	110,074	4,197	9,636	-	441,569	690,960	249,391
Outside Services	945,666	434,972	32,785	199,652	74,908	1,687,983	2,278,410	590,427
Materials and Supplies	136,587	158,420	704,420	664,956	41,266	1,705,649	1,887,625	181,976
Other	<u>1,809,331</u>	<u>110,480</u>	<u>128,282</u>	<u>505,162</u>	<u>34,922</u>	<u>2,588,177</u>	<u>3,185,958</u>	<u>597,781</u>
	<u>\$ 16,468,495</u>	<u>\$ 6,898,357</u>	<u>\$ 8,949,125</u>	<u>\$ 21,467,827</u>	<u>\$ 2,773,800</u>	<u>\$ 56,557,604</u>	<u>\$ 59,745,669</u>	<u>\$ 3,188,065</u>

The accompanying notes are an integral part of the financial statements

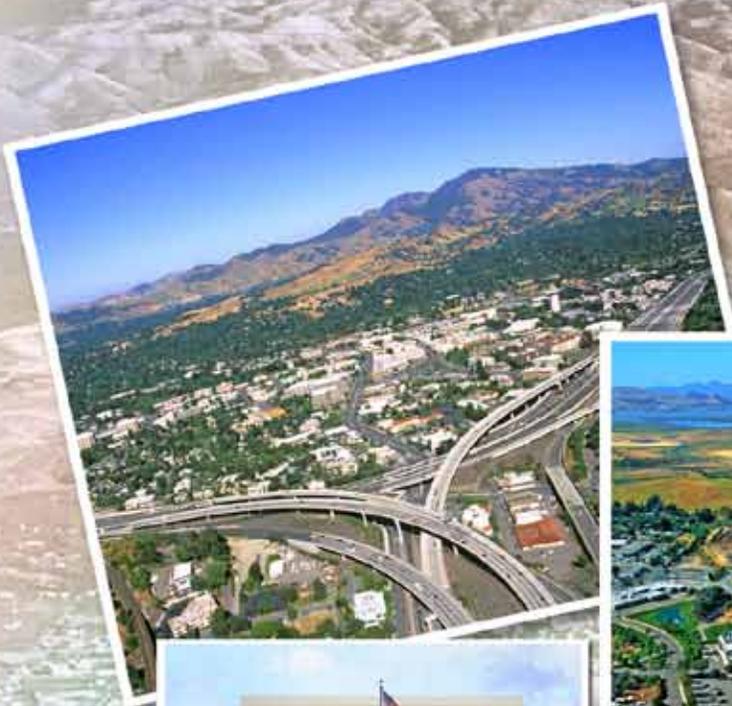
CENTRAL CONTRA COSTA SANITARY DISTRICT
Running Expense
Schedule of Supplemental Net Assets Analysis
June 30, 2010

Prior Year Balance		\$ 4,156,516
2009 - 2010 Revenue	\$ 60,256,673	
2009 - 2010 Expense	(77,527,033)	
Add Back Depreciation Expense	<u>20,969,429</u>	<u>3,699,069</u>
Net Assets Attributed to General Operations		7,855,585
All Other Net Assets		<u>574,483,531</u>
Running Expense Net Assets		<u><u>\$ 582,339,116</u></u>

The accompanying notes are an integral part of the financial statements

Central Contra Costa Sanitary District

Statistical Section



**Central Contra Costa Sanitary District
Statistical Section
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Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance has changed over time.

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Revenue Capacity

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

Major Revenue Base and Rates - Historical and Current Fees - Last Ten Fiscal Years	S-4
Sewer Service Charge - List of Ten Largest Customers - Last Eight Fiscal Years	S-5
Assessed and Estimated Actual Valuation of Taxable Property - Last Ten Fiscal Years	S-6
Property Tax and Sewer Service Charge Fees Levied and Collected - Last Ten Fiscal Years	S-6

Debt Capacity

This schedule contains information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Summary of Debt Service - Type, Debt Service Coverage, Debt Ratio - Last Ten Fiscal Years	S-7
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Demographic and Economic Information

This schedule offers demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Demographic and Economic Data - Population Served - Last Ten Calendar Years	S-8
List of Ten Largest Employers in Contra Costa County - Last Year and Nine Years Ago	S-8
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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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Capital Asset and Operating Statistics - Last Ten Calendar or Fiscal Years ...	S-11
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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.

