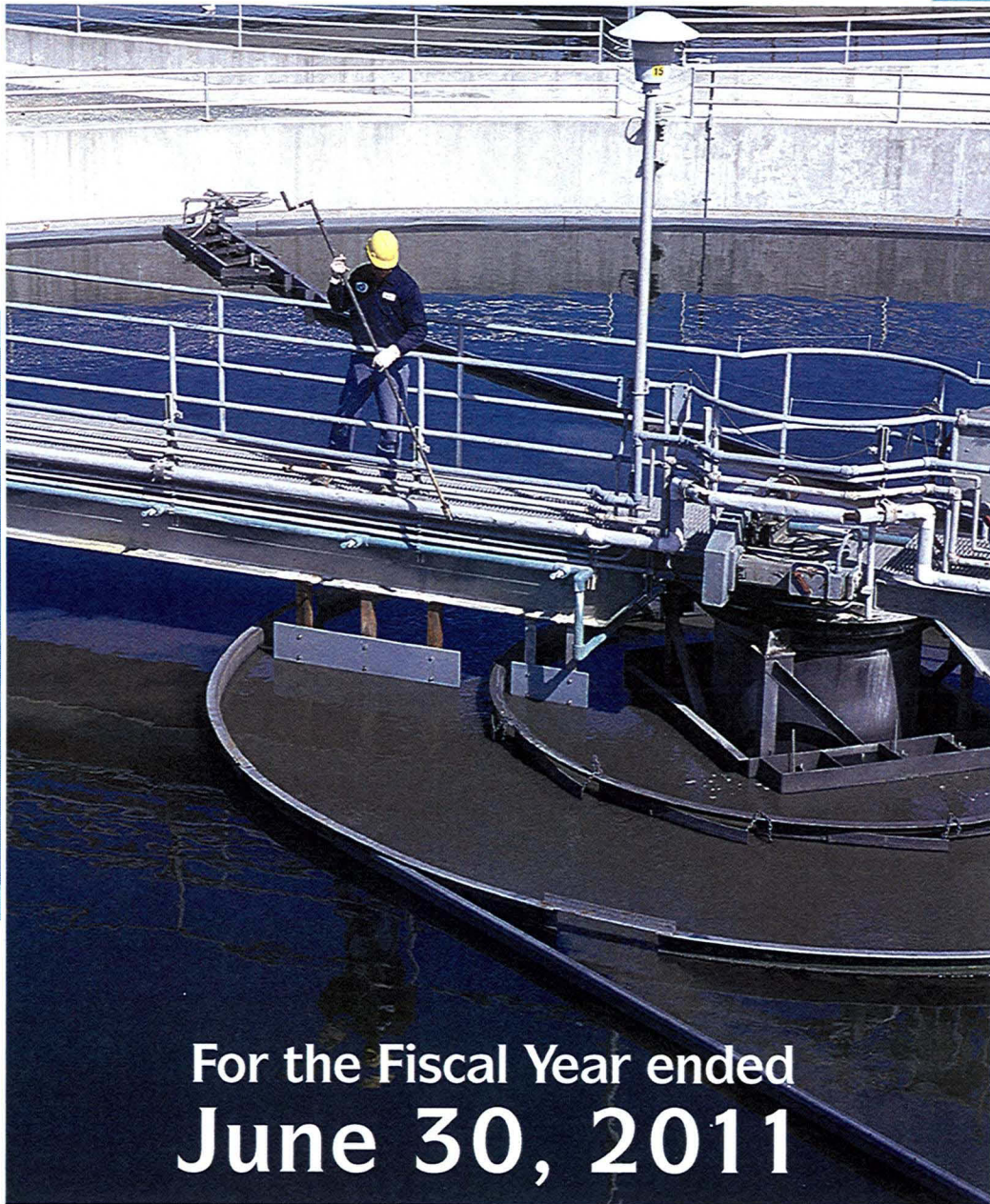




Central Contra Costa Sanitary District  
5019 Imhoff Place, Martinez, CA 94553

# Comprehensive Annual Financial Report



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2011**

**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





November 13, 2011

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, 2011.

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, 2011. 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 322,000 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 133,000 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 16 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 245 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. The current consensus is that the state and national economies will continue to recover slowly and sluggishly in 2012 and in the coming years. The slow recovery according to the LAO results from a combination of excess inventories of residential and commercial real estate, severely depressed economic confidence for both individuals and businesses, and for many consumers, a considerably weakened financial capacity to spend and invest. Consumers are attempting to restore their personal finances amidst the weak labor markets and diminished housing wealth. Credit remains very tight, further constraining the amount of economic growth. While businesses have been spending more recently to address equipment, software and other needs they deferred during the recession, they remain reluctant to hire. The construction industry remains flat, with few immediate prospects due to the massive fall in residential and commercial real estate markets. The Federal Reserve continues to take actions to stimulate the economy, but with interest rates already at historically low levels, its ability to achieve much is limited. Employment, personal income, output, and housing permit growth, among other measures are projected to be weak by historical standards during the recovery and inflation is expected to be low.

The downturn in the housing sector and new construction have decreased the District's number of new sewer service connections and developer fee revenues. 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.

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. 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 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, housing growth, and infrastructure renewal and replacement needs. The District has a significant amount of unfunded actuarial liability for both pension and other post employment costs (OPEB) and various options for managing these liabilities are explored in the financial planning process.

#### Relevant Financial Policies

**Investment Policy:** The District's investment policies for District assets and GASB 45 Trust are reviewed and approved annually by the Board of Directors in accordance with District investment policy. Section 53646 of the California Government Code governs our investment practices, and is reviewed annually by staff, legal counsel and the Board. No required changes were necessary. The Board receives monthly financial statements that include District investment performance. Since 2008, the GASB 45 Trust investments are in a moderate investment strategy fund. The Board Budget and Finance Committee review GASB 45 Trust monthly financial statements to monitor the District's investment strategy in the current volatile economy.

**Internal Audit Program:** In addition to the annual external independent audit, the District contracted with an additional auditing firm to perform an internal audit. The purpose of this audit is to test internal controls and to receive recommendations to improve our operations. This year the Household Hazardous Waste (HHW) operation and billing mechanisms was reviewed. A recommendation was made to stop collecting cash from our small business program customers to strengthen cash receipt internal controls.

#### 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 capital plan is also addressing treatment plant reliability through design and construction of three recently completed projects. The Standby Power Facility Improvements 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 Bypass 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 thirteen 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 68% in the past 8 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 comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the eleventh 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 comprehensive annual financial report 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, 2011**

Barbara D. Hockett .....President  
James A. Nejedly .....President Pro-Tem  
Michael R. McGill .....Member  
Mario M. Menesini .....Member  
David R. Williams.....Member





# Central Contra Costa Sanitary District



## OUR MISSION

To protect the public health and the environment by:

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



## OUR VISION

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



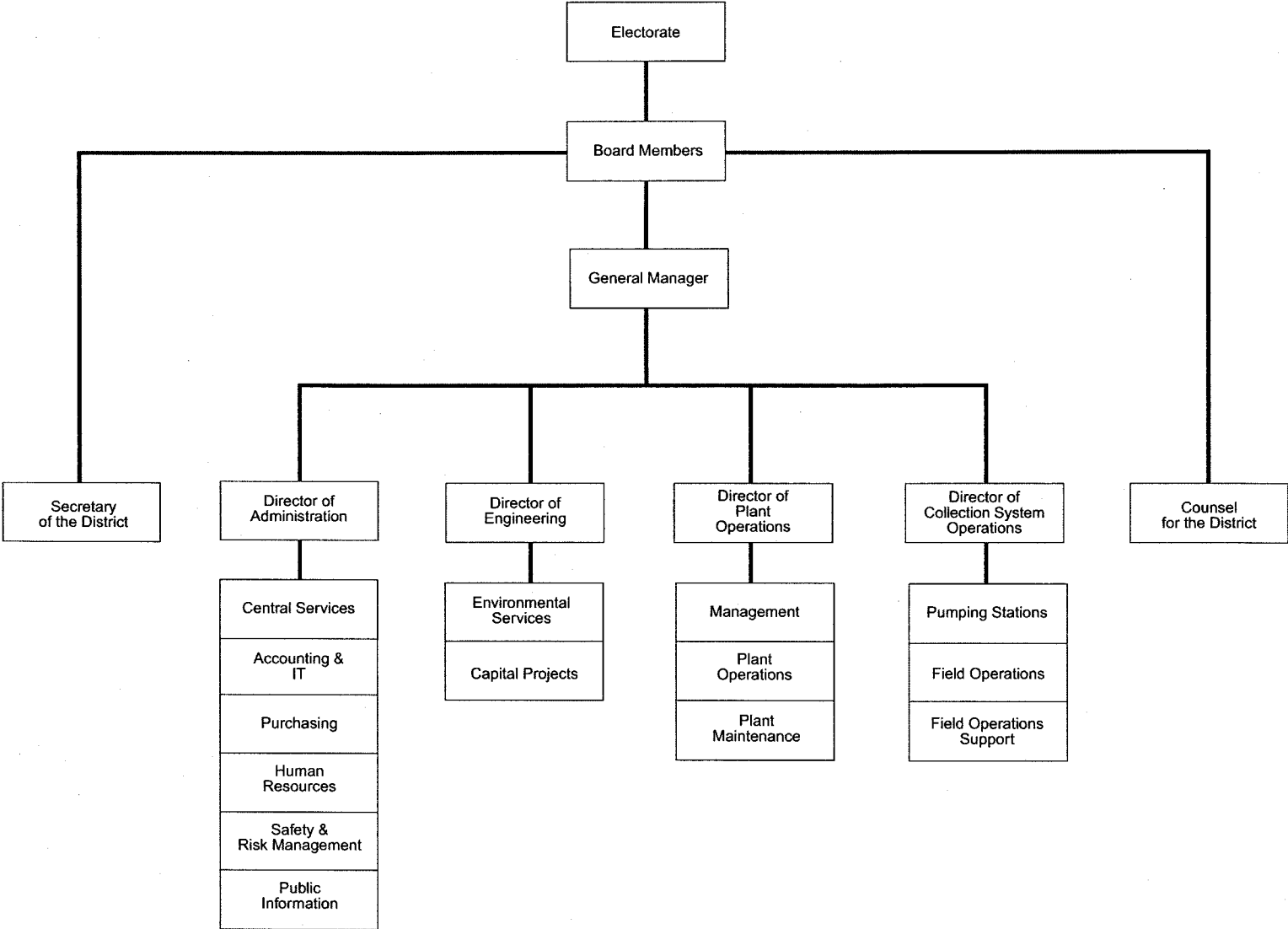
## OUR VALUES

We will achieve our goals by valuing:

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

CENTRAL CONTRA COSTA SANITARY DISTRICT

**Organization Chart - Composite**

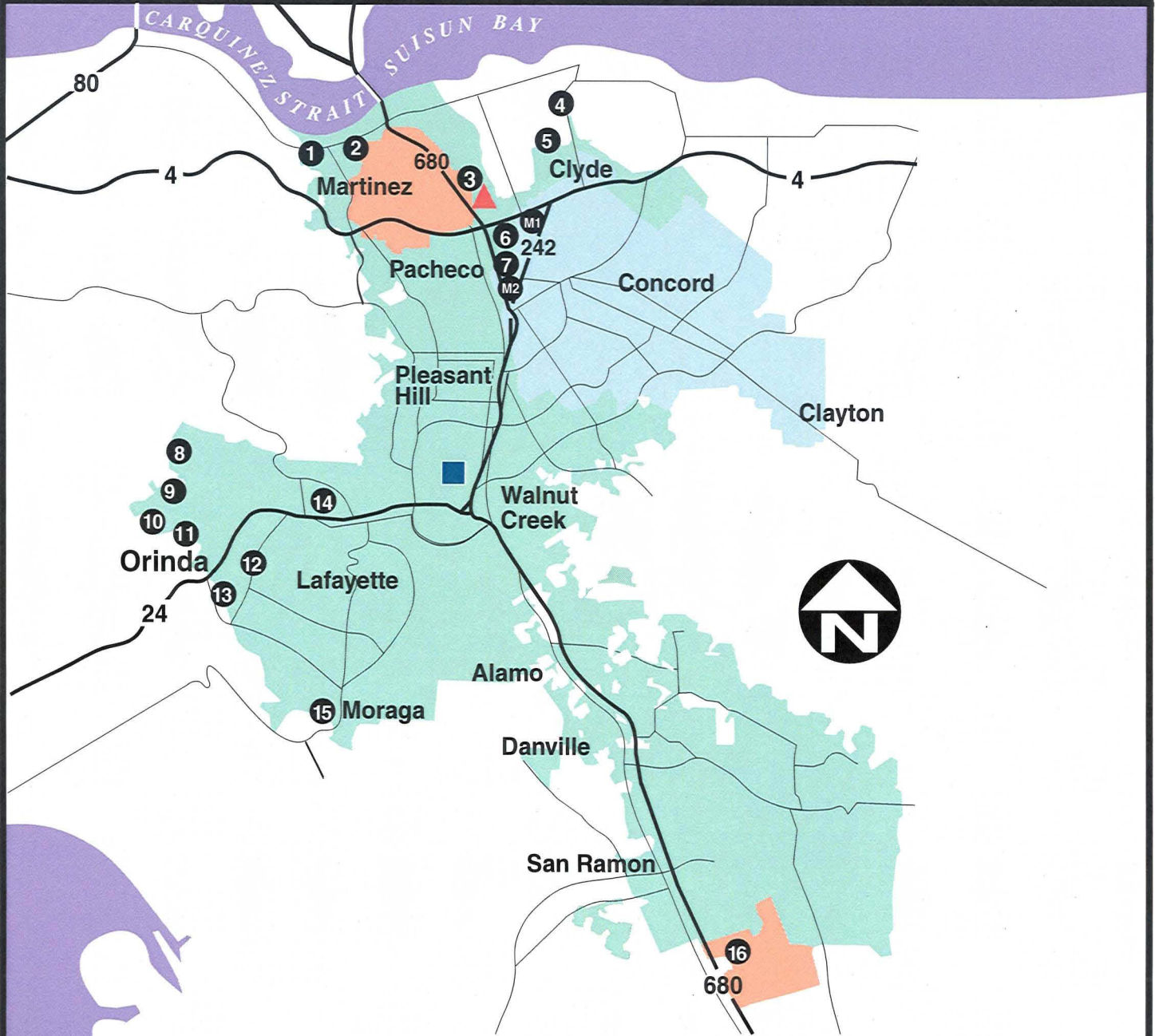




Central Contra Costa Sanitary District

**Map of Service Area**

June 30, 2011



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

San Francisco Bay

# 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, 2010

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 stylized, handwritten signature in black ink.

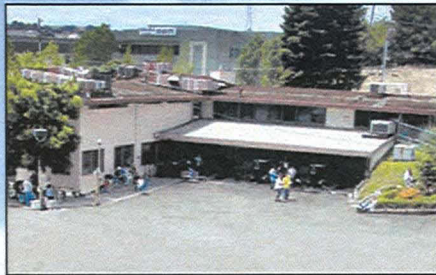
Executive Director





Central Contra Costa Sanitary District

# Financial Section







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(925) 476-9930 efax

[www.cropperaccountancy.com](http://www.cropperaccountancy.com)

## 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, 2011, 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, 2011, and the changes in financial position and cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the 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, supplementary information on pages 34 – 37, 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  
September 30, 2011



## 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, 2011. This information is presented in conjunction with the audited financial statements, which follow this report.

### FINANCIAL HIGHLIGHTS

The District's 2010-11 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 \$1.3 million or 0.22% in 2010-11 when compared to fiscal year 2009-10; when comparing 2010-11 to 2008-09, net assets have increased by \$11.1 million or 1.82%. This is mainly due to capital project asset additions.
- Total revenues in 2010-11 increased by \$0.2 million or 0.33% when compared to 2009-10; when comparing 2010-11 to 2008-09, total revenue has increased by \$5.0 million or 7.26%. Although there was no Sewer Service Charge (SSC) rate increase in 2009-10 and 2010-11, a larger portion of the internal SSC allocation was shifted from Capital Contributions to Operating Revenue.
- Total 2010-11 expenses increased by \$2.0 million or 2.55% compared to 2009-10; when comparing 2010-11 to 2008-09, total expenses increased by \$2.6 million or 3.28%. This is mainly due to higher cost of labor and benefits.
- Capital Contributions were significantly lower in 2010-11 compared to 2009-10 and 2008-09. Capital Contributions decreased by \$6.6 million or -42.29% comparing 2010-11 to 2009-10. When comparing 2010-11 to 2008-09, Capital Contributions decreased by \$11.1 million or -55.10%. This is mainly due to the volatile housing market that resulted in lower connection fees along with a smaller SSC revenue allocation to Capital Customer Contributions.

### 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, non-capital financing activities, capital and related financing activities, and investing 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:

<b>Condensed Statement of Net Assets</b>	<b>Fiscal Year 2010-2011</b>	<b>Fiscal Year 2009-2010</b>	<b>Fiscal Year 2008-2009</b>
Current Assets	\$ 80,407,120	\$ 77,968,736	\$ 73,083,764
Capital Assets	593,461,791	586,785,155	578,889,989
Other Non-current Assets	12,456,011	27,196,507	5,361,834
<b>Total Assets</b>	<b>686,324,922</b>	<b>691,950,398</b>	<b>657,335,587</b>
Current Liabilities	10,682,746	11,255,377	15,098,030
Non-Current Liabilities	52,844,305	59,243,809	30,557,514
<b>Total Liabilities</b>	<b>63,527,051</b>	<b>70,499,186</b>	<b>45,655,544</b>
Invested in Capital Assets, Net of Related Debt	541,613,208	531,324,187	552,165,498
Restricted - Debt Service	4,612,103	4,565,970	3,163,956
Unrestricted	76,572,560	85,561,055	56,350,589
<b>Total Net Assets</b>	<b>\$ 622,797,871</b>	<b>\$ 621,451,212</b>	<b>\$ 611,680,043</b>

The total net assets of the District increased from \$611.7 million in 2008-09 to \$621.5 million in 2009-10 and to \$622.8 million in 2010-11. The increase in net assets over the 3-year period totals \$11.1 million and is the result of both net income and capital contributions; \$9.8 million in 2009-10 and \$1.3 million in 2010-11 (shown in the next table).

By far the largest portion of the District’s net assets (86.9% 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 2008-09 due to the District refinancing current debt in addition to raising \$30 million in new bond proceeds in 2009-10. The remaining balance of \$76.6 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.

REVIEW OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

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

<b>Condensed Statement of Revenues, Expenses, and Changes in Net Assets</b>	<b>Fiscal Year 2010-2011</b>	<b>Fiscal Year 2009-2010</b>	<b>Fiscal Year 2008-2009</b>
Sewer Service Charges (SSC)	\$ 58,320,822	\$ 57,357,188	\$ 51,843,311
Other Service Charges and Miscellaneous	1,575,738	1,474,898	1,540,833
<b>Total Operating Revenue</b>	<b>59,896,560</b>	<b>58,832,086</b>	<b>53,384,144</b>
Property Tax	12,213,624	12,260,123	12,539,375
Permit & Inspection Fees	895,825	776,348	1,093,756
Interest and All Other	673,990	1,568,235	1,672,618
<b>Total Non-Operating Revenues</b>	<b>13,783,439</b>	<b>14,604,706</b>	<b>15,305,749</b>
<b>Total Revenues</b>	<b>73,679,999</b>	<b>73,436,792</b>	<b>68,689,893</b>
Total Labor and Benefits	41,705,131	39,986,763	39,440,034
Chemicals & Utilities	5,664,360	6,268,343	7,414,467
Repairs and Maintenance	2,972,395	2,868,675	3,057,540
Professional, Legal and Outside Services	2,425,612	2,129,552	2,832,001
Materials & Supplies	1,944,767	1,705,649	1,954,288
Hauling and Disposal	944,394	939,960	880,589
Self-Insurance Expense	1,003,115	746,612	958,906
All Other	1,575,905	1,223,191	1,437,429
Depreciation Expense	20,580,061	20,969,429	19,417,941
<b>Total Operating Expenses</b>	<b>78,815,740</b>	<b>76,838,174</b>	<b>77,393,195</b>
<b>Non-Operating Expense - Interest Expense</b>	<b>2,585,112</b>	<b>2,539,383</b>	<b>1,421,686</b>
<b>Total Expenses</b>	<b>81,400,852</b>	<b>79,377,557</b>	<b>78,814,881</b>
<b>Income Before Capital Contributions</b>	<b>(7,720,853)</b>	<b>(5,940,765)</b>	<b>(10,124,988)</b>
Customer Contributions (SSC)	5,018,092	6,793,040	13,938,421
Contributed Sewer Lines	533,616	1,840,259	1,231,022
Capital Contributions - Connection Fees	3,515,804	7,078,635	5,025,493
<b>Total Capital Contributions</b>	<b>9,067,512</b>	<b>15,711,934</b>	<b>20,194,936</b>
<b>Change in Net Assets</b>	<b>1,346,659</b>	<b>9,771,169</b>	<b>10,069,948</b>
<b>Beginning Net Assets</b>	<b>621,451,212</b>	<b>611,680,043</b>	<b>601,610,095</b>
<b>Ending Net Assets</b>	<b>\$ 622,797,871</b>	<b>\$ 621,451,212</b>	<b>\$ 611,680,043</b>

In 2010-11, operating revenues increased by \$1.1 million or 1.81%; however, non-operating revenue decreased by \$0.8 million or -5.62% when comparing 2010-11 to 2009-10. The change in total revenue resulted in a small increase of \$0.2 million or .33% when comparing 2010-11 to 2009-10. Comparing 2010-11 to 2008-09, total revenue has increased by \$5.0 million or 7.26%, mainly due to the internal SSC allocation. There was no SSC rate increase in 2010-11 and 2009-10; each year a portion of SSC revenue is shifted from Capital Contributions to Operating Revenue to cover Operating Expenses. Property Tax revenue has basically remained flat for the 3-year period due to small growth to the tax base, in spite of the sub-prime mortgage crisis and recession. Permit and inspection 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.

