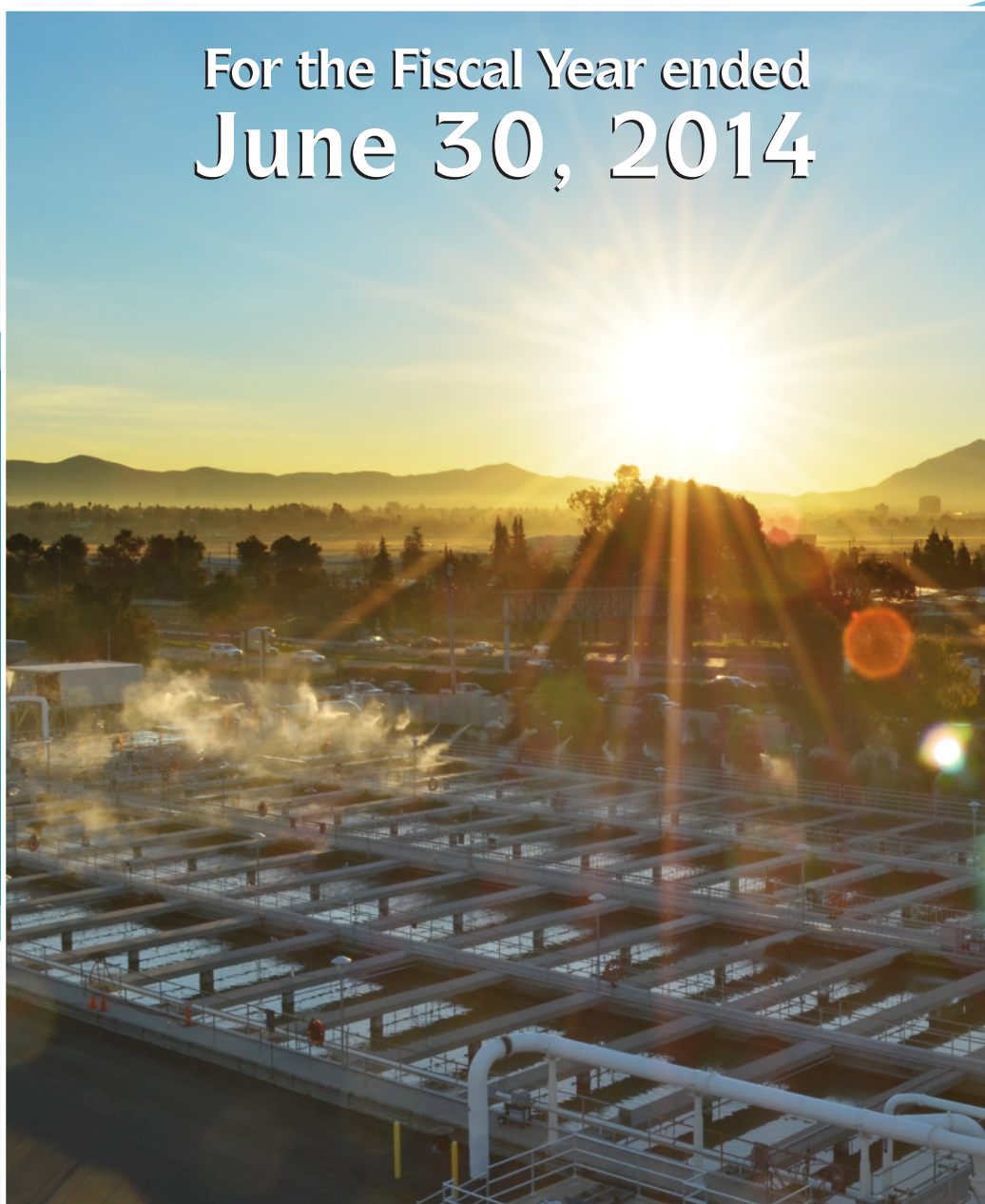




Central Contra Costa Sanitary District
5019 Imhoff Place, Martinez, CA 94553

Comprehensive Annual Financial Report

For the Fiscal Year ended
June 30, 2014



Sunrise over the Primary Treatment Tanks in Plant Operations.

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

**Prepared By:
Finance & Accounting Division**

CENTRAL CONTRA COSTA SANITARY DISTRICT
Comprehensive Annual Financial Report
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For the Year Ended June 30, 2014

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Central Contra Costa Sanitary District

Introductory Section



Aerial of the Martinez Treatment Plant, April, 2013.



November 12, 2014

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, 2014.

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.

Maze & Associates has issued an unqualified ("clean") opinion on the Central Contra Costa Sanitary District's financial statements for the year ended June 30, 2014. 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 335,000 residents of Danville, Lafayette, Martinez, Moraga, Orinda, Pleasant Hill, San Ramon, Walnut Creek and some of the unincorporated communities within Central Contra Costa County. The District also treats wastewater for 135,900 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 102 inches in diameter, and 19 sewage-pumping stations (three of which are privately owned) 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 82% 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. Completing its seventeenth year of operation, the HHW currently serves over 30,000 residential and small business customers, from which over 2 million pounds of hazardous waste is collected and properly disposed of each year.

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 261 regular employees organized in four departments led by Managers responsible for their budgets and expenses. The four departments are: Administrative, Engineering, Collection Systems, and Plant Operations.

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 analyses 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

U.S economic indicators continue to be positive as sustained GDP growth, declining unemployment rate, increase in consumer spending and a strong housing market are generating an optimistic economic outlook for the nation as a whole. California continues to lead the U.S. in employment growth. According to the Legislative Analyst's Office (LAO) the state economy is projected to produce a greater surplus than was anticipated. Higher revenues generated from capital gains and stronger-than-expected-stock-growth which in turn increases personal income tax (PIT) has largely contributed to the revised upward forecast. The voter approved Proposition 30 to temporarily increase sales tax by ¼ percent is also contributing to the strong revenue stream. The surge of revenue has allowed the state to increase spending on education, pay down debt, and increase reserve for the future.

According to UCLA Anderson forecast the Bay Area, led by the technology sector in particular, have outperformed the rest of the state in economic growth. Steady job growth has increased consumer and government spending as well as spending on commercial and residential real estate market. Foreclosures have declined dramatically and existing single-family home prices continue to rise. New construction activities of commercial and residential units are commonly seen throughout the Bay Area counties. Interest rates on mortgages continue to be low to keep the housing market attractive to potential buyers.

The District continues to benefit from the strong housing market. Large construction projects in the East Bay, especially in the City of Walnut Creek, have steadily increased the stream of sewer service charge revenue. Residential and commercial vacancies have been replaced with a positive growth resulting in a favorable revenue growth. The District and the bargaining units have agreed on a 5-year contract that will be in effect until December of 2017. The contract continues the bulk of employee retirement cost being paid by the District. Payment of the unfunded liability is a major financial concern

for the District as it is for many public entities. An additional payment for UAAL is included as part of the financial plan for the District to alleviate future fiscal obligation of the unfunded liability. 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 rates 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 six main goals being: providing exceptional customer service, maintaining full regulatory compliance, maintaining responsible rates, continuing to be a high performance organization, maximize human resources, and maintain a reliable wastewater infrastructure. 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 reviews GASB 45 Trust quarterly financial statements to monitor the District's investment strategy in the current volatile economy.

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 was enhanced by the newly constructed administration/crew/warehouse building, which was designed to be LEED certified and incorporates many green design features. LEED represents "Leadership in Energy and Environmental Design," which is administered by the U.S. Green Building Council.

Our capital plan is also addressing primary treatment plant reliability through design and construction of several recently completed projects. The Walnut Creek Sewer Renovation Phase 9, allowed the District to replace/rehabilitate approximately 10,000 feet of 6-inch through 12-inch sewer pipe at several different sites throughout the City of Walnut Creek, unincorporated County and other neighboring areas. 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 discharge to Walnut Creek. These projects are supplemented with treatment plants renovation projects to increase safety and replace other plant infrastructure.

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, 2013. This was the fourteenth 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 Jamie King and Amal Lyon, Accountants, and Todd Smithey, 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,

A handwritten signature in black ink that reads "Thea Vassallo". The signature is written in a cursive, flowing style with a large initial "T" and "V".

Thea Vassallo
Finance Manager

**CENTRAL CONTRA COSTA SANITARY DISTRICT
BOARD OF DIRECTORS
June 30, 2014**

David R. Williams.....President
Michael R. McGill.....President Pro-Tem
Paul H. Causey.....Member
James A. Nejedly.....Member
Tad J. PileckiMember



MISSION, VISION, AND VALUES

ESTABLISHED IN 1946,

THE CENTRAL CONTRA COSTA SANITARY DISTRICT (CCCSD) IS A SPECIAL ENTERPRISE DISTRICT WITH A FIVE-MEMBER ELECTED BOARD OF DIRECTORS.