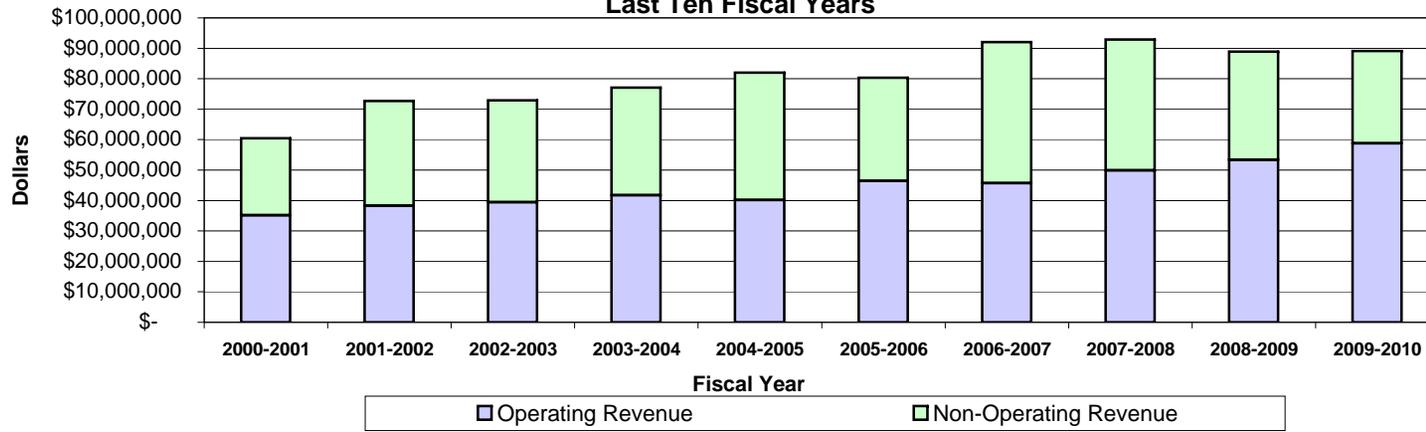
Central Contra Costa Sanitary District
Changes in Net Assets and Statement of Net Assets
Last Eight Fiscal Years

Changes in Net Assets	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Operating Revenues:								
Sewer Service Charges (SSC)	\$ 48,692,520	\$ 43,087,454	\$ 40,207,157	\$ 35,057,668	\$ 37,781,774	\$ 32,282,806	\$ 33,935,899	\$ 31,967,101
City of Concord	8,664,668	8,755,857	8,206,860	9,043,215	7,383,011	6,603,000	6,609,602	6,321,452
Other Service Charges	824,022	872,978	869,589	793,395	755,827	672,887	648,617	633,037
Miscellaneous Charges	650,876	667,855	595,980	863,843	517,741	612,851	560,454	506,812
Total Operating Revenue	58,832,086	53,384,144	49,879,586	45,758,121	46,438,353	40,171,544	41,754,572	39,428,402
Operating Expenses:								
Salaries & Benefits	39,986,763	39,440,034	37,312,472	34,678,665	29,875,340	27,989,401	28,095,636	24,919,820
Chemicals, Utilities & Supplies	7,973,992	9,368,755	8,952,840	8,759,490	7,646,866	6,801,750	5,808,070	5,735,379
Professional & Outside Services	2,129,552	2,832,001	2,613,658	2,298,712	2,850,825	2,350,387	2,282,408	2,084,830
Hauling, Disposal, Repairs & Maintenance	3,808,635	3,938,129	3,863,555	4,105,082	3,826,165	3,716,176	3,871,749	3,557,171
Self-Insurance (net of transfers)	(688,859)	90,876	(215,004)	(180,716)	629,513	1,189,693	464,702	407,007
Depreciation	20,969,429	19,417,941	18,615,747	17,714,714	16,354,488	16,041,555	15,186,594	14,527,871
All Other	2,658,662	2,305,459	2,378,941	2,144,082	1,330,946	1,437,272	1,267,809	1,243,345
Total Operating Expenses	76,838,174	77,393,195	73,522,209	69,520,029	62,514,143	59,526,234	56,976,968	52,475,423
Operating Loss	(18,006,088)	(24,009,051)	(23,642,623)	(23,761,908)	(16,075,790)	(19,354,690)	(15,222,396)	(13,047,021)
Non-Operating Revenues (Expenses):								
Property Taxes *	12,260,123	12,539,375	12,254,168	11,762,731	4,836,301	4,010,380	8,919,327	8,801,230
Customer Contributions	6,793,040	13,938,421	14,970,637	15,945,915	9,862,620	14,716,585	10,187,725	7,833,641
Connection & Other Fees	776,348	1,093,756	1,335,160	1,615,308	2,062,216	4,265,620	2,936,298	1,479,870
Interest Income	570,024	1,033,095	2,527,621	3,257,773	2,465,985	1,519,192	831,215	925,509
Interest Expense	(1,553,467)	(1,421,686)	(1,518,142)	(1,609,104)	(1,694,304)	(1,775,857)	(1,101,115)	(1,153,349)
All Other *	12,295	639,523	1,243,817	1,316,383	1,096,401	1,109,716	1,467,877	1,076,654
Total Non-Operating	18,858,363	27,822,484	30,813,261	32,289,006	18,629,219	23,845,636	23,241,327	18,963,555
Income Before Contributions and Transfers	852,275	3,813,433	7,170,638	8,527,098	2,553,429	4,490,946	8,018,931	5,916,534
Contributed Sewer Lines	1,840,259	1,231,022	1,444,420	3,521,704	3,044,945	5,530,848	4,410,808	7,818,537
Capital Contributions - Connection Fees	7,078,635	5,025,493	9,259,160	8,917,658	10,496,898	10,728,717	6,585,984	5,530,064
CHANGE IN NET ASSETS	9,771,169	10,069,948	17,874,218	20,966,460	16,095,272	20,750,511	19,015,723	19,265,135
Total Net Assets - Beginning	611,680,043	601,610,095	583,735,877	562,769,417	546,674,145	525,923,634	506,907,911	487,642,776
Total Net Assets - Ending	621,451,212	611,680,043	601,610,095	583,735,877	562,769,417	546,674,145	525,923,634	506,907,911
Statement of Net Assets	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Investments in Capital Assets, Net of Related Debt	\$ 531,324,187	\$ 552,165,498	\$ 531,119,639	\$ 513,580,658	\$ 486,098,303	\$ 469,375,715	\$ 453,251,761	\$ 443,350,151
Restricted for Debt Service	4,565,970	3,163,956	3,185,416	3,216,163	3,647,257	3,118,704	3,035,944	4,484,542
Unrestricted	85,561,055	56,350,589	67,305,040	66,939,056	73,023,857	74,179,726	69,635,929	59,073,218
Total Net Assets	621,451,212	611,680,043	601,610,095	583,735,877	562,769,417	546,674,145	525,923,634	506,907,911