In 2010-11, total expenses increased by \$2.0 million or 2.55% compared to 2009-10. Comparing 2010-11 to 2008-09, total expenses were \$2.6 million or 3.28% higher. Increases are mainly due to higher labor and benefit costs offset by planned cost savings and lower chemical and utility costs. Labor costs increased due to cost-of-living adjustments, merit increases, filling of vacant positions, and increased employee benefit costs. Depreciation expense increased due to new capital additions. Non-Operating Expense is mainly driven by debt service interest expense. Total income before capital contributions went from -\$10.1 million in 2008-09 to -\$6.0 million in 2009-10 and then increased to -\$7.7 million in 2010-11.

Capital contributions in 2010-11 were \$9.1 million compared to \$15.7 million in 2009-10 and \$20.2 million in 2008-09. 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 by \$8.7 million or -86.63% when comparing 2010-11 to 2008-09.

### 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, 2011, the District's investment in capital assets totaled \$593.5 million, which is an increase of \$6.7 million or 1.14% over the capital asset balance of \$586.8 million at June 30, 2010. Capital Assets increased by \$14.6 million or 2.52% comparing 2010-11 to 2008-09. A comparison of the District's capital assets over the past 3 fiscal years is presented below:

<b>Capital Assets</b>	<b>Fiscal Year 2010-2011</b>	<b>Fiscal Year 2009-2010</b>	<b>Fiscal Year 2008-2009</b>
Land	\$ 17,114,720	\$ 17,114,720	\$ 17,114,720
Sewage Collection System	290,317,724	286,351,576	273,333,617
Contributed Sewer Lines	149,110,351	148,580,734	146,757,520
Outfall Sewers	8,518,443	8,518,443	8,518,443
Sewage Treatment Plant	287,537,513	275,413,411	268,399,708
Recycled Water Infrastructure	12,300,131	12,281,480	11,936,662
Pumping Stations	54,412,730	53,750,940	52,404,387
Buildings	31,317,466	21,206,981	19,997,044
Intangible Assets	2,058,921	1,806,272	1,521,424
Furniture & Equipment	13,243,330	13,756,662	14,523,054
Motor Vehicles	6,038,527	5,759,209	5,983,539
Construction In Progress	22,632,142	26,735,297	24,645,390
Subtotal	<b>894,601,998</b>	<b>871,275,725</b>	<b>845,135,508</b>
Less Accumulated Depreciation	301,140,207	284,490,570	266,245,519
<b>Total Capital Assets (net of depreciation)</b>	<b>\$ 593,461,791</b>	<b>\$ 586,785,155</b>	<b>\$ 578,889,989</b>

The major reasons for the increase in capital assets, net of depreciation, of \$6.7 million from 2009-10 to 2010-11 and \$14.6 million from 2008-09 to 2010-11, are as follows:

- Treatment plant infrastructure renovations, upgrades, equipment, and improvements increased by \$12.1 million comparing 2010-11 to 2009-10 and \$19.1 million comparing 2010-11 to 2008-09.
- Buildings increased by \$10.1 million comparing 2010-11 to 2009-10 and \$11.3 million comparing 2010-11 to 2008-09. This mainly reflects the Walnut Creek Collection System Operations new building construction (90% of the cost), along with improvements to the Household Hazardous Waste Facility and other smaller structures.
- Sewer pipe ongoing renovations, pumping station improvements, and contributed sewer lines increased by \$5.2 million comparing 2010-11 to 2009-10 and \$21.3 million comparing 2010-11 to 2008-09.
- All other asset categories, including construction in progress, decreased by \$4.1 million comparing 2010-11 to 2009-10 and \$2.3 million comparing 2010-11 to 2008-09.
- Capital Asset increases are offset by an increased subtraction of accumulated depreciation of \$16.6 million comparing 2010-11 to 2009-10 and \$34.9 million comparing 2010-11 to 2008-09 due to our increasing capital asset investment 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, 2011:

Revenue Bonds	\$ 50,665,000
Water Reclamation Loan	1,183,583
Total	<u>\$ 51,848,583</u>

See Note 6 in the audited financial statements.

**ECONOMIC AND OTHER FACTORS**

The Federal and State of California economies have failed to recover fully from the 2008 recession. The housing market is still volatile, which impacts user fees. Changes in the state budget have a significant impact on the District. Federal and State economic challenges will continue into the future and will have a trickle-down effect on local governments. Some potential impacts may be:

- Continuation of the slow recovery and associated impacts
- Employee Memorandum of Understanding contract negotiations; current contracts end as of April 17, 2012

- Increased cost of employee benefits, mainly pension costs and healthcare
  - 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, 2011**

	2011
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 48,081,743
Short term investments	14,992,660
Accounts receivable, net	13,746,665
Interest receivable	61,841
Parts and supplies	1,842,468
Prepaid expenses	1,681,743
<b>Total Current Assets</b>	<b>80,407,120</b>
<b>Noncurrent Assets</b>	
Restricted cash and equivalents	3,440,592
Restricted investments	5,318,908
Land, property, plant and equipment, net	570,829,649
Construction in progress	22,632,142
Contractual and Alhambra Valley assessment districts receivable	2,425,078
OPEB asset (obligation)	916,736
Revenue bond issuance costs, net	354,697
<b>Total Noncurrent Assets</b>	<b>605,917,802</b>
<b>Total Assets</b>	<b>686,324,922</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable and accrued expenses	4,519,541
Interest payable	800,397
Current portion of refunding revenue bonds	3,465,000
Current portion of water reclamation loan contract	156,345
Current portion of accrued compensated absences	515,000
Liability for uninsured claims	1,000,000
Refundable deposits	226,463
<b>Total Current Liabilities</b>	<b>10,682,746</b>
<b>Noncurrent Liabilities</b>	
Revenue bonds, net of current portion	47,200,000
Accrued compensated absences, net of current portion	4,617,067
Water reclamation loan contract, net of current portion	1,027,238
<b>Total Noncurrent Liabilities</b>	<b>52,844,305</b>
<b>Total Liabilities</b>	<b>63,527,051</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	541,613,208
Restricted for debt service	4,612,103
Unrestricted	76,572,560
<b>Total Net Assets</b>	<b>\$ 622,797,871</b>

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**  
**Year Ended June 30, 2011**

	2011
<b>OPERATING REVENUE</b>	
Sewer service charges (SSC)	\$ 49,095,870
Service charges - City of Concord	9,224,952
Other service charges	913,017
Miscellaneous charges	662,721
Total operating revenue	59,896,560
<b>OPERATING EXPENSES</b>	
Sewage collection and pumping stations	11,468,189
Sewage treatment	21,360,065
Engineering	6,855,745
Administrative and general	18,551,680
Depreciation	20,580,061
Total operating expenses	78,815,740
<b>OPERATING LOSS</b>	(18,919,180)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Taxes	12,213,624
Permit and inspection fees	895,825
Interest earnings	673,990
Interest expense	(2,061,903)
Allowance for doubtful accounts	-
Other income (expense)	(523,209)
Total non-operating revenues (expenses)	11,198,327
Income before contributions and transfers	(7,720,853)
City of Concord contributions to capital costs	3,216,190
Customer contributions to capital cost (SSC)	1,801,902
Contributed sewer lines	533,616
Capital contributions - connection fees	3,515,804
<b>CHANGE IN NET ASSETS</b>	1,346,659
Total Net Assets - Beginning	621,451,212
Total Net Assets - Ending	\$ 622,797,871

The accompanying notes are an integral part of the financial statements

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Statement of Cash Flows**  
**Year Ended June 30, 2011**

	2011
<b>Cash Flows From Operating Activities:</b>	
Receipts from customers and users	\$ 60,640,501
Payments to suppliers	(107,076,188)
Payments to employees and related benefits	45,076,530
Net cash used in operating activities	(1,359,157)
<b>Cash Flows From Noncapital Financing Activities:</b>	
Receipt of taxes	12,213,624
Inspection/permit fees and other non-operating income	372,615
Interest paid on reimbursements payable	-
Net cash provided by non capital and related financing activities	12,586,239
<b>Cash Flows From Capital And Related Financing Activities:</b>	
Capital contributions	5,551,708
Connection fees	3,515,804
Acquisition and construction of capital assets	(28,417,102)
Proceeds from bond issuance	-
Principal paid on bonds	(3,592,680)
Interest paid on bonds	(2,110,106)
Net cash provided by (used in) capital and related financing activities	(25,052,376)
<b>Cash Flows From Investing Activities</b>	
Purchases of short term investments	(3,492,320)
Interest received	704,524
Net cash provided by (used in) investing activities	(2,787,796)
Net increase (decrease) in cash and cash equivalents	(16,613,090)
Cash and cash equivalents, July 1	68,135,425
Cash and Cash equivalents, June 30	\$ 51,522,335
<b>Reconciliation of operating loss to net cash provided (used) by operating activities</b>	
Operating gain (loss)	(18,919,180)
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation expense	20,580,061
Net book value on capital assets retired	1,160,405
Allowance for doubtful accounts	-
(Increase) decrease in:	
Accounts receivable	743,941
Parts and supplies	(109,156)
Prepaid expenses	(586,946)
Increase (decrease) in:	
Accounts payable and accrued expenses	(458,666)
Refundable deposits	(17,222)
Liability for uninsured claims	-
OPEB obligation	(3,159,777)
Accrued compensated absences	(592,617)
Net cash provided by (used in) operating activities	\$ (1,359,157)
<b>Noncash investing, capital, and financing activities</b>	
Contributions of capital assets	\$ 533,616
<b>End of Period:</b>	
Unrestricted cash and equivalents	\$ 48,081,743
Restricted cash and equivalents	3,440,592
	\$ 51,522,335

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**  
**Year Ended June 30, 2011**

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**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. The authority does this 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 of accounting. The District applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued GASBS No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This statement incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. This includes pronouncements by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions (APB), and the Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, unless those pronouncements conflict with or contradict with GASB pronouncements.



**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

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

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

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

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

*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 supplementary information to the 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.

Investments

Investments held at June 30, 2011, 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.

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

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

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

**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.

The plan's 457 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 \$1,527,289 to the plan during the year ended June 30, 2011.

**Reclassifications**

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

**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.

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

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

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

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

**Compensated Absences**

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

In fiscal 2011, accrued compensated absences decreased from \$5,724,684 to \$5,132,067, or by \$592,617. The current portion of the liability to be used within the next year was estimated by management to be approximately \$515,000 at June 30, 2011. The change of \$592,617 during fiscal 2011 consists of increases of \$486,841 and decreases of \$1,079,458.

**Statement of Cash Flows**

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

**Use of Estimates**

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



**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

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

**New Accounting Pronouncements**

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, 2011. 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 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 November of 2010, GASB issued GASBS No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership.

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

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

**New Accounting Pronouncements (continued)**

As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The District is required to implement the provisions of this Statement for the year ended June 30, 2013 (effective for periods beginning after December 15, 2011). The District has no known SCAs that would require disclosure or have a material effect on the financial statements of the District.

In November of 2010, GASB issued GASBS No. 61, *The Financial Reporting Entity: Omnibus*. This Statement amends Statements No. 14 and 34, to modify certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances and clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The District is required to implement the provisions of this Statement for the year ended June 30, 2013 (effective for periods beginning after June 15, 2012). 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 2010, GASB issued GASBS No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

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

**New Accounting Pronouncements (continued)**

This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The District is required to implement the provisions of this Statement for the year ended June 30, 2013 (effective for periods beginning after December 15, 2011). 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 2011, GASB issued GASBS No. 63, *Financial Reporting and Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The District is required to implement the provisions of this Statement for the year ended June 30, 2013 (effective for periods beginning after December 15, 2011). This Statement should not result in a change in current practice, or have a material effect on the financial statements of the District.