CCCSD COLLECTS AND TREATS THE WASTEWATER OF 471,000 RESIDENTS AND MORE THAN 5,000 BUSINESSES IN 11 CITIES IN CENTRAL CONTRA COSTA COUNTY.



OUR MISSION

TO PROTECT PUBLIC HEALTH AND THE ENVIRONMENT BY:

- COLLECTING AND TREATING WASTEWATER
- EMBRACING A POLICY OF SUSTAINABILITY FOR THE RESPONSIBLE USE OF EXISTING RESOURCES
- PROMOTING ENVIRONMENTAL STEWARDSHIP

OUR VISION

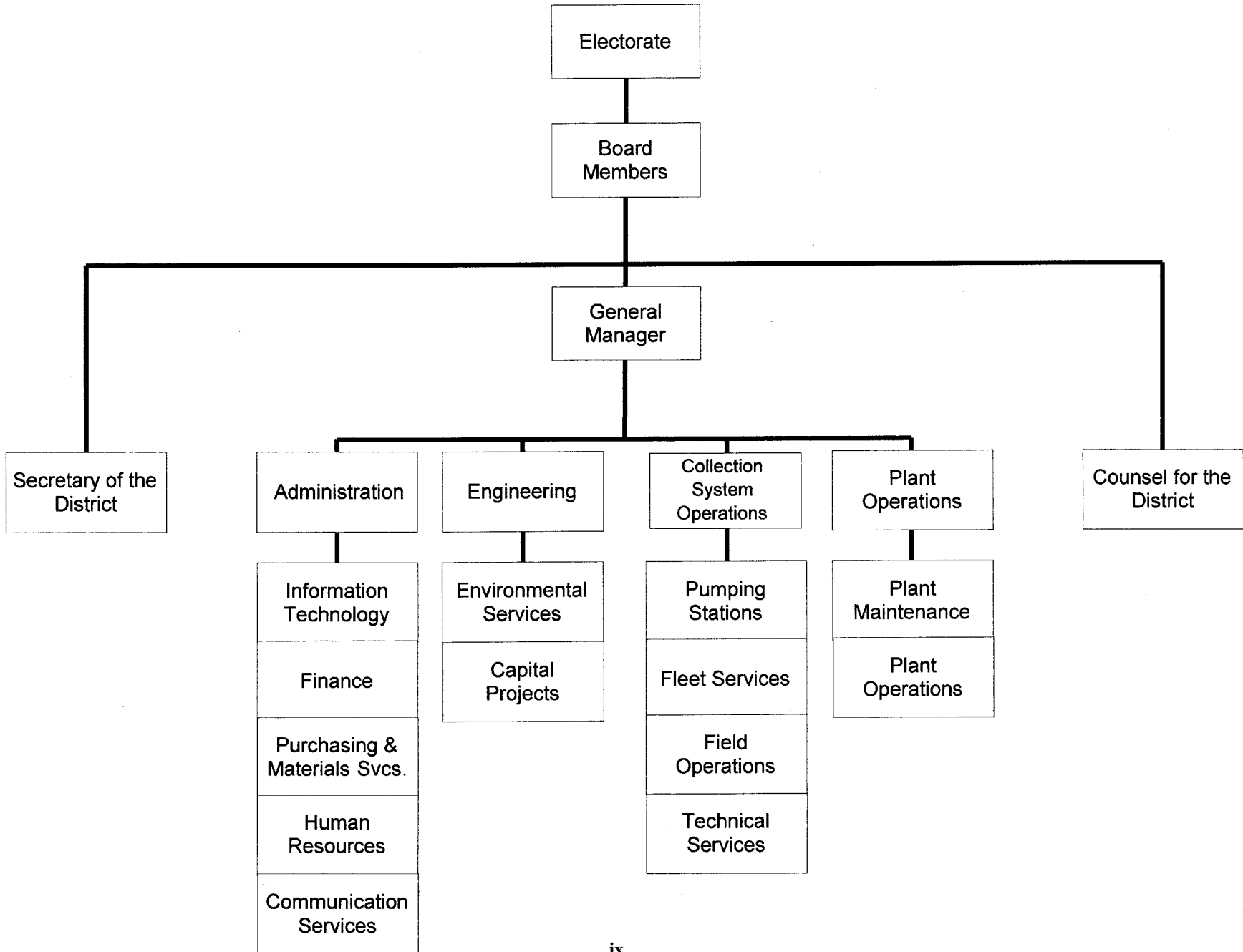
TO BE A HIGH-PERFORMANCE ORGANIZATION THAT PROVIDES EXCEPTIONAL CUSTOMER SERVICE AND FULL REGULATORY COMPLIANCE AT RESPONSIBLE RATES

OUR VALUES

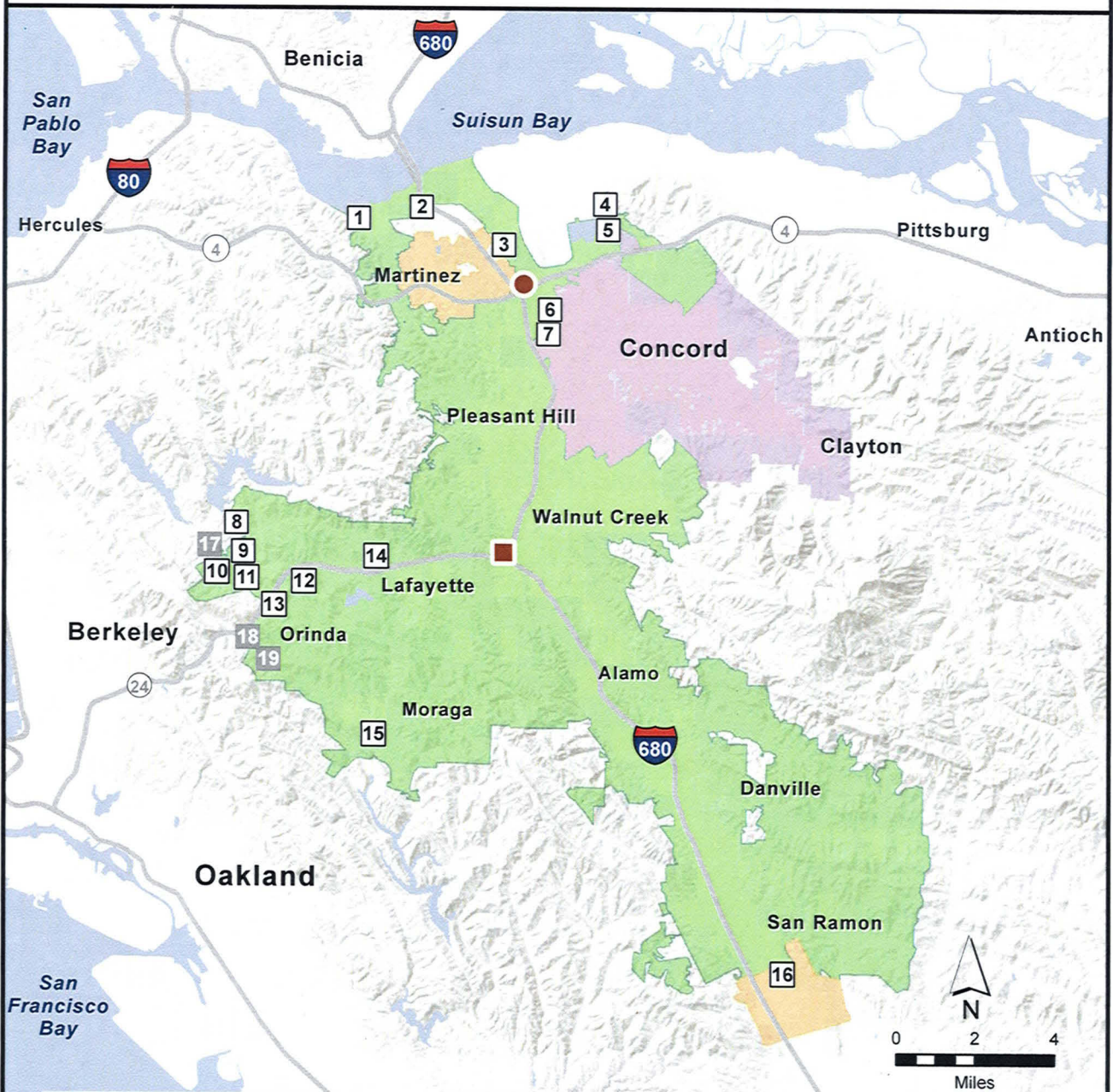
WE ACHIEVE SUCCESS BY VALUING:








- EACH OTHER
- ETHICS AND INTEGRITY
- A HEALTHY AND SAFE ENVIRONMENT
- COMMUNITY RELATIONSHIPS
- THE MEETING OF COMMITMENTS
- TRANSPARENCY IN ALL WE DO

CENTRAL CONTRA COSTA SANITARY DISTRICT
Organization Chart - Composite



**Central Contra Costa Sanitary District
Map of Service Area**
June 30, 2014



	CCCSD's Headquarters Office Building, Treatment Plant, and HHW Collection Facility		Pumping Station
	CCCSD's Collection System Operations Department (sewer maintenance)		Privately Owned Pumping Station
	Wastewater collection and treatment and HHW collection for 335,000 people	CCCSD Pumping Stations	
	Wastewater treatment and HHW collection for 135,900 residents in Concord and Clayton by contract	1. Martinez	11. Lower Orinda
	HHW disposal services only	2. Fairview	12. Bates Blvd. - Orinda
		3. Maltby	13. Orinda Crossroads
		4. Clyde	14. Via Robles
		5. Concord Industrial	15. Moraga
		6. Buchanan Field North	16. San Ramon
		7. Buchanan Field South	PRIVATELY OWNED:
		8. Sleepy Hollow	17. Wagner Ranch
		9. Acacia	18. Lower Wilder
		10. Flush Kleen	19. Upper Wilder



Government Finance Officers Association

**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, 2013

Executive Director/CEO

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Central Contra Costa Sanitary District

Financial Section



The bold design of the Collection Systems Operations building.

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the Central Contra Costa Sanitary District (District) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audits evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014 and 2013, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

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E maze@mazeassociates.com
W mazeassociates.com

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The Introductory Section, Supplemental Information and Statistical Section, as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates 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 generally accepted auditing standards in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Supplemental Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Maze & Associates

Pleasant Hill, California
September 18, 2014



Central Contra Costa Sanitary District

Protecting Public Health and the Environment

5019 Imhoff Place, Martinez, CA 94553-4392

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Central Contra Costa Sanitary District's annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2014. This information is presented in conjunction with the audited financial statements, which follow this report.

FINANCIAL HIGHLIGHTS

The District's 2013-14 financial highlights are listed below. These results are discussed in more detail later in the report.

- The District's total ending net position increased by \$8.6 million or 1.36 % in 2013-14. This is mainly due to capital project asset additions.
- Total revenues in 2013-14 increased by \$5.3 million or 6.31%. The total Sewer Service Charge (SSC) rate was increased and a larger portion of the internal SSC allocation was shifted from Operating Revenues to Capital Contributions.
- Total 2013-14 expenses increased by \$11.0 million or 12.11%. This is mainly due to higher cost of total labor, depreciation and technical services.
- Capital Contributions increased in 2013-14 by \$5.1 million or 34.20%. The increase is mainly due to the SSC rate increase and higher connection fees.

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. This report also contains other supplementary information in addition to the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

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

- **Statement of Net Position** – 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 Position** – 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, investing activities, and non-cash activities.

STATEMENT OF NET POSITION

The following table shows the condensed statement of net position of the Central Contra Costa Sanitary District for the past three fiscal years:

Condensed Statement of Net Position	Fiscal Year Ended June 30			% Increase (Decrease)	
	2013-14	2012-13	2011-12	FY 13-14 vs. FY 12-13	FY 13-14 vs. 11-12
	Current Assets	\$ 79,291,642	\$ 78,006,233	\$ 78,506,812	1.65%
Capital Assets	608,583,268	603,985,469	597,689,744	0.76%	1.82%
Other Non-current Assets	8,621,042	9,454,886	9,332,364	-8.82%	-7.62%
Total Assets	696,495,952	691,446,588	685,528,920	0.73%	1.60%
Current Liabilities	12,145,509	11,704,101	11,128,540	3.77%	9.14%
Non-Current Liabilities	40,004,777	44,027,490	47,797,407	-9.14%	-16.30%
Total Liabilities	52,150,286	55,731,591	58,925,947	-6.43%	-11.50%
Net Investment in Capital Assets	568,006,023	559,523,642	549,462,506	1.52%	3.37%
Restricted - Debt Service	4,809,248	4,730,837	4,663,601	1.66%	3.12%
Unrestricted	71,530,395	71,460,518	72,476,866	0.10%	-1.31%
Total Net Position	\$ 644,345,666	\$ 635,714,997	\$ 626,602,973	1.36%	2.83%

The total net position of the District increased from \$626.6 million in 2011-12 to \$635.7 million in 2012-13 and to \$644.3 million in 2013-14. The District’s total assets have increased by \$5.0 million or 0.73% compared to 2012-13, and \$10.9 million or 1.6% compared to 2011-12. The total liabilities decreased \$3.6 million or -6.43% compared to 2012-13, and decreased \$6.8 million or -11.50% compared to 2011-12. The increase in net position over the three-year period totals \$17.7 million or 2.83% and is the result of the combination of net income and capital contributions.

By far the largest portion of the District’s net position (88.15% 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 are 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 \$4.8 million restricted for debt service. The remaining balance of \$71.5 million in unrestricted net position may be used to meet the District’s ongoing obligations to its ratepayers and creditors. The unrestricted net position may also be used for payment of long-term unfunded liabilities.

REVIEW OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The table below shows the condensed statement of revenues, expenses, and changes in net position for the District for the past three fiscal years:

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

Fiscal Year Ended June 30

% Increase
(Decrease)

	2013-14	2012-13	2011-12	FY 13-14 vs. FY 12-13	FY 13-14 vs. 11-12
Sewer Service Charges (SSC)	\$ 72,422,285	\$ 67,254,405	\$ 59,771,237	7.68%	21.17%
Other Service Charges and Miscellaneous	1,579,723	1,828,281	1,845,402	-13.60%	-14.40%
Total Operating Revenue	74,002,008	69,082,686	61,616,639	7.12%	20.10%
Property Tax	13,093,841	13,010,477	12,047,169	0.64%	8.69%
Permit & Inspection Fees	1,575,251	1,169,809	903,810	34.66%	74.29%
Interest and All Other	1,291,752	1,356,574	1,226,598	-4.78%	5.31%
Total Non-Operating Revenues	15,960,844	15,536,860	14,177,577	2.73%	12.58%
Total Revenues	89,962,852	84,619,546	75,794,216	6.31%	18.69%
Total Labor and Benefits	58,954,453	49,811,218	45,562,430	18.36%	29.39%
Chemicals & Utilities	6,002,514	5,420,789	6,090,408	10.73%	-1.44%
Repairs and Maintenance	3,126,617	3,151,127	3,068,604	-0.78%	1.89%
Professional, Legal and Outside Services	3,995,861	2,836,638	4,099,876	40.87%	-2.54%
Materials & Supplies	2,060,796	1,980,314	2,031,401	4.06%	1.45%
Hauling and Disposal	914,739	1,088,294	1,009,137	-15.95%	-9.35%
Self-Insurance Expense	858,738	2,380,466	810,849	-63.93%	5.91%
All Other	1,702,131	472,630	1,612,482	260.14%	5.56%
Depreciation Expense	21,892,545	21,596,266	21,190,059	1.37%	3.32%
Total Operating Expenses	99,508,394	88,737,742	85,475,246	12.14%	16.42%
Non-Operating Expense - Interest Expense	1,996,689	1,802,084	1,919,375	10.80%	4.03%
Total Expenses	101,505,083	90,539,826	87,394,621	12.11%	16.15%
Income Before Capital Contributions	(11,542,231)	(5,920,280)	(11,600,405)	-94.96%	0.50%
Customer Contributions (SSC)	10,486,067	8,001,147	8,888,663	31.06%	17.97%
Contributed Sewer Lines	1,462,316	939,628	792,011	55.63%	84.63%
Capital Contributions - Connection Fees	8,224,517	6,091,529	5,724,833	35.02%	43.66%
Total Capital Contributions	20,172,900	15,032,304	15,405,507	34.20%	30.95%
Change in Net Position	8,630,669	9,112,024	3,805,102	-5.28%	126.82%
Beginning Net Position	635,714,997	626,602,973	622,797,871	1.45%	2.07%
Ending Net Position	\$ 644,345,666	\$ 635,714,997	\$ 626,602,973	1.36%	2.83%

Revenue

Total operating revenues increased from \$61.6 million in 2011-12 to \$69.1 million in 2012-13 and to \$74.0 million in 2013-14. Operating revenues increased by \$4.9 million or 7.12% compared to 2012-13, and increased by \$12.4 million or 20.10% comparing 2013-14 to 2011-12.