* Includes Prop 1A loan receivable revenue and offset of \$985,916. The revenue is offset by the provision for losses categorized in other.

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**



Operating Revenue

Fiscal Year	Sewer Service Charges*	City of Concord	Other Service Charges	Miscellaneous Charges	Total Operating
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
2007-2008	40,207,157	8,206,860	869,589	595,980	49,879,586
2008-2009	43,087,454	8,755,857	872,978	667,855	53,384,144
2009-2010	48,692,520	8,664,668	824,022	650,876	58,832,086

Non-Operating Revenue

Fiscal Year	Property Taxes *1	Customer Contributions *2	Connection & Other Fees	Interest	All Other	Total Non-Operating
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
2007-2008	12,254,168	16,415,057	10,594,320	2,527,621	1,243,817	43,034,983
2008-2009	12,539,375	15,169,443	6,119,249	1,033,095	639,523	35,500,685
2009-2010	12,260,123	8,633,299	7,854,983	570,024	998,211	30,316,640

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

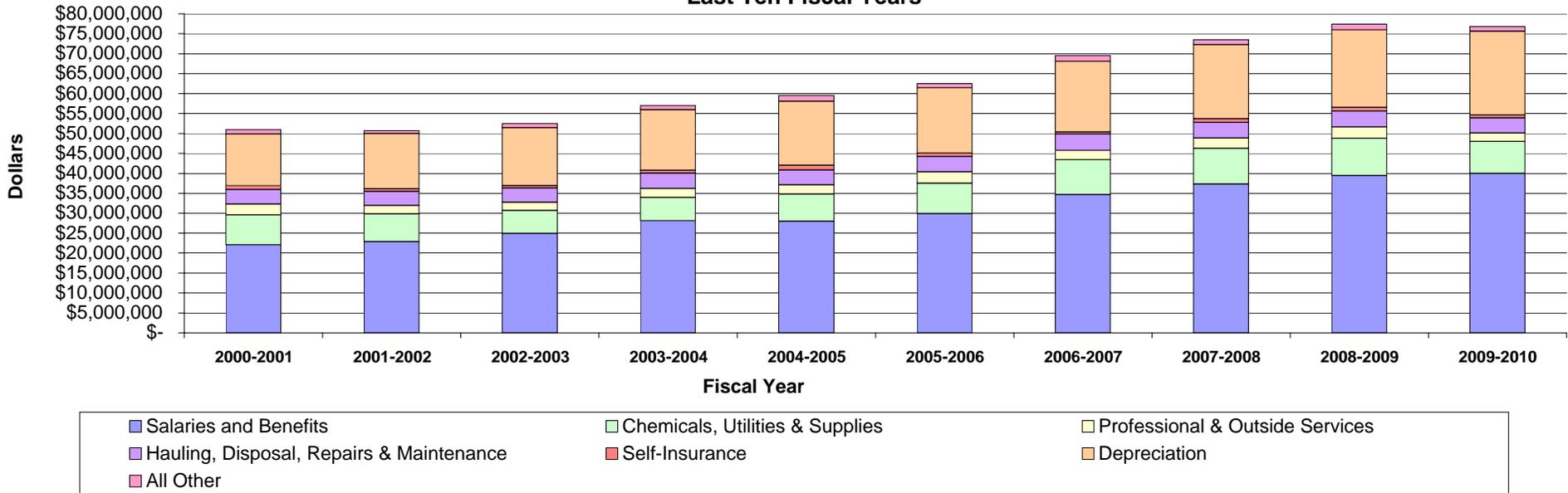
*1 2009-2010 property taxes includes Prop 1A loan receivable revenue of \$985,916.