In June of 2011, GASB issued GASBS No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. This Statement amends Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Some governments have entered into interest rate swap agreements and commodity swap agreements in which a swap counterparty, or the swap counterparty’s credit support provider, commits or experiences either an act of default or a termination event as both are described in the swap agreement. Many of those governments have replaced their swap counterparty, or swap counterparty’s credit support providers, either by amending existing swap agreements or by entering into new swap agreements. When these swap agreements have been reported as hedging instruments, questions have arisen regarding the application of the termination of hedge accounting provisions in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Those provisions require a government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows of resources or deferred inflows of resources as a component of investment income.

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

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

New Accounting Pronouncements (continued)

The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The District is required to implement the provisions of this 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, or have a material effect on the financial statements of the District.

**2. CASH AND CASH EQUIVALENTS**

Summary of Cash and Investments

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

Cash and cash equivalents	\$ 48,081,743
Short term investments	14,992,660
Restricted cash and investments	8,759,500 *
Total Cash and Investments	<u>\$ 71,833,903</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**  
**Year Ended June 30, 2011**

**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 or Local Agency Investment Fund, 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>
Commercial Paper	\$ 4,997,068	07/25/11
Commercial Paper	4,997,166	07/25/11
Treasury Bills	4,998,426	10/20/11
Total	<u>\$ 14,992,660</u>	

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

**2. CASH AND CASH EQUIVALENTS (continued)**

**Credit Risk**

Credit risk is the risk that an issue 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	\$ 4,370,278	N/A	\$ 4,370,278	\$ -	\$ -
Money Markets	5,523,965	Aaa	-	5,523,965	-
Commercial Paper	9,994,234	Aaa	-	9,994,234	-
Treasuries	4,998,426	Aaa	-	4,998,426	-
State Investment Pool	<u>46,947,000</u>	N/A	-	-	<u>46,947,000</u>
Total	<u>\$ 71,833,903</u>		<u>\$ 4,370,278</u>	<u>\$20,516,625</u>	<u>\$ 46,947,000</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 65% 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**  
**Year Ended June 30, 2011**

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**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, 2011, accounts receivable are comprised of the following:

City of Concord (see Note 8)	\$ 12,441,142
Household Hazardous Waste Partners	791,533
Proposition 1A loan	985,916
All other	<u>513,990</u>
Total Accounts Receivable	14,732,581
Allowance for Doubtful Accounts	<u>(985,916)</u>
Net Accounts Receivable	<u>\$ 13,746,665</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**  
**Year Ended June 30, 2011**

**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, 2011:

	Balance Beginning of Year	Additions	Retirements	Transfer from CIP	Balance End of Year
<b>At Cost</b>					
<b>Capital assets not being depreciated</b>					
Land	\$ 17,114,720	\$ -	\$ -	\$ -	\$ 17,114,720
Construction in progress	26,735,296	27,576,766	-	(31,679,920)	22,632,142
Total nondepreciated assets	<u>43,850,016</u>	<u>27,576,766</u>	<u>-</u>	<u>(31,679,920)</u>	<u>39,746,862</u>
<b>Capital assets being depreciated</b>					
Sewage collection system	286,351,576	-	(7,500)	3,973,648	290,317,724
Contributed sewer lines	148,580,734	533,617	(4,000)	-	149,110,351
Outfall sewers	8,518,443	-	-	-	8,518,443
Sewage treatment plant	275,413,411	-	(1,000,000)	13,124,102	287,537,513
Recycled water infrastructure	12,281,480	-	-	18,651	12,300,131
Pumping stations	53,750,940	-	(250,000)	911,790	54,412,730
Buildings	21,206,981	-	(2,471,408)	12,581,893	31,317,466
Intangibles	1,806,272	-	-	252,649	2,058,921
Furniture and equipment	13,756,662	-	(1,330,519)	817,187	13,243,330
Motor vehicles	5,759,209	306,720	(27,402)	-	6,038,527
Total depreciated assets	<u>827,425,708</u>	<u>840,337</u>	<u>(5,090,829)</u>	<u>31,679,920</u>	<u>854,855,136</u>
<b>Less accumulated depreciation</b>					
Sewage collection system	41,065,360	3,890,436	(7,500)	-	44,948,296
Contributed sewer lines	45,117,562	1,997,540	(4,000)	-	47,111,102
Outfall sewers	2,653,619	113,353	-	-	2,766,972
Sewage treatment plant	153,113,414	9,686,994	(1,000,000)	-	161,800,408
Recycled water infrastructure	4,354,327	494,208	-	-	4,848,535
Pumping stations	18,079,813	2,161,492	(250,000)	-	19,991,305
Buildings	6,565,186	777,616	(1,311,125)	-	6,031,677
Intangibles	32,327	25,768	-	-	58,095
Furniture and equipment	9,987,708	1,118,038	(1,330,397)	-	9,775,349
Motor vehicles	3,521,254	314,616	(27,402)	-	3,808,468
Total accumulated depreciation	<u>284,490,570</u>	<u>20,580,061</u>	<u>(3,930,424)</u>	<u>-</u>	<u>301,140,207</u>
Total capital assets being depreciated, net	<u>542,935,138</u>	<u>(19,739,724)</u>	<u>(1,160,405)</u>	<u>31,679,920</u>	<u>553,714,929</u>
Capital assets, net	<u>\$ 586,785,154</u>	<u>\$ 7,837,042</u>	<u>\$ (1,160,405)</u>	<u>\$ -</u>	<u>\$ 593,461,791</u>

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

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**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 \$606,964.

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 \$1,818,114.

The total receivable balance for the CAD and AVAD is \$2,425,078, 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, 2010</u>	<u>Deductions</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due in</u> <u>One Year</u>
Revenue bonds	\$ 54,125,000	\$ 3,460,000	\$ -	\$ 50,665,000	\$ 3,465,000
Water Reclamation Loan	1,335,968	152,385	-	1,183,583	156,345
	<u>\$ 55,460,968</u>	<u>\$ 3,612,385</u>	<u>\$ -</u>	<u>\$ 51,848,583</u>	<u>\$ 3,621,345</u>

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

**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
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	1,190,840	2,811,033	4,001,873	(416,794)	3,585,079
2017 – 2021	7,527,880	12,461,878	19,989,758	(2,058,793)	17,930,965
2022 – 2026	13,223,527	3,665,721	16,889,248	(1,437,405)	15,451,843
2027 – 2030	9,661,148	95,719	9,756,867	(345,404)	9,411,463
<b>Total</b>	<b>36,366,755</b>	<b>37,317,976</b>	<b>73,684,731</b>	<b>(5,925,572)</b>	<b>67,759,159</b>
Amount representing interest	(16,731,755)	(6,287,976)	(23,019,731)	-	(23,019,731)
Principal outstanding	19,635,000	31,030,000	50,665,000	(5,925,572)	44,739,428
Short-term portion of revenue bonds	-	(3,465,000)	(3,465,000)	416,794	(3,048,206)
Long-term portion of revenue bonds	<b>\$ 19,635,000</b>	<b>\$ 27,565,000</b>	<b>\$ 47,200,000</b>	<b>\$(5,508,778)</b>	<b>\$ 41,691,222</b>

**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
2012	\$ 187,119
2013	187,119
2014	187,119
2015	187,119
2016	187,119
2017 – 2018	374,240
<b>Total</b>	<b>1,309,835</b>
Amount representing interest	(126,252)
	<b>1,183,583</b>
Less: Current portion of Water Reclamation Loan Contract	(156,345)
	<b>\$ 1,027,238</b>

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

**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 \$30,000 at June 30, 2011.

**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
<b>All-Risk Property</b>			
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
<b>Liability</b>			
Errors and Omissions	Insurance Company of the State of Pennsylvania (Chartis)	\$ 15,000,000	\$ 1,000,000
Employment Practices Liability	Chartis	\$ 15,500,000	\$ 1,000,000
Employment Practices Liability	Admiral Insurance Company	\$ 1,000,000	\$ 15,000
General Liability	Chartis	\$ 15,500,000	\$ 1,000,000
Auto Liability	Chartis	\$ 15,500,000	\$ 1,000,000
Pollution (General Aggregate) General Liability (Occurrence)	Chartis Specialty Insurance Co.	\$ 5,000,000	\$ 5,000
Pollution (Legal Liability Aggregate)	Chartis Specialty Insurance Co.	\$ 10,000,000	\$ 50,000
Fiduciary Liability	RLI Insurance Company	\$ 1,000,000	-
<b>Workers' Compensation</b>	CSRMA	\$ 500,000	-
Excess Workers' Compensation	Safety National Casualty Corporation	Statutory	\$ 750,000

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

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**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, 2011, 2010, and 2009, settlements have not exceeded insurance coverage. Changes in the District's estimated liability for uninsured claims for fiscal years 2011, 2010, and 2009 are summarized as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Beginning balance	\$1,000,000	\$ 750,000	\$ 629,820
Provisions for claims incurred in the current year and changes in the liability for uninsured – claims incurred in prior years	240,844	295,348	286,220
Claims and claim adjustment expenses paid	<u>(240,844)</u>	<u>(45,348)</u>	<u>(166,040)</u>
Ending balance	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$ 750,000</u>

**8. AGREEMENT WITH THE CITY OF CONCORD**

In 1974, the District and the City of Concord (the City) entered into a cost-sharing agreement under which the District became responsible for providing sewage treatment facilities and services to the City. Under this agreement, the City pays a service charge for its share of operating, maintenance and administrative costs and makes a contribution for its share of facilities capital costs expended. Service charges and contributions to capital costs from the City totaled \$9,224,952 and \$3,216,190 respectively, for the year ended June 30, 2011, for a total of \$12,441,142.



**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

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**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, 2010. 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). Employees must pay the COLA portion of the employee rate. The contribution requirement and payment from the District for the plan years ended June 30, 2011, 2010 and 2009 was as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Covered payroll for fiscal years ended June 30	\$ 24,709,477	\$ 25,080,233	\$ 24,202,098
Employer required contributions to pension	8,950,938	8,804,127	9,084,809
Employee (COLA) required contributions to pension	930,648	939,388	913,027
Total required contributions	<u>\$ 9,881,586</u>	<u>\$ 9,743,515</u>	<u>\$ 9,997,836</u>
Percentage of payroll	<u>40%</u>	<u>39%</u>	<u>41%</u>

The District pension plan covered 245 participants during the year.

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

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**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 asset of \$916,736 and \$746,931 as of June 30, 2011 and 2010, respectively.

Because of the volatility of the investment market, the District Board voted to make monthly installments into the OPEB Trust to take advantage of dollar-cost-averaging.