Total non-operating revenue increased from \$14.2 million in 2011-12 to \$15.5 million in 2012-13 and to \$16.0 million in 2013-14. An increase compared to 2012-13 by \$0.4 million or 2.73%, and increased by \$1.8 million or 12.58% comparing 2013-14 to 2011-12.

Total revenues increased from \$75.8 million in 2011-12 to \$84.6 million in 2012-13 to \$90.0 million in 2013-14. The change in total revenue resulted in an increase of \$5.3 million or 6.31% comparing 2013-14 to 2012-13, and increased by \$14.2 million or 18.69% comparing 2013-14 to 2011-12. There was a 9.16% SSC rate increase in 2013-14, 8.80% SSC rate increase in 2012-13 and 9.65% increase in SSC for 2011-12. Property tax revenue increased by \$0.1 million or 0.64% from 2013-14 to 2012-13, and \$1.0 million or 8.69% comparing 2013-14 to 2011-2012 due to the recovery of housing values and Proposition 1A monies repaid in 2013-14.

Expenses

Total expenses increased from \$87.4 million in 2011-12 to \$90.5 million in 2012-13 and to \$101.5 million in 2013-14. In 2013-14, total expenses increased by \$11.0 million or 12.11% compared to 2012-13. Comparing 2013-14 to 2011-12, total expenses were \$14.1 million or 16.15% higher. Increases were mainly due to higher labor and benefit costs along with technical services for temporary staff. Labor costs increased due to employee benefit costs (primarily pension and healthcare costs), cost-of-living adjustments, merit increases, and filling of vacant positions. 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 -\$11.6 million in 2011-12, to -\$5.9 million in 2012-13, and -\$11.5 million in 2013-14.

Total capital contributions in 2013-14 were \$20.2 million compared to \$15.0 million in 2012-13 and \$15.4 million in 2011-12. This was mainly due to higher customer contributions SSC in 2013-14 due to the 9.16% rate increase, a shift of the internal SSC revenue allocation, and volatility in connection fees due to the fluctuation of the housing and construction markets. The total change in net position decreased by -\$0.5 million or -5.28% when comparing 2013-14 to 2012-13 and increased \$4.8 million or 126.82% when comparing 2013-14 to 2011-12.

CAPITAL ASSETS

Capital assets for fiscal years 2013-14, 2012-13 and 2011-12 totaled \$608.6 million, \$604.0 million, and \$597.7 million, respectively. 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, 2014, the District's investment in capital assets totaled \$608.6 million, an increase of \$4.6 million or 0.76% over the capital asset balance of \$604.0 million at June 30, 2013. Capital assets increased by \$10.9 million or 1.82% comparing 2013-14 to 2011-12. A comparison of the District's capital assets over the past three fiscal years is presented below:

Capital Assets	Fiscal Year Ended June 30			% Increase (Decrease)	
				FY 13-14	FY 13-14
	2013-14	2012-13	2011-12	vs. FY 12-13	vs. 11-12
Land	\$ 17,320,570	\$ 17,262,249	\$ 17,114,720	0.34%	1.20%
Sewage Collection System	318,206,017	311,633,989	303,693,519	2.11%	4.78%
Contributed Sewer Lines	152,297,246	150,834,930	149,895,302	0.97%	1.60%
Outfall Sewers	11,339,298	11,338,935	8,518,443	0.00%	33.11%
Sewage Treatment Plant	303,606,835	299,830,466	292,432,883	1.26%	3.82%
Recycled Water Infrastructure	17,127,656	13,515,026	13,335,295	26.73%	28.44%
Pumping Stations	54,956,574	54,412,730	54,412,730	1.00%	1.00%
Buildings	42,196,085	36,120,720	34,477,124	16.82%	22.39%
Intangible Assets	4,812,127	4,596,467	2,463,834	4.69%	95.31%
Furniture & Equipment	10,025,826	15,651,212	14,031,564	-35.94%	-28.55%
Motor Vehicles	6,721,031	6,558,065	6,010,773	2.48%	11.82%
Construction In Progress	27,508,158	24,533,254	22,469,694	12.13%	22.42%
Subtotal	966,117,423	946,288,043	918,855,881	2.10%	5.14%
Less Accumulated Depreciation	357,534,155	342,302,574	321,166,137	4.45%	11.32%
Total Capital Assets (net of depreciation)	\$ 608,583,268	\$ 603,985,469	\$ 597,689,744	0.76%	1.82%

The major reasons for the increase in capital assets, net of depreciation, of \$4.6 million from 2012-13 to 2013-14 and \$10.9 million from 2011-12 to 2013-14, are as follows:

- Sewer pipe ongoing renovations, upgrades, expansion, pumping station improvements, and contributed sewer lines increased by \$8.6 million comparing 2013-14 to 2012-13 and \$17.5 million comparing 2013-14 to 2011-12.
- Treatment plant infrastructure renovations, upgrades, equipment, and improvements increased by \$3.8 million comparing 2013-14 to 2012-13 and \$11.2 million comparing 2013-14 to 2011-12.
- Buildings increased by \$6.1 million comparing 2013-14 to 2012-13 and \$7.7 million comparing 2013-14 to 2011-12.
- All other asset categories, including construction in progress, increased by \$1.4 million comparing 2013-14 to 2012-13 and increased by \$10.9 million comparing 2013-14 to 2011-12.
- Capital asset increases are offset by an increased subtraction of accumulated depreciation of \$15.2 million comparing 2013-14 to 2012-13 and \$36.4 million comparing 2013-14 to 2011-12 due to increasing capital asset investment and its associated depreciation expense.

See Note 5 in the audited financial statements.

DEBT ADMINISTRATION

The total debt obligations for fiscal years 2013-14, 2012-13 and 2011-12 totaled \$40.5 million, \$44.5 million, and \$48.2 million, respectively. As of June 30, 2014, the District's outstanding debt totaled \$40.5 million, which is a decrease of \$3.9 million or -8.74% over the debt balance of \$44.5 million at June 30, 2013. Debt decreased by \$7.6 million or -15.86% comparing 2013-14 to 2011-12. The 2009 certificates of participation and the 1999 State Water Resources Control Board Water Reclamation Loan principal and related interest for both decrease annually due to the scheduled principal payments. The District did not issue any new debt this fiscal year. The source of funds for repayment of debt issued for expansion purposes is the state property taxes received. A comparison of the District's debt service for the past three fiscal years is presented below:

Debt Service	Fiscal Year Ended June 30			% Increase (Decrease)	
	2013-14	2012-13	2011-12	FY 13-14 vs. FY 12-13	FY 13-14 vs. 11-12
Revenue Bonds	\$ 39,875,000	\$ 43,595,000	\$ 47,200,000	-8.53%	-15.52%
Water Reclamation Loan	702,245	866,827	1,027,238	-18.99%	-31.64%
Total Debt Service	\$ 40,577,245	\$ 44,461,827	\$ 48,227,238	-8.74%	-15.86%

See Note 6 in the audited financial statements.

ECONOMIC AND OTHER FACTORS

The Federal and State of California economies continue to recover from the 2008 recession. The Federal economic challenges have resulted in budget sequestration. The State Budget Act reflects California achieving a solid balanced budget, however, there remain a number of major risks that threaten the state's fiscal stability, including the overhang of fiscal debts, growing long-term liabilities, and lingering uncertainties regarding the cost of the federal Affordable Care Act. The recent agreement between the Governor and legislative leaders to create a Rainy Day Fund will help the state minimize future boom and bust cycles. 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 government.

Items impacting the District are:

- Current Employee Memorandum of Understanding contracts end as of December 17, 2017.
- Current and future legislation impacting public employee pensions is in play, also calling for higher employee contributions and lower pensions by eliminating spiking.
- Increased cost of employee benefits, mainly due to pension costs and healthcare.
- Housing market continues to show improvement which impacts the District's property tax revenues, and development and user fees.
- Regulatory requirements becoming more stringent, causing the District to spend more on compliance, both for operations and maintenance costs and capital projects. This may require debt financing for large capital projects.

- Continued low interest rates negatively impact interest earnings for District temporary investments as well as OPEB trust and pension plan assets.

In addition to making efforts to reduce spending and improve process efficiencies, the District has the ability to raise the SSC to meet its long-term commitments. The District has a Standard and Poor's AAA rating, and can obtain bond financing if necessary.

FINANCIAL CONTACT

The financial report is designed to provide the District's customers and creditors with a general overview of District 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: Finance Manager Thea Vassallo, Central Contra Costa Sanitary District, 5019 Imhoff Place, Martinez, CA 94553.