*2 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.

Source: Central Contra Costa Sanitary District Audited Financial Statements

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



OPERATING EXPENSES

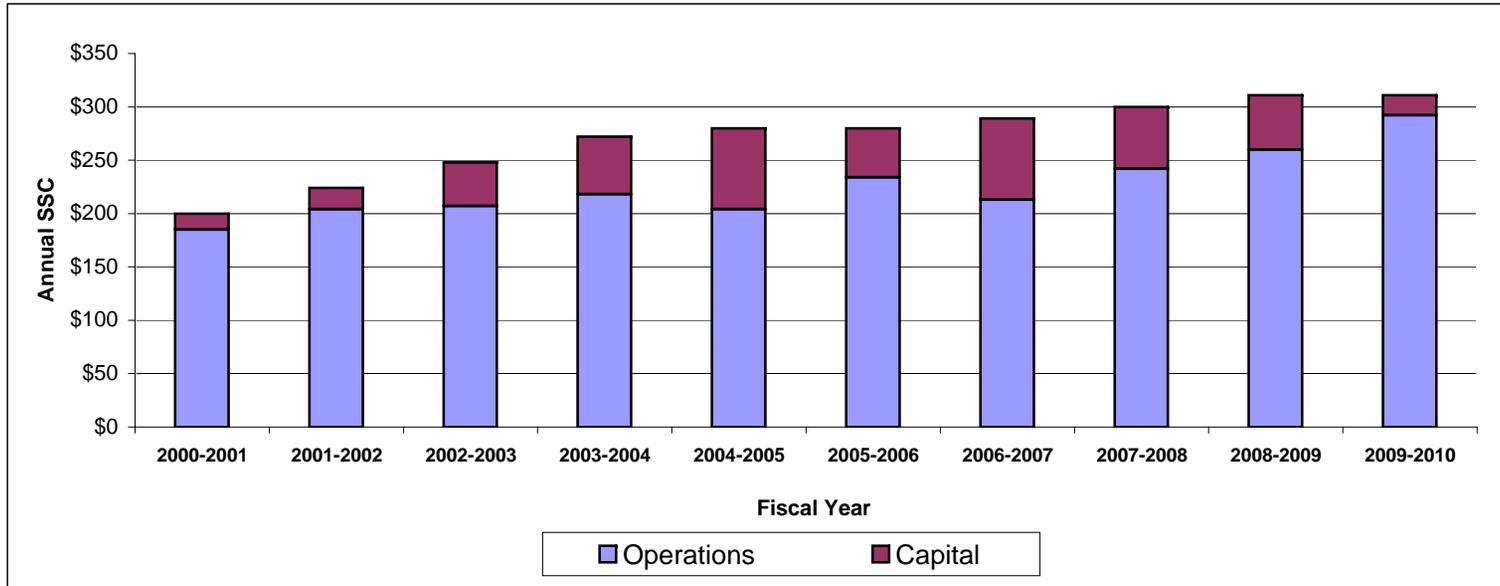
Fiscal Year	Salaries and Benefits	Chemicals, Utilities & Supplies	Professional & Outside Services	Hauling, Disposal, Repairs & Maintenance	Self-Insurance	Depreciation	All Other	Total Operating Expenses	Non-Operating Expenses *
2000-2001	\$ 22,051,911	\$ 7,496,028	\$ 2,762,603	\$ 3,621,826	\$ 924,242	\$ 13,004,018	\$ 1,085,888	\$ 50,946,516	\$ 1,250,588
2001-2002	22,848,114	7,009,868	2,110,886	3,476,325	677,159	13,833,124	745,605	50,701,081	1,202,782
2002-2003	24,919,820	5,735,379	2,084,830	3,557,171	632,007	14,527,871	1,018,345	52,475,423	1,153,349
2003-2004	28,095,636	5,808,070	2,282,408	3,871,749	689,702	15,186,594	1,042,809	56,976,968	1,101,115
2004-2005	27,989,401	6,801,750	2,350,387	3,716,176	1,189,693	16,041,555	1,437,272	59,526,234	1,775,857
2005-2006	29,875,340	7,646,866	2,850,825	3,826,165	879,513	16,354,488	1,080,946	62,514,143	1,694,304
2006-2007	34,678,665	8,759,490	2,298,712	4,105,082	519,284	17,714,714	1,444,082	69,520,029	1,609,104
2007-2008	37,312,472	8,952,840	2,613,658	3,863,555	916,639	18,615,747	1,247,298	73,522,209	1,518,142
2008-2009	39,440,034	9,368,755	2,832,001	3,938,129	958,906	19,417,941	1,437,429	77,393,195	1,421,686
2009-2010	39,986,763	7,973,992	2,129,552	3,808,635	746,612	20,969,429	1,223,191	76,838,174	2,539,383

Informational - not graphed

* 2009-2010 non-operating expenses includes Prop 1A loan receivable revenue offset of \$985,916.