Annual OPEB Cost

For 2011, the District's annual OPEB cost (expense) was equal to the ARC of \$6,976,364. The District contributed \$7,146,169; \$3,571,141 for retiree health care premiums and \$3,575,028 to the PARS trust. The following table shows the components of the District's annual OPEB costs for the years 2011 and 2010, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	<u>2011</u>	<u>2010</u>
Net OPEB Obligation (Asset) – Beginning of Year	\$ (746,931)	\$1,611,622
Annual Required Contribution	6,976,364	6,976,364
Contributions Made:		
Health care premiums paid	(3,571,141)	(2,614,917)
Contributions to PARS trust	<u>(3,575,028)</u>	<u>(6,720,000)</u>
Net OPEB Obligation (Asset) – End of Year	<u>\$ (916,736)</u>	<u>\$ (746,931)</u>

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

**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 2011 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, 2011	\$6,976,364	\$ 7,146,169	102%	\$ (169,805)	\$ (916,736)
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	265%
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, 2011, including trust contributions and interest, total \$18,077,303 (\$9,305,798 at June 30, 2010). 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.

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

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**10. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)**

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.

In August 2011, the District had an additional actuarial valuation prepared as of July 1, 2010. This additional valuation was not required at the time, but was prepared in order to begin a completion schedule that allows the District to have data available for future budget cycles, in this case for the 2011 – 2012 and 2012 – 2013 fiscal years. The ARC in 2011 – 2012 and 2012 – 2013 will increase to \$8.3 million per year. The next actuarial valuation is scheduled to be performed by December 31, 2012 to be applied to the 2013 – 2014 fiscal year.

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/Closed
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 \$916,736 for reporting purposes.

The provision for the GASB 45 OPEB obligation is an asset of \$916,736 at June 30, 2011. The actuarial determined liability, which is being paid over the next 30 years, is \$68,769,305 at July 1, 2009, of which, \$18,077,303 (or 26%) has been funded.

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

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**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, 2011:

Fiscal Year <u>Ending</u>	Office <u>Equipment</u>	<u>Facilities</u>	Total
2012	\$ 229,097	\$ 55,200	\$ 284,297
2013	249,924	56,784	306,708
2014	249,924	58,416	308,340
2015	249,924	2,400	252,324
Thereafter	270,751	4,800	275,551
Total	<u>\$ 1,249,620</u>	<u>\$ 177,600</u>	<u>\$ 1,427,220</u>

Total rental expense for the fiscal year ended June 30, 2011 was \$428,877.

**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, 2011 of \$12,088,330.

**13. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 30, 2011, the date on which the financial statements were available to be issued.

***SUPPLEMENTARY INFORMATION***



**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Combining Schedule of Net Assets**  
**for the Year Ended June 30, 2011**

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
<b>ASSETS</b>						
Current Assets						
Cash and cash equivalents	\$ 1,092,529	\$ 42,223,914	\$ 4,653,835	\$ 111,465	\$ -	\$ 48,081,743
Short term investments	-	14,992,660	-	-	-	14,992,660
Accounts receivable, net of allowance for Sewer Construction Fund of \$985,916	10,389,742	3,356,923	-	-	-	13,746,665
Interest receivable	-	56,669	5,172	-	-	61,841
Due from other sub-funds	106,590,755	79,679,343	2,030,784	56,547,633	(244,848,515)	-
Parts and supplies	1,842,468	-	-	-	-	1,842,468
Prepaid expenses	1,681,743	-	-	-	-	1,681,743
<b>Total Current Assets</b>	<u>121,597,237</u>	<u>140,309,509</u>	<u>6,689,791</u>	<u>56,659,098</u>	<u>(244,848,515)</u>	<u>80,407,120</u>
Noncurrent Assets						
Restricted cash and equivalents	100,000	3,247,000	-	93,592	-	3,440,592
Restricted investments	-	-	-	5,318,908	-	5,318,908
Land, property, plant and equipment, net	570,829,649	-	-	-	-	570,829,649
Construction in progress	22,632,142	-	-	-	-	22,632,142
Contractual assessment district and Alhambra Valley Assessment District receivable	-	2,425,078	-	-	-	2,425,078
OPEB liability- medical insurance premiums	916,736	-	-	-	-	916,736
Revenue bond issuance costs net of amortization	-	-	-	354,697	-	354,697
	<u>716,075,764</u>	<u>145,981,587</u>	<u>6,689,791</u>	<u>62,426,295</u>	<u>(244,848,515)</u>	<u>686,324,922</u>
<b>LIABILITIES</b>						
Current Liabilities						
Accounts payable and accrued expenses	2,288,397	2,127,862	103,282	-	-	4,519,541
Due to other sub-funds	116,159,583	117,067,317	1,844,300	9,777,315	(244,848,515)	-
Interest payable	-	-	-	800,397	-	800,397
Current portion of refunding water revenue bonds	-	-	-	3,465,000	-	3,465,000
Current portion of water reclamation loan contract	-	-	-	156,345	-	156,345
Liability for uninsured claims	-	-	1,000,000	-	-	1,000,000
Accrued compensated absences	515,000	-	-	-	-	515,000
Refundable deposits	134,425	92,038	-	-	-	226,463
<b>Total Current Liabilities</b>	<u>119,097,405</u>	<u>119,287,217</u>	<u>2,947,582</u>	<u>14,199,057</u>	<u>(244,848,515)</u>	<u>10,682,746</u>
<b>NONCURRENT LIABILITIES</b>						
Revenue bonds, net of current portion	-	-	-	47,200,000	-	47,200,000
Accrued compensated absences	4,617,067	-	-	-	-	4,617,067
Water reclamation loan contract net of current portion	-	-	-	1,027,238	-	1,027,238
<b>Total Liabilities</b>	<u>123,714,472</u>	<u>119,287,217</u>	<u>2,947,582</u>	<u>62,426,295</u>	<u>(244,848,515)</u>	<u>63,527,051</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	593,461,791	-	-	(51,848,583)	-	541,613,208
Restricted for debt service	-	-	-	4,612,103	-	4,612,103
Unrestricted	(1,100,499)	26,694,370	3,742,209	47,236,480	-	76,572,560
<b>Total Net Assets</b>	<u>\$ 592,361,292</u>	<u>\$ 26,694,370</u>	<u>\$ 3,742,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 622,797,871</u>

The accompanying notes are an integral part of the financial statements

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Combining Schedule of Revenues, Expenses and Changes in Net Assets**  
**for the Year Ended June 30, 2011**

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
<b>Operating Revenues</b>						
Sewer Service Charges (SSC)	\$ 49,095,870	\$ -	\$ -	\$ -	\$ -	\$ 49,095,870
Service charges - City of Concord	9,224,952	-	-	-	-	9,224,952
Other service charges	913,017	-	-	-	-	913,017
Miscellaneous charges	662,721	-	-	-	-	662,721
<b>Total operating revenues</b>	<b>59,896,560</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,896,560</b>
<b>Operating Expenses</b>						
Sewage collection and pumping stations	11,468,189	-	-	-	-	11,468,189
Sewage treatment	21,360,065	-	-	-	-	21,360,065
Engineering	6,855,745	-	-	-	-	6,855,745
Administrative and general	18,432,629	-	1,003,115	-	(884,064)	18,551,680
Depreciation	20,580,061	-	-	-	-	20,580,061
<b>Total operating expenses</b>	<b>78,696,689</b>	<b>-</b>	<b>1,003,115</b>	<b>-</b>	<b>(884,064)</b>	<b>78,815,740</b>
<b>Operating Loss</b>	<b>(18,800,129)</b>	<b>-</b>	<b>(1,003,115)</b>	<b>-</b>	<b>884,064</b>	<b>(18,919,180)</b>
<b>Non-Operating Revenues (Expenses):</b>						
Taxes	-	6,759,618	-	5,454,006	-	12,213,624
Permit and inspection fees	715,121	180,704	-	-	-	895,825
Interest earnings	131,677	298,159	23,873	220,281	-	673,990
Interest expense	-	-	-	(2,061,903)	-	(2,061,903)
Allowance for doubtful accounts	-	-	-	-	-	-
Other income (expense)	(563,557)	40,348	884,064	-	(884,064)	(523,209)
<b>Total non-operating revenues (expenses)</b>	<b>283,241</b>	<b>7,278,829</b>	<b>907,937</b>	<b>3,612,384</b>	<b>(884,064)</b>	<b>11,198,327</b>
<b>Income (loss) before contributions and transfers</b>	<b>(18,516,888)</b>	<b>7,278,829</b>	<b>(95,178)</b>	<b>3,612,384</b>	<b>-</b>	<b>(7,720,853)</b>
City of Concord contributions to capital costs	-	3,216,190	-	-	-	3,216,190
Customer contributions to capital cost (SSC)	-	1,801,902	-	-	-	1,801,902
Contributed sewer lines	533,616	-	-	-	-	533,616
Capital contributions - connection fees	-	3,515,804	-	-	-	3,515,804
Transfers	28,005,448	(24,393,064)	-	(3,612,384)	-	-
<b>Change in Net Assets</b>	<b>10,022,176</b>	<b>(8,580,339)</b>	<b>(95,178)</b>	<b>-</b>	<b>-</b>	<b>1,346,659</b>
Total Net Assets - Beginning	582,339,116	35,274,709	3,837,387	-	-	621,451,212
<b>Total Net Assets - Ending</b>	<b>\$ 592,361,292</b>	<b>\$ 26,694,370</b>	<b>\$ 3,742,209</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 622,797,871</b>

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, 2011**

	<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	\$ 4,853,590	\$5,305,647	\$4,194,970	\$ 7,952,133	\$1,019,575	\$23,325,915	\$ 24,837,689	\$ 1,511,774
Employee Benefits	10,161,726	3,269,759	2,671,852	5,008,556	638,722	21,750,615	23,142,293	1,391,678
Less Capitalized Overhead and Benefits	<u>(33,303)</u>	<u>(3,180,265)</u>	<u>(12,657)</u>	<u>(140,176)</u>	<u>(4,998)</u>	<u>(3,371,399)</u>	<u>(3,654,256)</u>	<u>(282,857)</u>
<b>Total Salaries and Benefits</b>	<b>14,982,013</b>	<b>5,395,141</b>	<b>6,854,165</b>	<b>12,820,513</b>	<b>1,653,299</b>	<b>41,705,131</b>	<b>44,325,726</b>	<b>2,620,595</b>
Directors' Fees and Expense	66,100	-	-	-	-	66,100	109,595	43,495
Chemicals	-	-	-	1,112,138	396,372	1,508,510	1,771,000	262,490
Utilities	142,152	60,225	54,580	3,389,243	509,650	4,155,850	4,630,000	474,150
Repairs and Maintenance	301,861	95,781	615,502	1,735,199	224,052	2,972,395	3,494,786	522,391
Hauling and Disposal	-	508,736	47,748	369,978	17,932	944,394	1,033,461	89,067
Professional and Legal Services	365,801	82,871	8,293	40,961	-	497,926	500,160	2,234
Outside Services	954,670	367,801	87,169	442,489	75,560	1,927,689	2,139,600	211,911
Materials and Supplies	164,188	181,739	729,517	834,620	34,703	1,944,767	1,939,725	(5,042)
Self Insurance	850,000	-	-	-	-	850,000	850,000	-
Other	605,844	163,451	132,517	614,924	27,130	1,543,866	2,171,668	627,802
	<u>\$ 18,432,629</u>	<u>\$6,855,745</u>	<u>\$ 8,529,491</u>	<u>\$21,360,065</u>	<u>\$2,938,698</u>	<u>\$ 58,116,628</u>	<u>\$ 62,965,721</u>	<u>\$ 4,849,093</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, 2011**