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2014 AND 2013

ASSETS	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$47,929,530	\$46,714,788
Short term investments (Note 2)	9,993,211	10,498,624
Accounts receivable, net (Note 3)	16,944,993	16,517,549
Interest receivable	31,081	65,321
Parts and supplies	2,088,885	2,005,741
Prepaid expenses	<u>2,303,942</u>	<u>2,204,210</u>
Total current assets	<u>79,291,642</u>	<u>78,006,233</u>
NON-CURRENT ASSETS		
Restricted cash and equivalents (Notes 1.E. and 2)	100,000	100,000
Restricted investments (Note 2)	5,474,874	5,412,500
Assessment Districts receivable (Note 4)	1,838,490	2,089,461
Net OPEB asset (Note 10)	1,207,678	1,537,638
Revenue bonds issuance costs, net of amortization (Note 1.L.)	<u>-</u>	<u>315,287</u>
Capital assets:		
Nondepreciable (Note 5)	49,640,855	41,795,503
Depreciable, net of accumulated depreciation (Note 5)	<u>558,942,413</u>	<u>562,189,966</u>
Total capital assets, net	<u>608,583,268</u>	<u>603,985,469</u>
Total non-current assets	<u>617,204,310</u>	<u>613,440,355</u>
TOTAL ASSETS	<u>\$696,495,952</u>	<u>\$691,446,588</u>

(Continued)

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2014 AND 2013

LIABILITIES	<u>2014</u>	<u>2013</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$5,842,430	\$5,376,935
Interest payable	673,380	718,147
Refunding Water Revenue Bonds - current portion (Note 6)	3,865,000	3,720,000
Water Reclamation Loan Contract - current portion (Note 6)	168,861	164,582
Accrued compensated absences - current portion (Note 1.I.)	385,000	383,000
Provision for uninsured claims (Note 7)	1,000,000	1,000,000
Refundable deposits	210,838	341,437
Total current liabilities	<u>12,145,509</u>	<u>11,704,101</u>
NON-CURRENT LIABILITIES		
Refunding Water Revenue Bonds, noncurrent portion (Note 6)	36,010,000	39,875,000
Water Reclamation Loan Contract, noncurrent portion (Note 6)	533,384	702,245
Accrued compensated absences, noncurrent portion (Note 1.I.)	3,461,393	3,450,245
Total non-current liabilities	<u>40,004,777</u>	<u>44,027,490</u>
TOTAL LIABILITIES	<u>52,150,286</u>	<u>55,731,591</u>
NET POSITION (Note 11)		
Net investment in capital assets	568,006,023	559,523,642
Restricted for debt service	4,809,248	4,730,837
Unrestricted	71,530,395	71,460,518
TOTAL NET POSITION	<u>\$644,345,666</u>	<u>\$635,714,997</u>

See accompanying notes to financial statements

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CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
OPERATING REVENUES		
Sewer service charges (SSC)	\$60,796,421	\$56,770,984
Service charges - City of Concord (Note 8)	11,625,864	10,483,421
Other services charges	1,035,134	1,076,401
Miscellaneous charges	544,589	751,880
Total operating revenues	74,002,008	69,082,686
OPERATING EXPENSES		
Sewage collection and pumping stations	16,109,927	14,327,933
Sewage treatment	27,808,819	23,035,943
Engineering	12,308,802	8,680,934
Administrative and general	21,388,301	21,096,666
Depreciation	21,892,545	21,596,266
Total operating expenses	99,508,394	88,737,742
OPERATING (LOSS)	(25,506,386)	(19,655,056)
NONOPERATING REVENUES (EXPENSES)		
Taxes	13,093,841	13,010,477
Permit and inspection fees	1,575,251	1,169,809
Interest earnings	359,288	405,474
Interest expense	(1,996,689)	(1,802,084)
Other income (expense)	932,464	951,100
Total nonoperating revenues (expenses), net	13,964,155	13,734,776
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(11,542,231)	(5,920,280)
CAPITAL CONTRIBUTIONS		
City of Concord contributions to capital costs (Note 8)	3,820,858	3,616,771
Customer contributions to capital cost (SSC)	6,665,209	4,384,376
Contributed sewer lines (Note 5)	1,462,316	939,628
Capital contributions - connection fees	8,224,517	6,091,529
Total capital contributions	20,172,900	15,032,304
CHANGE IN NET POSITION	8,630,669	9,112,024
NET POSITION, BEGINNING OF YEAR	635,714,997	626,602,973
NET POSITION, END OF YEAR	\$644,345,666	\$635,714,997

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$73,825,535	\$67,716,388
Payments to suppliers	(43,766,726)	(36,581,237)
Payments to employees and related benefits	(33,353,995)	(29,929,031)
	(3,295,186)	1,206,120
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of taxes	13,093,841	13,010,477
Inspection/permit fees and other non-operating income	2,507,715	2,120,909
	15,601,556	15,131,386
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	11,948,383	8,940,775
Connection fees	8,224,517	6,091,529
Acquisition and construction of capital assets	(26,490,344)	(27,891,991)
Interest paid on long-term debt	(1,726,169)	(1,838,134)
Principal payments on long-term debt	(3,884,582)	(3,448,341)
	(11,928,195)	(18,146,162)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption and acquisition of investments, net	443,039	5,606,506
Interest received	393,528	395,301
	836,567	6,001,807
NET INCREASE (DECREASE) IN CASH	1,214,742	4,193,151
Cash, beginning of year	46,814,788	42,621,637
Cash, end of year	\$48,029,530	\$46,814,788

(Continued)

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

Reconciliation of operating (loss) to net cash provided by operating activities:

Operating (loss)	(\$25,506,386)	(\$19,655,056)
Adjustments to reconcile operating loss to cash flows from operating activities:		
Depreciation	21,892,545	21,596,266
Change in assets and liabilities:		
Receivables, net	(176,473)	(1,366,298)
Parts and supplies	(83,144)	1,704
Prepaid expenses	(99,732)	296,495
Accounts payable and accrued expenses	465,495	472,291
Accrued payroll and related expenses	13,148	122,665
Refundable deposits	(130,599)	12,149
Net OPEB asset	329,960	(274,096)
	<u>(\$3,295,186)</u>	<u>\$1,206,120</u>

SCHEDULE OF NON CASH ACTIVITY

Change in fair value of investments	\$393,528	\$395,301
Capital asset donations	1,153,968	713,525
	<u>\$1,547,496</u>	<u>\$1,108,826</u>

CASH AND CASH EQUIVALENTS, AS PRESENTED ON STATEMENT OF NET POSITION:

Unrestricted cash and cash equivalents	\$47,929,530	\$46,714,788
Restricted cash and cash equivalents	100,000	100,000
	<u>\$48,029,530</u>	<u>\$46,814,788</u>

See accompanying notes to financial statements

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**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 1 – DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

The Central Contra Costa Sanitary District (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 and 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 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 (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 Authority has no members and the Board of Directors of the Authority 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 Authority.

B. *Basis of Accounting*

The District's financial statements are prepared on the accrual basis of accounting. The District applies all applicable Governmental Accounting Standards Board (GASB) pronouncements for certain accounting and financial reporting guidance.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 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 position, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

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

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

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

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

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

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

That portion of the District's net position 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.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Years Ended 30, 2014 AND 2013**

NOTE 1 – DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Investments

Investments held at June 30, 2014 and 2013 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.

D. Prepaid Expenses

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

E. 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 sewage 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.

F. Parts and Supplies

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

G. 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.

Depreciation of exhaustible capital assets has been provided using the straight-line method over the asset's useful life 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	5 – 15

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 1 – DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Property Taxes

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

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

Secured property tax bills are mailed once a year, during the month of October on the current secured tax roll, to the owner of the property as of the lien date (January 1). Payments can be made in two installments, and are due on November 1 and February 1. Delinquent accounts are assessed a penalty of 10 percent. Accounts which remain unpaid on June 30 are charged an additional 1½ 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.

I. Compensated Absences

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

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

	<u>2014</u>	<u>2013</u>
Beginning Balance	\$3,833,245	\$3,710,580
Additions	391,927	783,906
Payments	<u>(378,779)</u>	<u>(661,241)</u>
Ending Balance	<u>\$3,846,393</u>	<u>\$3,833,245</u>
Current Portion	<u>\$385,000</u>	<u>\$383,000</u>

The current portion of the liability to be used within the next year is estimated by management to be approximately 10% of the ending balance.

CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013

NOTE 1 – DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. *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.

K. *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.

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

GASB Statement No. 65 – In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. This Statement required the District to remove its remaining unamortized revenue bond issuance costs of \$315,287, previously reported as a noncurrent asset on the Statement of Net Position as of July 1, 2013. As the balance does not materially impact the District's net position, the balance was expensed in the current fiscal year ended June 30, 2014.

GASB Statement No. 66 – In March 2012, the GASB issued Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. This Statement did not have a material impact on the financial statements.