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	Total		
2000-2001	\$185	\$15	\$200	\$2,572	\$348
2001-2002	204	20	224	3,360	710
2002-2003	207	41	248	3,360	710
2003-2004	218	54	272	3,983	988
2004-2005	204	76	280	3,983	988
2005-2006	234	46	280	4,150	1,331
2006-2007	213	76	289	4,263	1,404
2007-2008	242	58	300	4,524	1,466
2008-2009	260	51	311	4,923	1,586
2009-2010	292	19	311	5,298	1,651

*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
Eight Fiscal Years**

Customer	2009-2010			2008-2009			2007-2008			2006-2007		
	<u>Operating Revenue</u>	<u>Rank</u>	<u>Percentage of Operating Revenue</u>	<u>Operating Revenue</u>	<u>Rank</u>	<u>Percentage of Operating Revenue</u>	<u>Operating Revenue</u>	<u>Rank</u>	<u>Percentage of Operating Revenue</u>	<u>Operating Revenue</u>	<u>Rank</u>	<u>Percentage of Operating Revenue</u>
City of Concord*	\$ 8,664,668	1	14.73%	\$ 8,755,857	1	16.40%	\$ 8,206,860	1	16.45%	\$ 9,043,215	1	19.76%
Contra Costa County General Services	305,880	2	0.52%	320,866	3	0.60%	316,854	3	0.64%	322,351	2	0.70%
Park Regency Apartments	277,412	3	0.47%	277,412	4	0.52%	267,600	4	0.54%	257,788	3	0.56%
Sun Valley Mall	197,566	4	0.34%	190,734	5	0.36%	183,380	6	0.37%	176,293	4	0.39%
Chevron Offices & Office Park	165,561	5	0.28%	363,739	2	0.68%	340,389	2	0.68%	-	-	-
Kaiser Foundation Hospital	136,753	6	0.23%	112,727	9	0.21%	118,809	9	0.24%	-	-	-
Branch Creek Vista Apartments	124,400	7	0.21%	124,400	8	0.23%	120,000	8	0.24%	-	-	-
Bay Landing Apartments	111,960	8	0.19%	111,960	10	0.21%	108,000	10	0.22%	104,040	8	0.23%
Archstone Apartments	108,850	9-10	0.19%	-	-	-	-	-	-	101,150	9-10	0.22%
Muirland @ Windemere Apartments	108,850	9-10	0.19%	-	-	-	-	-	-	101,150	9-10	0.22%
Willows Shopping Center	-	-	-	-	-	-	-	-	-	128,303	5	0.28%
St. Mary's College Contract	-	-	-	126,222	6	0.24%	136,016	7	0.27%	127,355	6	0.28%
John Muir Health	-	-	-	125,292	7	0.23%	223,775	5	0.45%	121,613	7	0.27%
Total	\$ 10,201,900		17.34%	\$ 10,509,209		19.69%	\$ 10,021,683		20.09%	\$ 10,483,258		22.91%

Customer	2005 - 2006			2004 - 2005			2003 - 2004			2002 - 2003		
	<u>Operating Revenue</u>	<u>Rank</u>	<u>Percentage of Operating Revenue</u>	<u>Operating Revenue</u>	<u>Rank</u>	<u>Percentage of Operating Revenue</u>	<u>Operating Revenue</u>	<u>Rank</u>	<u>Percentage of Operating Revenue</u>	<u>Operating Revenue</u>	<u>Rank</u>	<u>Percentage of Operating Revenue</u>
City of Concord*	\$ 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	295,173	2	0.64%	294,670	2	0.73%	250,442	3	0.60%	222,619	2	0.56%
First Walnut Creek Mutual	295,120	3	0.64%	266,000	3	0.66%	258,400	2	0.62%	206,246	3	0.52%
Park Regency Apartments	249,760	4	0.54%	249,760	4	0.62%	242,624	4	0.58%	197,408	4	0.50%
Second Walnut Creek Mutual Apts	210,000	5	0.45%	210,000	5	0.52%	204,000	5	0.49%	158,224	5	0.40%
Sun Valley Mall	169,916	6	0.37%	158,077	6	0.39%	145,169	6	0.35%	138,993	6	0.35%
Archstone/Treat Commons Apartments	142,800	7	0.31%	142,800	7	0.36%	138,720	7	0.33%	126,480	7	0.32%
Reflections San Ramon Apartments	139,062	8	0.30%	139,062	8	0.35%	134,912	8	0.32%	-	-	-
Kaiser Foundation Hospital	126,904	9	0.27%	100,976	10	0.25%	-	-	-	-	-	-
St. Mary's College Contract	117,119	10	0.25%	-	-	-	97,670	10	0.23%	106,497	8	0.27%
Willows Shopping Center	-	-	-	120,459	9	0.30%	111,822	9	0.27%	103,321	9	0.26%
Canyon Point Condominiums	-	-	-	-	-	-	-	-	-	86,304	10	0.22%
Total	\$ 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.