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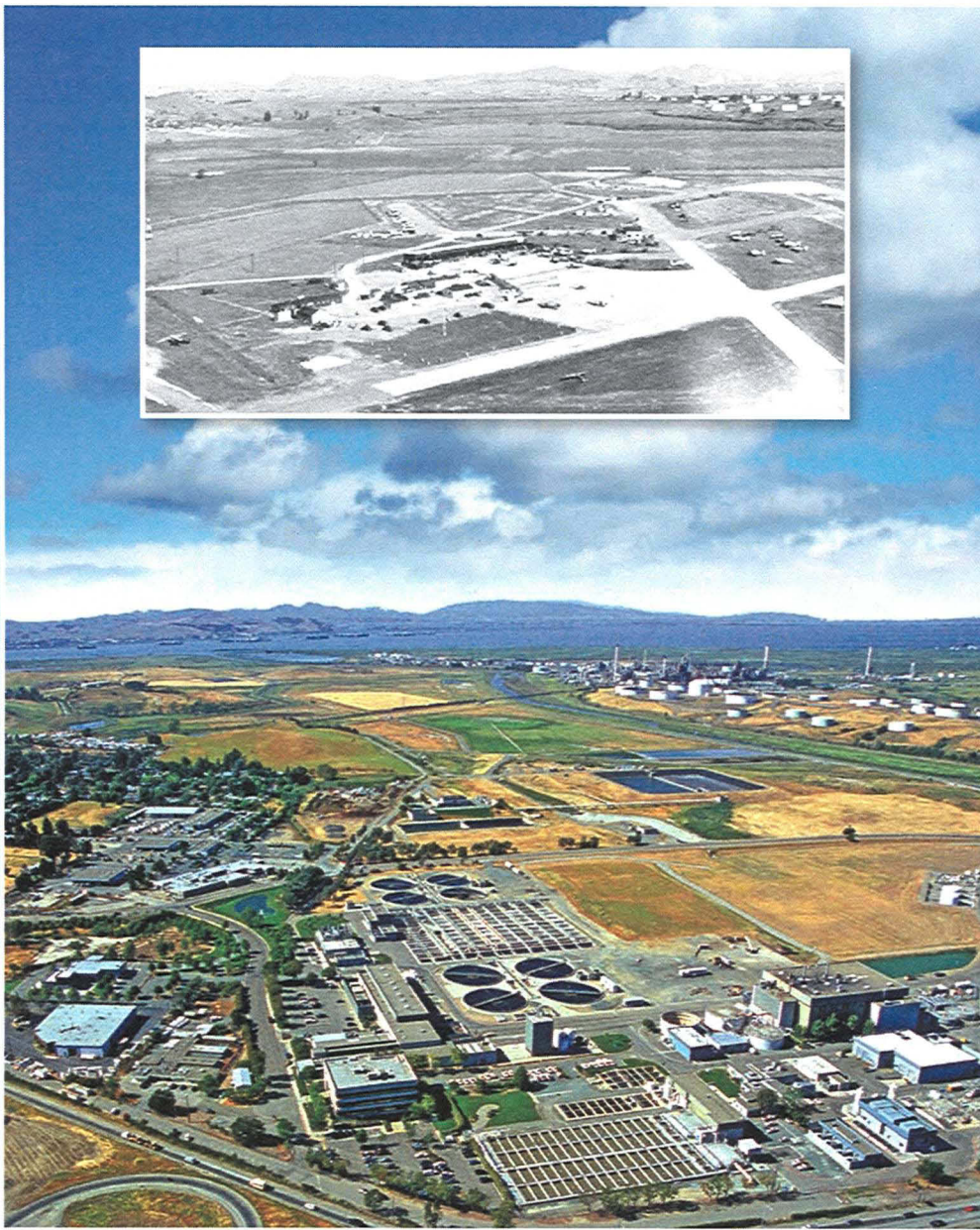
<b>Prior Year Balance</b>		\$ 7,855,585
2010 - 2011 Revenue	\$ 60,743,358	
2010 - 2011 Expense	(79,260,246)	
Add Back Depreciation Expense	<u>20,580,061</u>	<u>2,063,173</u>
 Net Assets Attributed to General Operations		 9,918,758
 All Other Net Assets		 <u>582,442,534</u>
Running Expense Net Assets		<u>\$ 592,361,292</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  
Table of Contents**

**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 by Type - Last Ten Fiscal Years .....	S-2
Operating Expenses by Type - Last Ten Fiscal Years .....	S-3

**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 Nine 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 Ten Years Ago .....	S-8
Demographic and Economic Statistics - Contra Costa County - Last Ten Fiscal Years .....	S-9

**Operating Information**

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

Full-time Equivalent Employees by Department - Last Ten Fiscal Years .....	S-10
Number of Retirees and Surviving Spouses - Last Ten Fiscal Years .....	S-10
Capital Asset and Operating Statistics - Last Ten Calendar or Fiscal Years ...	S-11
Miscellaneous Statistics .....	S-11

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 Nine Fiscal Years**

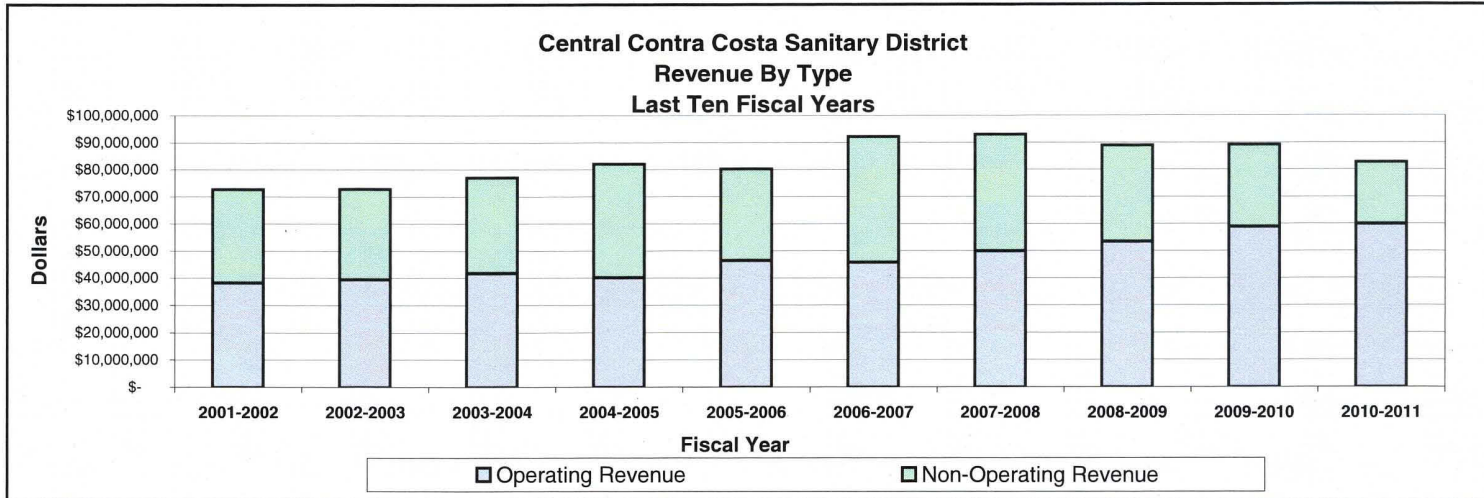
<b>Changes in Net Assets</b>	<b>2002-2003</b>	<b>2003-2004</b>	<b>2004-2005</b>	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>	<b>2010-2011</b>
<b>Operating Revenues:</b>									
Sewer Service Charges (SSC)	31,967,101	33,935,899	32,282,806	37,781,774	35,057,668	40,207,157	43,087,454	48,692,520	49,095,870
City of Concord	6,321,452	6,609,602	6,603,000	7,383,011	9,043,215	8,206,860	8,755,857	8,664,668	9,224,952
Other Service Charges	633,037	648,617	672,887	755,827	793,395	869,589	872,978	824,022	913,017
Miscellaneous Charges	506,812	560,454	612,851	517,741	863,843	595,980	667,855	650,876	662,721
<b>Total Operating Revenue</b>	<b>39,428,402</b>	<b>41,754,572</b>	<b>40,171,544</b>	<b>46,438,353</b>	<b>45,758,121</b>	<b>49,879,586</b>	<b>53,384,144</b>	<b>58,832,086</b>	<b>59,896,560</b>
<b>Operating Expenses:</b>									
Salaries & Benefits	24,919,820	28,095,636	27,989,401	29,875,340	34,678,665	37,312,472	39,440,034	39,986,763	41,705,131
Chemicals, Utilities & Supplies	5,735,379	5,808,070	6,801,750	7,646,866	8,759,490	8,952,840	9,368,755	7,973,992	7,609,127
Professional & Outside Services	2,084,830	2,282,408	2,350,387	2,850,825	2,298,712	2,613,658	2,832,001	2,129,552	2,425,615
Hauling, Disposal, Repairs & Maintenance	3,557,171	3,871,749	3,716,176	3,826,165	4,105,082	3,863,555	3,938,129	3,808,635	3,916,789
Self-Insurance (net of transfers)	407,007	464,702	1,189,693	629,513	(180,716)	(215,004)	90,876	(688,859)	119,051
Depreciation	14,527,871	15,186,594	16,041,555	16,354,488	17,714,714	18,615,747	19,417,941	20,969,429	20,580,061
All Other	1,243,345	1,267,809	1,437,272	1,330,946	2,144,082	2,378,941	2,305,459	2,658,662	2,459,966
<b>Total Operating Expenses</b>	<b>52,475,423</b>	<b>56,976,968</b>	<b>59,526,234</b>	<b>62,514,143</b>	<b>69,520,029</b>	<b>73,522,209</b>	<b>77,393,195</b>	<b>76,838,174</b>	<b>78,815,740</b>
<b>Operating Loss</b>	<b>(13,047,021)</b>	<b>(15,222,396)</b>	<b>(19,354,690)</b>	<b>(16,075,790)</b>	<b>(23,761,908)</b>	<b>(23,642,623)</b>	<b>(24,009,051)</b>	<b>(18,006,088)</b>	<b>(18,919,180)</b>
<b>Non-Operating Revenues (Expenses):</b>									
Property Taxes *	8,801,230	8,919,327	4,010,380	4,836,301	11,762,731	12,254,168	12,539,375	12,260,123	12,213,624
Connection & Other Fees	1,479,870	2,936,298	4,265,620	2,062,216	1,615,308	1,335,160	1,093,756	776,348	895,825
Interest Income	925,509	831,215	1,519,192	2,465,985	3,257,773	2,527,621	1,033,095	570,024	673,990
Interest Expense	(1,153,349)	(1,101,115)	(1,775,857)	(1,694,304)	(1,609,104)	(1,518,142)	(1,421,686)	(1,553,467)	(2,061,903)
All Other *	1,076,654	1,467,877	1,109,716	1,096,401	1,316,383	1,243,817	639,523	12,295	(523,209)
<b>Total Non-Operating</b>	<b>11,129,914</b>	<b>13,053,602</b>	<b>9,129,051</b>	<b>8,766,599</b>	<b>16,343,091</b>	<b>15,842,624</b>	<b>13,884,063</b>	<b>12,065,323</b>	<b>11,198,327</b>
<b>Income Before Contributions and Transfers</b>	<b>(1,917,107)</b>	<b>(2,168,794)</b>	<b>(10,225,639)</b>	<b>(7,309,191)</b>	<b>(7,418,817)</b>	<b>(7,799,999)</b>	<b>(10,124,988)</b>	<b>(5,940,765)</b>	<b>(7,720,853)</b>
Customer Contributions**	7,833,641	10,187,725	14,716,585	9,862,620	15,945,915	14,970,637	13,938,421	6,793,040	5,018,092
Contributed Sewer Lines	7,818,537	4,410,808	5,530,848	3,044,945	3,521,704	1,444,420	1,231,022	1,840,259	533,616
Capital Contributions - Connection Fees	5,530,064	6,585,984	10,728,717	10,496,898	8,917,658	9,259,160	5,025,493	7,078,635	3,515,804
<b>CHANGE IN NET ASSETS</b>	<b>19,265,135</b>	<b>19,015,723</b>	<b>20,750,511</b>	<b>16,095,272</b>	<b>20,966,460</b>	<b>17,874,218</b>	<b>10,069,948</b>	<b>9,771,169</b>	<b>1,346,659</b>
Total Net Assets - Beginning	487,642,776	506,907,911	525,923,634	546,674,145	562,769,417	583,735,877	601,610,095	611,680,043	621,451,212
Total Net Assets - Ending	506,907,911	525,923,634	546,674,145	562,769,417	583,735,877	601,610,095	611,680,043	621,451,212	622,797,871
<b>Statement of Net Assets</b>	<b>2002-2003</b>	<b>2003-2004</b>	<b>2004-2005</b>	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>	<b>2010-2011</b>
Investments in Capital Assets, Net of Related Debt	443,350,151	453,251,761	469,375,715	486,098,303	513,580,658	531,119,639	552,165,498	531,324,187	541,613,208
Restricted for Debt Service	4,484,542	3,035,944	3,118,704	3,647,257	3,216,163	3,185,416	3,163,956	4,565,970	4,612,103
Unrestricted	59,073,218	69,635,929	74,179,726	73,023,857	66,939,056	67,305,040	56,350,589	85,561,055	76,572,560
<b>Total Net Assets</b>	<b>506,907,911</b>	<b>525,923,634</b>	<b>546,674,145</b>	<b>562,769,417</b>	<b>583,735,877</b>	<b>601,610,095</b>	<b>611,680,043</b>	<b>621,451,212</b>	<b>622,797,871</b>