GASB Statement No. 67 – In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. This Statement did not have a material impact on the financial statements.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 1 – DESCRIPTION OF DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 68 – In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014, therefore, the District will implement this Statement in fiscal year ending June 30, 2015. This Statement will have a material effect on the financial statements.

GASB Statement No. 69 – In 2014, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operation*. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013, therefore, the District will implement this Statement in fiscal year ending June 30, 2016. This Statement will not have a material impact on the financial statements.

GASB Statement No. 70 – In 2014, the GASB has issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Guidance is provided for situations where a state or local government extends or receives a nonexchange financial guarantee. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2013. This Statement did not have a material effect on the financial statements.

GASB Statement No. 71 – In 2014, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities. This benefit will be achieved without the imposition of significant additional costs. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014 therefore, the District will implement this Statement in fiscal year ending June 30, 2015.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

Cash and investments as of June 30, are classified in the accompanying financial statements as follows:

	2014	2013
Cash and cash equivalents	\$47,929,530	\$46,714,788
Short term investments	9,993,211	10,498,624
Restricted cash and cash equivalents	100,000	100,000
Restricted investments	5,474,874	5,412,500
Total Cash and Investments	<u>\$63,497,615</u>	<u>\$62,725,912</u>

B. 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. Governments, or its agencies, commercial paper, certificates of deposit placed with commercial banks and/or savings with 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.

C. General Authorizations

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

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

(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, excluding Treasury Notes an

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 2 – CASH AND INVESTMENTS (Continued)

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment; 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.

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 investments by maturity, as of June 30:

Investment Type	2014		2013	
	12 Months or less	Maturity	12 Months or less	Maturity
Certificates of Deposit - Debt Reserve	\$4,856,450	4/28/15	\$5,412,500	4/30/14
Money Market - Debt Reserve	618,423	24 days (avg.)	-	
Certificates of Deposit	-		7,000,136	7/26/13
Commercial Paper - Union Bank	5,000,000	7/25/14	3,498,488	7/26/13
Commercial Paper - Toyota Motor Credit	5,000,000	10/21/14	-	
California Local Agency Investment Fund	46,500,000	Not applicable	43,011,748	Not applicable
Total Investments	61,974,873		58,922,872	
Cash in bank	1,522,742		3,803,040	
Total Cash and Investments	\$63,497,615		\$62,725,912	

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 2 – CASH AND INVESTMENTS (Continued)

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of the June 30, 2014 of each investment type:

Investment Type	2014		2013	
	Aaa	Total	Aaa	Total
Certificates of Deposit	\$4,856,450	\$4,856,450	\$12,412,636	\$12,412,636
Money Market - Debt Reserve	618,423	618,423		-
Commercial Paper	10,000,000	10,000,000	3,498,488	3,498,488
Totals	<u>\$15,474,873</u>	<u>15,474,873</u>	<u>\$15,911,124</u>	<u>15,911,124</u>
<i>Not rated:</i>				
California Local Agency Investment Fund		46,500,000		43,011,748
Cash in Bank		<u>1,522,742</u>		<u>3,803,040</u>
Total Cash and Investments		<u>\$63,497,615</u>		<u>\$62,725,912</u>

F. Concentration of Credit Risk

The District is a voluntary participant in LAIF which is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2014 and 2013, these investments matured in an average of 232 and 278 days, respectively.

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 financial statements in cash and cash equivalents 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.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Years Ended 30, 2014 AND 2013**

NOTE 2 – CASH AND INVESTMENTS (Continued)

G. 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.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable for the years ended June 30, 2014 and 2013 are comprised of the following:

	2014	2013
City of Concord (see Note 8)	\$15,446,722	\$14,100,192
Household Hazardous Waste Partners	755,296	837,802
All Other	742,975	1,579,555
Total Accounts Receivable	\$16,944,993	\$16,517,549

NOTE 4 – ASSESSMENT DISTRICTS RECEIVABLE

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 at an amount equal to their share of the construction costs and connection fee. The assessments, plus interest, are generally payable over 10 years. The CAD receivable balance at June 30, 2014 and 2013 was \$353,380 and \$434,396, respectively.

The District also established the Alhambra Valley Assessment District (AVAD) to provided services to residents in the Alhambra Valley in Martinez. Residents have the choice to pay cash or finance the construction costs and connection fees. The AVAD receivable balance at June 30, 2014 and 2013 was \$1,485,110 and \$1,655,065, respectively.

The total receivable balance at June 30, 2014 and 2013 for CAD and AVAD was \$1,838,490 and \$2,089,461, respectively, and is shown as a non-current asset on the Statement of Net Position.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 5 – CAPITAL ASSETS

Property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2014:

	Balance at June 30, 2013	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2014
Capital assets not being depreciated:					
Land	\$17,262,249			\$58,321	\$17,320,570
Easements (intangible)				4,812,127	4,812,127
Construction in Progress	24,533,254	\$26,848,688	(\$1,510,352)	(22,363,432)	27,508,158
Total nondepreciated assets	<u>41,795,503</u>	<u>26,848,688</u>	<u>(1,510,352)</u>	<u>(17,492,984)</u>	<u>49,640,855</u>
Capital assets being depreciated:					
Sewage collection system	311,633,989			6,572,028	318,206,017
Contributed sewer lines	150,834,930	1,153,968		308,348	152,297,246
Outfall sewers	11,338,935			363	11,339,298
Sewage treatment plant	299,830,466		(102,000)	3,878,369	303,606,835
Recycled water infrastructure	13,515,026			3,612,630	17,127,656
Pumping stations	54,412,730		(25,000)	568,844	54,956,574
Buildings	36,120,720		(38,000)	6,113,365	42,196,085
Intangibles	4,596,467			(4,596,467)	-
Furniture and equipment	15,651,212		(6,408,774)	783,388	10,025,826
Motor vehicles	6,558,065		(89,150)	252,116	6,721,031
Total depreciated assets	<u>904,492,540</u>	<u>1,153,968</u>	<u>(6,662,924)</u>	<u>17,492,984</u>	<u>916,476,568</u>
Less accumulated depreciation:					
Sewage collection system	53,103,663	4,244,943			57,348,606
Contributed sewer lines	51,127,280	2,033,949			53,161,229
Outfall sewers	3,012,481	150,962			3,163,443
Sewage treatment plant	180,670,824	10,289,298	(102,000)		190,858,122
Recycled water infrastructure	5,898,343	628,968			6,527,311
Pumping stations	24,342,929	2,185,564	(25,000)		26,503,493
Buildings	8,059,168	1,137,780	(38,000)		9,158,948
Intangibles	135,316			(135,316)	-
Furniture and equipment	11,851,588	1,028,553	(6,406,814)		6,473,327
Motor vehicles	4,100,982	327,844	(89,150)		4,339,676
Total accumulated depreciation	<u>342,302,574</u>	<u>22,027,861</u>	<u>(6,660,964)</u>	<u>(135,316)</u>	<u>357,534,155</u>
Total capital assets being depreciated, net	<u>562,189,966</u>	<u>(20,873,893)</u>	<u>(1,960)</u>	<u>17,628,300</u>	<u>558,942,413</u>
Capital assets, net	<u>\$603,985,469</u>	<u>\$5,974,795</u>	<u>(\$1,512,312)</u>	<u>\$135,316</u>	<u>\$608,583,268</u>

During fiscal year ended June 30, 2014, the District reclassified its easements from intangibles previously depreciated to non-depreciable assets.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 6 – LONG-TERM DEBT

A. Summary of Activity

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

	Original Issue Amount	Balance June 30, 2013	Retirements	Balance June 30, 2014	Amount due within one year
2009 Series A Certificates of Participation Wastewater Revenue 3.45-3.78%, due 9/1/2029	\$19,635,000	\$19,635,000		\$19,635,000	
2009 Series B Certificates of Participation Wastewater Revenue .40-3.79%, due 9/1/2029	34,490,000	23,960,000	\$3,720,000	20,240,000	\$3,865,000
1999 State Water Resources Control Board Water Reclamation Loan 2.60%, due 3/31/2018	2,916,872	866,827	164,582	702,245	168,861
Total Long-Term Debt		44,461,827	\$3,884,582	40,577,245	\$4,033,861
Less current portion		(3,884,582)		(4,033,861)	
		<u>\$40,577,245</u>		<u>\$36,543,384</u>	

B. Debt Service Requirements

The 2009 Revenue COP debt service requirements are as follows:

Fiscal Year Ending June 30,	Series A		Series B		Total		Series A	Net
	Principal	Interest	Principal	Interest	Principal	Interest	35% Tax Subsidy	Total
2015		\$1,190,840	\$3,865,000	\$700,467	\$3,865,000	\$1,891,307	(\$416,794)	\$5,339,513
2016		1,190,840	2,210,000	601,033	2,210,000	1,791,873	(416,794)	3,585,079
2017		1,190,840	2,300,000	501,300	2,300,000	1,692,140	(416,794)	3,575,346
2018		1,190,840	2,405,000	424,175	2,405,000	1,615,015	(416,794)	3,603,221
2019		1,190,840	2,480,000	329,483	2,480,000	1,520,323	(416,794)	3,583,529
2020 - 2024	\$6,985,000	5,098,729	6,980,000	604,908	13,965,000	5,703,637	(1,784,555)	17,884,082
2025 - 2029	10,320,000	2,279,321			10,320,000	2,279,321	(797,762)	11,801,559
2030	2,330,000	25,436			2,330,000	25,436	(8,903)	2,346,533
Total	<u>\$19,635,000</u>	<u>\$13,357,686</u>	<u>\$20,240,000</u>	<u>\$3,161,366</u>	<u>\$39,875,000</u>	<u>\$16,519,052</u>	<u>(\$4,675,190)</u>	<u>\$51,718,862</u>

As part of the Federal budget sequestration, the Internal Revenue Service (IRS) has announced that, as of March 1, 2013, credit payments claimed by issuers of certain tax credit bonds, including Build America Bonds, may be subject to a reduction of 7.2%.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 6 – LONG-TERM DEBT (Continued)

C. 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 .40% to 3.79%.

The two bonds total \$54,125,000, and are secured by a pledge of tax and net revenues of the wastewater system. Principal payments began 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.

D. Water Reclamation Loan Contract

The District entered into a contract with the State of California State Water Resources Control Board (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	Principal	Interest	Total
2015	\$168,861	\$18,258	\$187,119
2016	173,251	13,868	187,119
2017	177,756	9,363	187,119
2018	182,377	4,742	187,119
Total	<u>\$702,245</u>	<u>\$46,231</u>	<u>\$748,476</u>

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss including torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. To manage these risks, 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.

A. Insurance Coverage

The District's insurance coverage is as follows:

Type of Coverage	Insurer	Limits	Self Insured Deductible Per Occurrence
All-Risk Property:			
Special Form Property	APIP	\$556,015,744	\$250,000
Boiler and Machinery (Shared Limits per Occurrence)	APIP	100,000,000	250,000
Crime	National Union	1,000,000	2,500
Liability:			
Errors and Omissions	Insurance Company of the State of Pennsylvania	15,000,000	1,000,000
Employment Practices Liability	Insurance Company of the State of Pennsylvania	15,000,000	1,000,000
Employment Practices Liability	Hiscox Insurance Company	1,000,000	35,000
General Liability	Insurance Company of the State of Pennsylvania	15,000,000	1,000,000
Auto Liability	Insurance Company of the State of Pennsylvania	15,000,000	1,000,000
Pollution (General Aggregate)	Aspen Specialty Insurance Company	10,000,000	50,000
General Liability (Occurrence)	Aspen Specialty Insurance Company	5,000,000	5,000
Pollution (Legal Liability Aggregate)	Aspen Specialty Insurance Company	10,000,000	50,000
Fiduciary Liability	RLI Insurance Company	1,000,000	0
Workers' Compensation:			
Excess Workers' Compensation	CSRMA Safety National Casualty	750,000 Statutory	0 750,000

**CENTRAL CONTRA COSTA SANITARY DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Years Ended 30, 2014 AND 2013**

NOTE 7 – RISK MANAGEMENT (Continued)

B. Provision for Uninsured Claims

The Governmental Accounting Standard 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 fiscal years ended June 30, 2014, 2013, and 2012, settlements have not exceeded insurance coverage. Changes in the District's estimated liability for retained losses are summarized as follows as of June 30:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Beginning balance	\$1,000,000	\$1,000,000	\$1,000,000
Provisions for claims incurred in the current year and changes in the liability for retained-losses incurred in prior years	171,806	1,659,291	72,606
Claims paid and/or adjustments	<u>(171,806)</u>	<u>(1,659,291)</u>	<u>(72,606)</u>
Ending balance	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>

NOTE 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 and makes a contribution for its share of facilities capital costs expended. Service charges and contributions to capital costs from the City totaled \$11,625,864 and \$3,820,858, respectively, for the year ended June 30, 2014, for a total of \$15,446,722. Service charges and contributions to capital costs from the City totaled \$10,483,421 and \$3,616,771, respectively, for the year ended June 30, 2013, for a total of \$14,100,192.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 9 – PENSION PLANS

A. *Contra Costa County Employee’s Retirement Association Plan*

Plan Description

Substantially all District permanent employees are required to participate in the Contra Costa County Employees’ Retirement Association (CCERA), a cost-sharing multiple employer public 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, 2012. 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, date of membership and final average salary.

Subject to vested status, employees can withdraw contributions plus interests 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 majority of the employees’ basic contributions in accordance with the Memorandum of Understanding (MOU). Employees must pay the COL portion of the employee rate. The contribution requirement and payment from the District for the plan years ended June 30, 2014, 2013 and 2012 was as follows:

	2014	2013	2012
Covered Payroll for fiscal years ended June 30	\$26,373,619	\$24,752,463	\$24,305,548
Employer required contributions to pension	16,132,863	14,029,374	10,961,853
Employee (COL) required contributions to pension	1,370,707	1,289,095	922,520
Total required contributions	<u>\$17,503,570</u>	<u>\$15,318,469</u>	<u>\$11,884,373</u>
Percentage of payroll	<u>66%</u>	<u>62%</u>	<u>49%</u>

The District pension plan covered 258 and 251 participants as of June 30, 2014 and 2013, respectively.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 9 – PENSION PLAN (Continued)

CCCERA determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the District's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The District uses the actuarially determined percentages of payroll to calculate and pay contributions to CCCERA. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all actuarially required contributions required by CCCERA, for the last three years were as follows:

<u>Fiscal Year*</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>
12/31/2012	\$11,884,373	\$11,884,373	100%
12/31/2013	15,318,469	15,318,469	100%
12/31/2014	17,503,570	17,503,570	100%

*Please note that CCCERA's fiscal year ends December 31.

As part of the fiscal year 2013-2014 budget process, the Board approved the normal prefunding of the required annual contribution, plus an additional \$5 million to pay down the Unfunded Actuarial Accrued Liability. The \$5 million additional payment was made in December of 2013.

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

Valuation date	December 31, 2012
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll for total unfunded liability (4.00% payroll growth assumed)
Remaining amortization period	Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 10 years remaining as of December 31, 2012. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation.
Assets valuation method	Market value of assets less unrecognized returns in each of the last of the last nine semi-annual accounting periods. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized semi-annually over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves and designations.
Actuarial assumptions:	
Investment rate of return	7.25%
Inflation rate	3.25%
Cost-of-living adjustments	3.00%

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 9 – PENSION PLANS (Continued)

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. CCCERA's latest actuarial value and funding progress for the pool are shown below:

Actuarial Valuation Date	Actuarial Asset Value (A)	Entry Age Actuarial Liability (B)	Unfunded (Overfunded) Actuarial Liability (B-A), (C)	Funded Ratio (A/B)	Covered Payroll (D)	Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (C/D)
12/31/2010	\$5,341,821,711	\$6,654,036,801	\$1,312,215,090	80.28%	\$687,443,206	190.88%
12/31/2011	5,426,719,066	6,915,311,649	1,488,592,583	78.47%	666,394,146	223.38%
12/31/2012	5,482,257,062	7,761,315,535	2,279,058,473	70.64%	652,312,180	349.38%

The CCCERA Board took a depooling action in October, 2009 which yielded 12 separate cost groups by employer, with the exception of smaller employers (those with less than 50 active members) who continue to be pooled with the applicable county tier. The depooling action affected employer rates effective July 1, 2011.

Public Employees' Pension Reform Act (PEPRA)

Assembly Bill 340 (AB 340) created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation periods, as well as new contribution requirements for most new employees with a membership date on or after January 1, 2013, who meet the definition of new member under PEPRA.

The table below provides the details of the new provisions.

Benefit Formula	2.5% at Age 67
Final Compensation Period	Average of last 3 years
Employer Contribution Rate as a percentage of payroll	10.19% of Reportable Compensation
Member Contribution Rate as a percentage of payroll	10.25% of Reportable Compensation

The employer contribution rate listed above was in effect until June 30, 2014. In accordance with the provisions of AB 340, the member contribution rate shown above was set at 50 percent of expected total normal cost rate, rounded to the nearest ¼ percent, for the benefits that will apply to new members on January 1, 2013.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 9 – PENSION PLANS (Continued)

B. Deferred Compensation Plan

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. The plan was established by the District's Board of Directors and any amendments to the plan must be authorized by the Board of Directors. 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 with ICMA Retirement Corporation for the exclusive benefit of the participants and are not included in the District's financial statements.