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**

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
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%
2007-2008	66,416,736,187	1,583,187,663	67,999,923,850	8.0%
2008-2009	68,888,723,534	1,738,606,038	70,627,329,572	3.9%
2009-2010	68,640,287,188	1,723,710,536	70,363,997,724	-0.4%

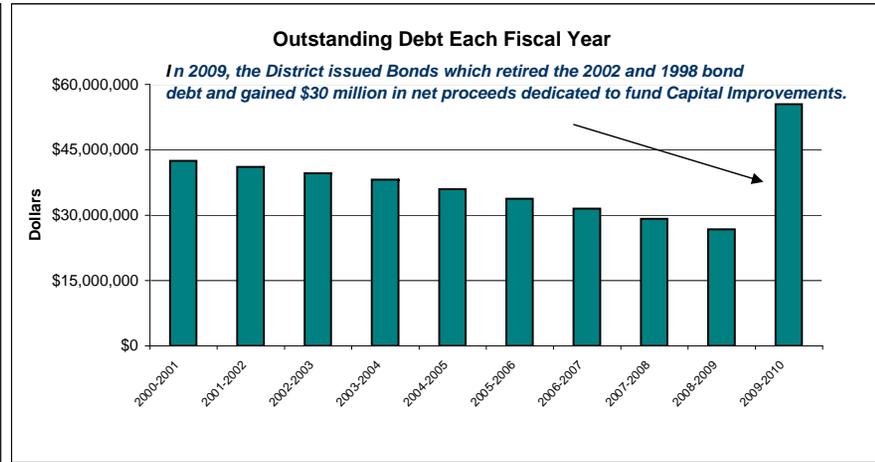
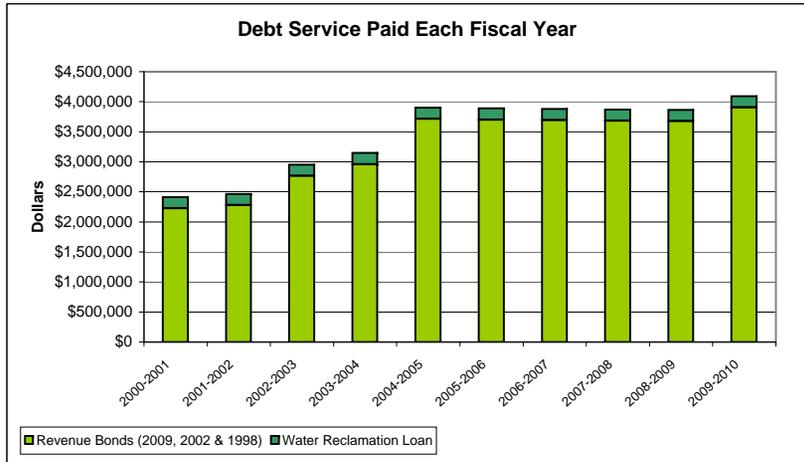
**Property Tax and Sewer Service Charge Fees Levied and Collected
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Property Tax* Levied & Collected</u>	<u>% Change</u>	<u>Sewer Service Charges* Levied & Collected</u>	<u>% Change</u>
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%
2007-2008	12,092,637	2.0%	48,883,932	4.7%
2008-2009	12,492,502	3.3%	50,743,258	3.8%
2009-2010	11,253,233 **	-9.9%	50,896,210	0.3%

* 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.