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

\*\* Classification reclassified 2010-11, prior years reclassified for consistency. Previously included in Non-Operating. Includes capital cost contributions from the City of Concord and customer contributions (SSC).

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



**Operating Revenue**

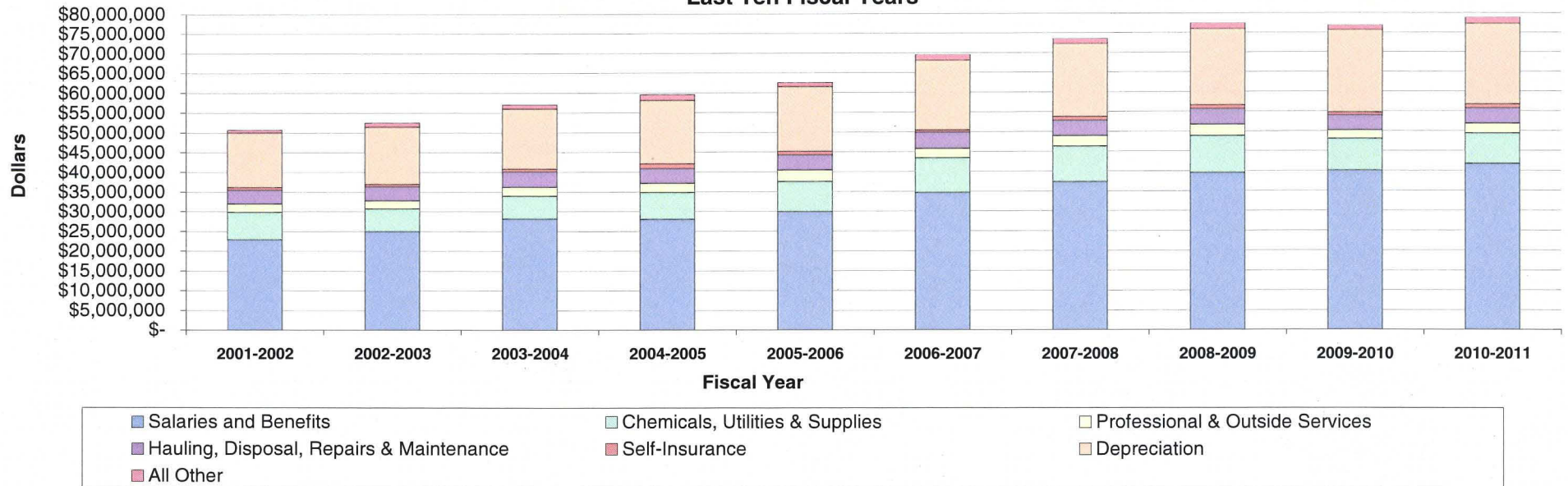
Fiscal Year	Sewer Service Charges*	City of Concord	Other Service Charges	Miscellaneous Charges	Total Operating
2001-2002	\$ 31,228,855	\$ 5,897,008	\$ 617,768	\$ 508,916	\$ 38,252,547
2002-2003	31,967,101	6,321,452	633,037	506,812	39,428,402
2003-2004	33,935,899	6,609,602	648,617	560,454	41,754,572
2004-2005	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
2010-2011	49,095,870	9,224,952	913,017	662,721	59,896,560

**Non-Operating Revenue**

Fiscal Year	Property Taxes *1	Customer Contributions *2	Connections & Other Fees *3	Interest	All Other	Total Non-Operating & Contributions
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
2010-2011	12,213,624	5,551,708	4,411,629	673,990	-	22,850,951

\* 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 include the portion of SSC that is allocated to Sewer Construction Fund, City of Concord reimbursement of capital costs, and developer contributed sewer lines beginning in 2000-2001, due to changes in GASB 33 reporting requirements.  
 \*3 Includes connection fees, non-operating permit, inspection, and other fees.

**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 *
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
2010-2011	41,705,131	7,609,127	2,425,615	3,916,789	1,003,115	20,580,061	1,575,902	78,815,740	2,585,112

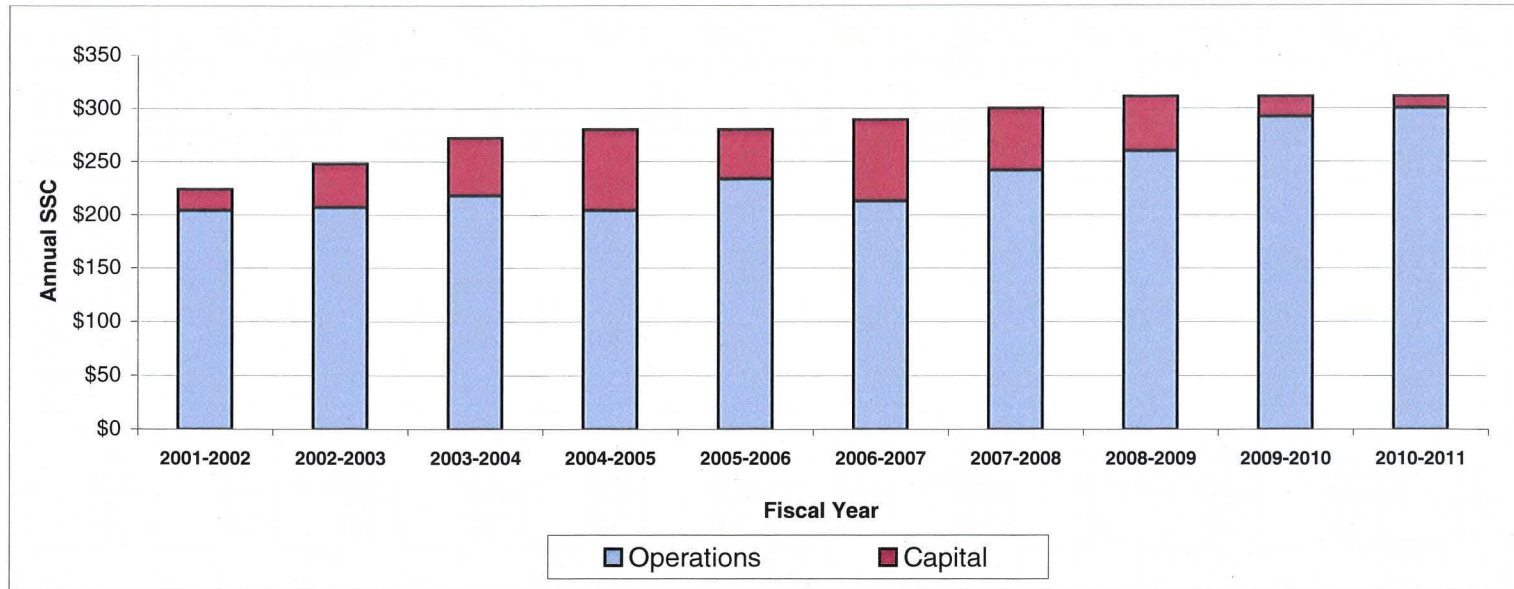
*Informational - not graphed*

\* 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 (SSC) *1			Facility Capacity Fee *2	Pump Zone Fee *3
	Operations	Capital	Total		
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
2010-2011	300	11	311	5,451	1,641