** Actual amount received from the County. Net of Prop 1A loan to state of \$985,916.

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



Fiscal Year	Summary By Type Of Debt											
	Revenue Bonds (2009, 2002 & 1998)			Water Reclamation Loan			Total Debt Service Annual Expense			TOTAL DEBT SERVICE OUTSTANDING		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Revenue Bonds	Water Rec. Loan	Total Debt Outstanding
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	\$ 39,930,000	\$ 2,544,891	\$ 42,474,891
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	38,645,000	2,423,939	41,068,939
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	37,315,000	2,299,842	39,614,842
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	35,940,000	2,172,519	38,112,519
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	33,945,000	2,041,885	35,986,885
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	31,885,000	1,907,855	33,792,855
2006-2007	2,135,000	1,559,500	3,694,500	137,515	49,604	187,119	2,272,515	1,609,104	3,881,619	29,750,000	1,770,340	31,520,340
2007-2008	2,210,000	1,472,113	3,682,113	141,090	46,029	187,119	2,351,090	1,518,142	3,869,232	27,540,000	1,629,250	29,169,250
2008-2009	2,300,000	1,379,326	3,679,326	144,759	42,360	187,119	2,444,759	1,421,686	3,866,445	25,240,000	1,484,491	26,724,491
2009-2010	2,390,000	1,514,871	3,904,871	148,523	38,596	187,119	2,538,523	1,553,467	4,091,990	54,125,000	1,335,968	55,460,968

Fiscal Year	Debt Service Coverage Summary								Debt Ratios			
	Total Debt Service	Operating Revenue	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	Annual Debt Service to Operating Exp.	Annual Debt Service per Customer	Total Debt Outstanding Per Customer
2000-2001	2,411,359	35,170,496	37,942,498	25,267,704	22,495,702	9.33	7,927,822	14,567,880	6.04	6.36%	\$ 16.16	\$ 284.60
2001-2002	2,465,526	38,252,547	36,867,957	34,475,044	35,859,634	14.54	5,753,738	30,105,896	12.21	6.69%	16.11	268.30
2002-2003	2,952,930	39,428,402	37,947,552	33,465,505	34,946,355	11.83	7,023,589	27,922,766	9.46	7.78%	19.12	256.54
2003-2004	3,145,858	41,754,572	41,790,374	35,339,234	35,303,432	11.22	8,370,344	26,933,088	8.56	7.53%	20.21	244.83
2004-2005	3,901,491	40,171,544	43,484,679	41,881,058	38,567,923	9.89	13,351,448	25,216,475	6.46	8.97%	24.65	227.41
2005-2006	3,888,334	46,438,353	46,159,655	33,865,366	34,144,064	8.78	12,931,577	21,212,487	5.46	8.42%	24.08	209.29
2006-2007	3,881,619	45,758,121	51,805,315	46,337,472	40,290,278	10.38	12,353,170	27,937,108	7.20	7.49%	23.58	191.51
2007-2008	3,869,232	49,879,586	54,906,462	43,034,983	38,008,107	9.82	14,595,433	23,412,674	6.05	7.05%	23.29	175.56
2008-2009	3,866,445	53,384,144	57,975,254	35,500,685	30,909,575	7.99	10,511,351	20,398,224	5.28	6.67%	23.33	161.26
2009-2010	4,091,990	58,832,086	55,868,745	30,316,640	33,279,981	8.13	10,707,584	22,572,397	5.52	7.32%	24.53	332.52

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

*1 Net Revenue = Operating Revenue less Total Operating Expenses less Depreciation plus Non-Operating Revenue & Contributions.

*2 This ratio must be above 1.00 to meet the Debt Rate 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 Rate Covenant (Adjusted Net Revenue/Total Debt Service).

*5 Number of Customers = Number of connections to the sewer system.

Debt Restrictions:

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 to the left.

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

<u>As Of January 1</u>	<u>Inside District Boundaries</u>	<u>Concord/ Clayton</u>	<u>Total Served</u>	<u>% Change</u>
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%
2008	317,340	134,560	451,900	0.7%
2009	322,200	134,000	456,200	1.0%
2010	326,600	135,400	462,000	1.3%

Source: Central Contra Costa Sanitary District Environmental Services Division

**List of Ten Largest Employers in Contra Costa County
Last Year and Nine Years Ago**

<u>Employers</u>	<u>2009</u>			<u>2000</u>		
	<u>Estimated Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>	<u>Estimated Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>
Chevron Corporation	4,700	1	1.0%	3,500	2	0.7%
Kaiser Foundation Hospital	2,300	2	0.5%	2,300	3	0.5%
John Muir Medical Center	1,900	3	0.4%	1,900	4	0.4%
Bio-Rad Laboratories	1,700	4	0.4%	-	-	-
John Muir/Mt. Diablo Medical Center	1,500	5	0.3%	1,500	5	0.3%
24 Hour Fitness	1,300	6	0.3%	-	-	-
Doctors Medical Center	1,000	7	0.2%	1,000	6	0.2%
USS Posco Industries	975	8	0.2%	975	7	0.2%
Contra Costa Newspapers, Inc.	900	9	0.2%	900	8	0.2%
Bank of the West	800	10	0.2%	700	9	0.1%
Kaiser Permanente	-	-	-	5,000	1	1.0%
Aetna Health Services	-	-	-	600	10	0.1%
All Others	456,725		96.4%	464,025		96.3%
	<u>473,800</u>		<u>100.0%</u>	<u>482,400</u>		<u>100.0%</u>

Source: County of Contra Costa, California, Comprehensive Annual Financial Report for 6/30/09, Statistical Section, excludes government employers.