\*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  
Nine Fiscal Years**

Customer	2002 - 2003			2003 - 2004			2004 - 2005			2005 - 2006			2006-2007		
	Operating	Percentage of		Operating	Percentage of		Operating	Percentage of		Operating	Percentage of		Operating	Percentage of	
	Revenue	Rank	Revenue	Revenue	Rank	Revenue	Revenue	Rank	Revenue	Revenue	Rank	Revenue	Revenue	Rank	Revenue
City of Concord*	\$ 6,321,452	1	16.03%	\$ 6,609,602	1	15.83%	\$ 6,603,000	1	16.44%	\$ 7,383,011	1	15.90%	\$ 9,043,215	1	19.76%
Contra Costa County General Services	222,619	2	0.56%	250,442	3	0.60%	294,670	2	0.73%	295,173	2	0.64%	322,351	2	0.70%
First Walnut Creek Mutual	206,246	3	0.52%	258,400	2	0.62%	266,000	3	0.66%	295,120	3	0.64%	-	-	-
Park Regency Apartments	197,408	4	0.50%	242,624	4	0.58%	249,760	4	0.62%	249,760	4	0.54%	257,788	3	0.56%
Second Walnut Creek Mutual Apts	158,224	5	0.40%	204,000	5	0.49%	210,000	5	0.52%	210,000	5	0.45%	-	-	-
Sun Valley Mall	138,993	6	0.35%	145,169	6	0.35%	158,077	6	0.39%	169,916	6	0.37%	176,293	4	0.39%
Archstone/Treat Commons Apartments	126,480	7	0.32%	138,720	7	0.33%	142,800	7	0.36%	142,800	7	0.31%	101,150	9-10	0.22%
St. Mary's College Contract	106,497	8	0.27%	97,670	10	0.23%	-	-	-	117,119	10	0.25%	127,355	6	0.28%
Willows Shopping Center	103,321	9	0.26%	111,822	9	0.27%	120,459	9	0.30%	-	-	-	128,303	5	0.28%
Canyon Point Condominiums	86,304	10	0.22%	-	-	-	-	-	-	-	-	-	-	-	-
Bay Landing Apartments	-	-	-	-	-	-	-	-	-	-	-	-	104,040	8	0.23%
Muirland @ Windemere Apartments	-	-	-	-	-	-	-	-	-	-	-	-	101,150	9-10	0.22%
Reflections San Ramon Apartments	-	-	-	134,912	8	0.32%	139,062	8	0.35%	139,062	8	0.30%	-	-	-
Kaiser Foundation Hospital	-	-	-	-	-	-	100,976	10	0.25%	126,904	9	0.27%	-	-	-
John Muir Health	-	-	-	-	-	-	-	-	-	-	-	-	121,613	7	0.27%
<b>Total</b>	<b>\$ 7,667,544</b>		<b>19.45%</b>	<b>\$ 8,193,361</b>		<b>19.62%</b>	<b>\$ 8,284,804</b>		<b>20.62%</b>	<b>\$ 9,128,865</b>		<b>19.66%</b>	<b>\$ 10,483,258</b>		<b>22.91%</b>

Customer	2007-2008			2008-2009			2009-2010			2010-2011		
	Operating	Percentage of		Operating	Percentage of		Operating	Percentage of		Operating	Percentage of	
	Revenue	Rank	Revenue	Revenue	Rank	Revenue	Revenue	Rank	Revenue	Revenue	Rank	Revenue
City of Concord*	\$ 8,206,860	1	16.45%	\$ 8,755,857	1	16.40%	\$ 8,664,668	1	14.73%	\$ 9,224,952	1	15.40%
Contra Costa County General Services	316,854	3	0.64%	320,866	3	0.60%	305,880	2	0.52%	292,384	2	0.49%
Park Regency Apartments	267,600	4	0.54%	277,412	4	0.52%	277,412	3	0.47%	277,412	3	0.46%
Sun Valley Mall	183,380	6	0.37%	190,734	5	0.36%	197,566	4	0.34%	193,957	4	0.32%
Branch Creek Vista Apartments	120,000	8	0.24%	124,400	8	0.23%	124,400	7	0.21%	124,400	5	0.21%
Bay Landing Apartments	108,000	10	0.22%	111,960	10	0.21%	111,960	8	0.19%	111,960	6	0.19%
Archstone Apartments	-	-	-	-	-	-	108,850	9-10	0.19%	108,850	7-8	0.18%
Muirland @ Windemere Apartments	-	-	-	-	-	-	108,850	9-10	0.19%	108,850	7-8	0.18%
Kaiser Foundation Hospital	118,809	9	0.24%	112,727	9	0.21%	136,753	6	0.23%	102,893	9	0.17%
St. Mary's College Contract	136,016	7	0.27%	126,222	6	0.24%	-	-	98,521	10	0.16%	
John Muir Health	223,775	5	0.45%	125,292	7	0.23%	-	-	-	-	-	
Chevron Offices & Office Park	340,389	2	0.68%	363,739	2	0.68%	165,561	5	0.28%	-	-	-
Willows Shopping Center	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 10,021,683</b>		<b>20.09%</b>	<b>\$ 10,509,209</b>		<b>19.69%</b>	<b>\$ 10,201,900</b>		<b>17.34%</b>	<b>\$ 10,644,179</b>		<b>17.77%</b>

\* Contract with the City of Concord to treat and dispose of wastewater for Concord and Clayton.  
The District implemented GASB 34 in the 2002-2003 fiscal year, one year earlier than required.  
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>
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%
2010-2011	67,889,370,916	1,647,537,385	69,536,908,301	-1.2%

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

<u>Fiscal Year</u>	<u>Property Tax* Levied &amp; Collected</u>	<u>% Change</u>	<u>Sewer Service Charges* Levied &amp; Collected</u>	<u>% Change</u>
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%
2010-2011	12,171,725	8.2%	50,196,629	-1.4%

\* 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
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
2010-2011	3,460,000	2,027,168	5,487,168	152,385	34,734	187,119	3,612,385	2,061,903	5,674,288	50,665,000	1,183,583	51,848,583

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
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%	24.47	331.68
2010-2011	5,674,288	59,896,560	58,235,679	22,850,951	24,511,832	4.32	6,731,994	17,779,838	3.13	9.74%	34.67	316.81

**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).

**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**

As Of January 1	Inside District Boundaries	Concord/ Clayton	Total Served	% Change
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	2.2%
2011	321,800	133,600	455,400	-0.2%

Source: Central Contra Costa Sanitary District Environmental Services Division

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

Employers	2000*			2010**		
	Estimated Employees	Rank	% of Total County Employment	Estimated Employees	Rank	% of Total County Employment
AT & T Corporation	-	-	-	8,500	1	1.8%
Summerville Management LLC	-	-	-	4,000	2	0.9%
Pacpizza LLC	-	-	-	3,600	3	0.8%
AT & T Services Inc.	-	-	-	3,500	4	0.8%
John Muir Health	-	-	-	3,100	5	0.7%
John Muir Physician Network	-	-	-	1,600	9	0.3%
John Muir Medical Center	1,900	4	0.4%	-	-	-
John Muir/Mt. Diablo Medical Center	1,500	5	0.3%	-	-	-
Safeway Inc.	-	-	-	2,500	6	0.5%
Convenience Retailers LLC	-	-	-	2,000	7	0.4%
Kaiser Foundation Hospitals	2,300	3	0.5%	2,000	8	0.4%
Celico Partnership	-	-	-	1,500	10	0.3%
Kaiser Permanente	5,000	1	1.0%	-	-	-
Chevron Corporation	3,500	2	0.7%	-	-	-
Doctors Medical Center	1,000	6	0.2%	-	-	-
USS Posco Industries	975	7	0.2%	-	-	-
Contra Costa Newspapers, Inc.	900	8	0.2%	-	-	-
Bank of the West	700	9	0.1%	-	-	-
Aetna Health Services	600	10	0.1%	-	-	-
All Others	464,025		96.3%	431,400		93.0%
	482,400		100.0%	463,700		100.0%

Source: \* County of Contra Costa, California, Comprehensive Annual Financial Report for 6/30/10, Statistical Section, excludes government employers. 2001 and 2010 data not available.

\*\* Per East Bay Economic Development Alliance website, 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**
2001	971,487	44,599,837,000	45,909	4.1%
2002	980,446	44,709,373,000	45,601	5.7%
2003	987,662	45,775,727,000	46,348	6.1%
2004	992,747	48,923,798,000	49,281	5.4%
2005	999,271	51,534,263,000	51,572	4.9%
2006	1,001,303	55,318,933,000	55,247	4.3%
2007	1,010,542	58,043,926,000	57,438	4.7%
2008	1,025,464	59,711,162,000	58,228	6.1%
2009	1,041,274	59,043,740,000	56,703	10.2%
2010	N/A	N/A	N/A	11.2%

N/A - Information not available at this time.

\* U.S. Department of Commerce, Bureau of Economic Analysis, 2001-2008 updated, estimates as of April 2011.

\*\* State of California, Employment Development Department (EDD), annual calendar figure. Years 2008-2009 revised.

**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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Administration</b>	42	43	42	43	42	42	45	45	45	44
<b>Engineering</b>	67	70	71	76	73	75	76	80	76	75
<b>Operations</b>										
Collection Systems	42	44	45	46	49	50	50	52	47	44
Plant	81	82	82	81	88	83	77	82	78	74
Pumping Station	7	8	9	9	9	10	11	10	10	8
<b>Operations Total</b>	<u>130</u>	<u>134</u>	<u>136</u>	<u>136</u>	<u>146</u>	<u>143</u>	<u>138</u>	<u>144</u>	<u>135</u>	<u>126</u>
<b>District Total</b>	<u><u>239</u></u>	<u><u>247</u></u>	<u><u>249</u></u>	<u><u>255</u></u>	<u><u>261</u></u>	<u><u>260</u></u>	<u><u>259</u></u>	<u><u>269</u></u>	<u><u>256</u></u>	<u><u>245</u></u>

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

<b>District Total</b>	<u><u>156</u></u>	<u><u>159</u></u>	<u><u>163</u></u>	<u><u>167</u></u>	<u><u>167</u></u>	<u><u>177</u></u>	<u><u>178</u></u>	<u><u>187</u></u>	<u><u>201</u></u>	<u><u>215</u></u>
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**Central Contra Costa Sanitary District  
Capital Asset and Operating Statistics  
Last Ten Calendar or Fiscal Years**

**Millions of Gallons per Day (mgd)**

Treatment Plant	Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Treatment Plant Permitted Capacity	Calendar	45.0	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8
Average Dry Weather Flow (ADWF)	Calendar	38.4	39.4	40.0	40.6	41.4	41.6	38.6	36.6	32.5	38.9
Wastewater Treated per day	Calendar	42.1	43.1	42.9	44.7	48.0	50.4	41.2	41.0	37.0	40.6

**Tons per Year**

Sludge to Furnace (Dry)*1	Fiscal	16,881	16,318	16,053	16,727	15,841	15,341	15,340	15,212	15,299	15,056
Ash to Reuse Site (Wet)*2	Fiscal	5,226	5,235	5,384	5,397	5,074	4,418	4,418	4,177	4,082	3,814

\*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**

	Calendar	1,400	1,400	1,400	1,400	1,500	1,500	1,500	1,500	1,500	1,500
Pipeline Miles	Calendar	21	22	20	21	17	17	17	17	17	16
Number of pumping stations											

**Other Data**

**Recycled Water**

Recycled Water Produced per day	Calendar	1.5 mgd	1.5 mgd	1.4 mgd	1.5 mgd	1.5 mgd	1.6 mgd	1.6 mgd	1.5 mgd	1.6 mgd	1.5 mgd
Number of Recycled Water Customers	Calendar	20	20	21	23	24	30	30	31	30	33

**Household Hazardous Waste (HHW) - Inception 1997/1998**

Residential Participation (Number of cars)	Fiscal	17,308	19,219	22,359	23,061	22,872	23,992	26,447	28,270	29,347	29,441
Percentage of Households in Service Area	Fiscal	9.3%	10.5%	12.1%	12.3%	12.1%	12.3%	13.6%	14.4%	15.0%	15.6%
Operating Cost per Car	Fiscal	\$ 67	\$ 66	\$ 62	\$ 58	\$ 60	\$ 64	\$ 61	\$ 76	\$ 76	\$ 82
Pounds of HHW per Car	Fiscal	77	72	71	64	65	80	71	67	65	68

**Miscellaneous Statistics**

Governing Body:	Elected 5-Member Board of Directors
Governmental Structure:	Established in 1946 under the Sanitary District Act of 1923
Staff:	245 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:	455,400
Sewer Service Charge:	\$311 annually per residential equivalent unit