**Central Contra Costa Sanitary District
Demographic and Economic Statistics
Contra Costa County
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Population*	Personal Income*	Per Capita Personal Income*	Average Annual Unemployment Rate**
2000	953,192	\$ 43,425,112,000	\$ 45,558	3.5%
2001	971,487	44,593,261,000	45,902	4.1%
2002	980,446	44,703,343,000	45,595	5.7%
2003	987,662	45,769,497,000	46,341	6.1%
2004	992,747	48,917,847,000	49,275	5.4%
2005	999,271	51,528,384,000	51,566	4.9%
2006	1,001,303	55,313,098,000	55,241	4.3%
2007	1,010,542	58,491,374,000	57,881	4.7%
2008	1,025,464	59,348,149,000	57,874	6.2%
2009	N/A	N/A	N/A	10.3%

N/A - Information not available at this time.

* U.S. Department of Commerce, Bureau of Economic Analysis, 2000-2007 updated, estimates as of April 2010.

** State of California, Employment Development Department (EDD), annual calendar figure.

**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>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Administration	45	45	45	42	42	43	42	43	42	42
Engineering	76	80	76	75	73	76	71	70	67	67
Operations										
Collection Systems	47	52	50	50	49	46	45	44	42	41
Plant	78	82	77	83	88	81	82	82	81	79
Pumping Station	10	10	11	10	9	9	9	8	7	7
Operations Total	<u>135</u>	<u>144</u>	<u>138</u>	<u>143</u>	<u>146</u>	<u>136</u>	<u>136</u>	<u>134</u>	<u>130</u>	<u>127</u>
District Total	<u><u>256</u></u>	<u><u>269</u></u>	<u><u>259</u></u>	<u><u>260</u></u>	<u><u>261</u></u>	<u><u>255</u></u>	<u><u>249</u></u>	<u><u>247</u></u>	<u><u>239</u></u>	<u><u>236</u></u>

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

District Total	<u><u>201</u></u>	<u><u>187</u></u>	<u><u>178</u></u>	<u><u>177</u></u>	<u><u>167</u></u>	<u><u>167</u></u>	<u><u>163</u></u>	<u><u>159</u></u>	<u><u>156</u></u>	<u><u>150</u></u>
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**Central Contra Costa Sanitary District
Capital Asset and Operating Statistics
Last Ten Calendar or Fiscal Years**

Treatment Plant	Year	Millions of Gallons per Day (mgd)									
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Treatment Plant Permitted Capacity	Calendar	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8	45.0	45.0
Average Dry Weather Flow (ADWF)	Calendar	32.5	36.6	38.6	41.6	41.4	40.6	40.0	39.4	38.4	40.8
Wastewater Treated per day	Calendar	37.0	41.0	41.2	50.4	48.0	44.7	42.9	43.1	42.1	45.5
		Tons per Year									
Sludge to Furnace (Dry)*1	Fiscal	15,299	15,212	15,340	15,341	15,841	16,727	16,053	16,318	16,881	16,076
Ash to Reuse Site (Wet)*2	Fiscal	4,082	4,177	4,418	4,418	5,074	5,397	5,384	5,235	5,226	4,781

*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	Other Data										
Pipeline Miles	Calendar	1,500	1,500	1,500	1,500	1,500	1,400	1,400	1,400	1,400	1,391
Number of pumping stations	Calendar	18	18	18	18	18	22	21	23	22	22

Recycled Water											
Recycled Water Produced per day	Calendar	1.6 mgd	1.5 mgd	1.6 mgd	1.6 mgd	1.5 mgd	1.5 mgd	1.4 mgd	1.5 mgd	1.5 mgd	1.4 mgd
Number of Recycled Water Customers	Calendar	30	31	30	30	24	23	21	20	20	19

Household Hazardous Waste (HHW) - Inception 1997/1998											
Residential Participation (Number of cars)	Fiscal	29,347	28,270	26,447	23,992	22,872	23,061	22,359	19,219	17,308	15,649
Percentage of Households in Service Area	Fiscal	15.0%	14.4%	13.6%	12.3%	12.1%	12.3%	12.1%	10.5%	9.3%	8.6%
Operating Cost per Car	Fiscal	\$ 76	\$ 76	\$ 61	\$ 64	\$ 60	\$ 58	\$ 62	\$ 66	\$ 67	\$ 71
Pounds of HHW per Car	Fiscal	65	67	71	80	65	64	71	72	77	77

Miscellaneous Statistics

Governing Body:	Elected 5-Member Board of Directors
Governmental Structure:	Established in 1946 under the Sanitary District Act of 1923
Staff:	256 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:	143 square miles
Total Population Served:	462,000
Sewer Service Charge:	\$311 annually per residential equivalent unit