C. 401 (a) Defined Contribution Plan

The District also contributes to a money purchase plan created in accordance with Internal Revenue Code section 401(a). The plan was established by the District's Board of Directors and any amendments to the plan must be authorized by the Board. 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 District contributed \$1,646,041 and \$1,546,318 to the Plan during the years ended June 30, 2014 and 2013, respectively.

The 401(a) money purchase plan assets are held in trust with ICMA Retirement Corporation for the exclusive benefit of the participants and are not included in the District's financial statements.

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS

A. 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.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

B. Funding Policy

GASB Statement No. 45 set rules for computing the employer's expense for retiree benefits other than pension, called OPEB. 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 (NOA); when the contribution is less than the ARC, a net OPEB obligation (NOO) results. The District had a net OPEB asset of \$1,207,678 and \$1,537,638 as of June 30, 2014 and 2013, 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.

C. Annual OPEB Cost and Net OPEB Asset

For 2014, the District's annual OPEB cost (expense) was equal to the ARC of \$8,103,000. The District contributed \$4,718,600 for retiree health care premiums and \$2,828,400 to the PARS trust for a total of \$7,547,000. The following table summarizes the changes in the District's net OPEB (Asset) at June 30, 2014:

Net OPEB obligation (asset) at June 30, 2012		(\$1,263,542)
Annual Required Contribution (ARC)	\$8,300,000	
Interest on NOA	(82,000)	
Adjustment to ARC	98,000	
Annual OPEB Cost (AOC)	<u>8,316,000</u>	
Contributions Made:		
Health care premiums paid	(4,823,096)	
Contributions to PARS trust	<u>(3,767,000)</u>	
Increase (decrease) in net OPEB obligation		<u>(274,096)</u>
Net OPEB Obligation (Asset) at June 30, 2013		(1,537,638)
Annual Required Contribution (ARC)	8,103,000	
Interest on NOA	(95,000)	
Adjustment to ARC	120,000	
Annual OPEB Cost (AOC)	<u>8,128,000</u>	
Contributions Made:		
Health care premiums paid	(4,969,640)	
Contributions to PARS trust	<u>(2,828,400)</u>	
Increase (decrease) in net OPEB obligation		<u>329,960</u>
Net OPEB Obligation (Asset) at June 30, 2014		<u><u>(\$1,207,678)</u></u>

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 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 asset for the past three years are presented below:

Fiscal Year	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Current Year AOC Obligation (Asset)	Net OPEB Obligation (Asset)
June 30, 2012	\$8,300,000	\$8,646,806	104%	(\$346,806)	(\$1,263,542)
June 30, 2013	8,316,000	8,590,096	103%	(274,096)	(1,537,638)
June 30, 2014	8,128,000	7,798,040	96%	329,960	(1,207,678)

D. Funded Status and Funding Progress

Per PARS, actuarial assets as of June 30, 2014 and 2013, including trust contributions and interest, total \$36,131,536 and \$29,352,833, respectively. 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 health care 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 below presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial liabilities for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (A)	Cost Method Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (A – B) UAAL	Funded Ratio (A/B)	Covered Payroll (Active Plan Members) (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
June 30, 2009	\$2,341,251	\$68,769,305	(\$66,428,054)	3.40%	\$25,080,233	265%
June 30, 2010	9,404,000	90,337,000	(80,933,000)	10.41%	25,080,233	323%
July 1, 2012	22,481,000	100,498,000	(78,017,000)	22.37%	24,305,548	321%

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

E. Actuarial Methods and Assumptions

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

The District's most recent actuarial valuation was prepared as of July 1, 2012 and was finalized on May 31, 2013. The June 30, 2012 actuarial valuation results are budgeted in fiscal years 2013-14 and 2014-15.

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

Valuation Date	July 1, 2012
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Dollar/Closed
Average Remaining Period	25 Years fixed
<i>Actuarial Assumptions:</i>	
Inflation Rate	3.00%
Investment Rate of Return	6.25%
Projected Salary Increases	3.25%
Post-Retirement Benefit Increases	No planned changes
Health Care Cost Trend Rates	Medical - 9.4% grading to 5% in 2021 - 22 Medicare Part B - same as medical trend Dental - 4%

NOTE 11 – NET POSITION

Net Position is the excess of all the District's assets over all its liabilities, regardless of fund. Net Position is divided into three captions:

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

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

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended 30, 2014 AND 2013**

NOTE 12 – LEASE COMMITMENTS

The District leases various facilities and equipment under operating leases. Following is a summary of operating lease commitments as of June 30, 2014:

Fiscal Year Ending	Office Equipment	Facilities	Total
2015	\$249,924	\$58,560	\$308,484
2016	249,924	29,712	279,636
Total	<u>\$499,848</u>	<u>\$88,272</u>	<u>\$588,120</u>

Total rental expense for the fiscal years ended June 30, 2014 and 2013 was \$309,320 and \$306,708, respectively.

NOTE 13 – 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 a number of purchase commitments for ongoing operating and capital projects that involve multi-year contracts. Purchase commitments related to these multi-year contracts are approximately \$13,901,807 and \$11,808,184 as of June 30, 2014 and 2013, respectively.

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SUPPLEMENTARY INFORMATION

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CENTRAL CONTRA COSTA SANITARY DISTRICT
 COMBINING SCHEDULE OF NET POSITION
 ENTERPRISE SUB-FUNDS
 JUNE 30, 2014

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$970,733	\$42,453,785	\$4,505,012			\$47,929,530
Short term investments		9,993,211				9,993,211
Accounts receivable	12,921,644	4,023,349				16,944,993
Interest receivable		20,968	2,359	\$7,754		31,081
Due from other sub-funds	122,933,958	99,239,565	91,490	60,144,076	(\$282,409,089)	-
Parts and supplies	2,088,885					2,088,885
Prepaid expenses	2,303,942					2,303,942
Total current assets	141,219,162	155,730,878	4,598,861	60,151,830	(282,409,089)	79,291,642
NON-CURRENT ASSETS:						
Restricted cash and equivalents	100,000					100,000
Restricted investments				5,474,874		5,474,874
Assessment Districts receivable		1,838,490				1,838,490
Net OPEB asset	1,207,678					1,207,678
CAPITAL ASSETS						
Nondepreciable	49,640,855					49,640,855
Depreciable, net of accumulated depreciation	558,942,413					558,942,413
Total capital assets, net	608,583,268	-	-	-	-	608,583,268
Total non-current assets	609,890,946	1,838,490	-	5,474,874	-	617,204,310
TOTAL ASSETS	751,110,108	157,569,368	4,598,861	65,626,704	(282,409,089)	696,495,952
LIABILITIES						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	2,999,979	2,792,005	50,446			5,842,430
Due to other sub-funds	134,569,301	123,393,825	69,884	24,376,079	(282,409,089)	-
Interest payable				673,380		673,380
Refunding Water Revenue Bonds - current portion				3,865,000		3,865,000
Water Reclamation Loan Contract - current portion				168,861		168,861
Accrued compensated absences - current portion	385,000					385,000
Liability for uninsured claims			1,000,000			1,000,000
Refundable deposits	126,069	84,769				210,838
Total current liabilities	138,080,349	126,270,599	1,120,330	29,083,320	(282,409,089)	12,145,509
NON-CURRENT LIABILITIES:						
Refunding Water Revenue Bonds, noncurrent portion				36,010,000		36,010,000
Water Reclamation Loan Contract, noncurrent portion				533,384		533,384
Accrued compensated absences, noncurrent portion	3,461,393					3,461,393
Total noncurrent liabilities	3,461,393	-	-	36,543,384	-	40,004,777
TOTAL LIABILITIES	141,541,742	126,270,599	1,120,330	65,626,704	(282,409,089)	52,150,286
NET POSITION						
Net investment in capital assets	608,583,268			(40,577,245)		568,006,023
Restricted for debt service				4,809,248		4,809,248
Unrestricted	985,098	31,298,769	3,478,531	35,767,997		71,530,395
TOTAL NET POSITION	\$609,568,366	\$31,298,769	\$3,478,531	-	-	\$644,345,666

CENTRAL CONTRA COSTA SANITARY DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 ENTERPRISE SUB-FUNDS
 FOR THE YEAR ENDING JUNE 30, 2014

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
OPERATING REVENUES						
Sewer service charges (SSC)	\$60,796,421					\$60,796,421
Service charges - City of Concord	11,625,864					11,625,864
Other services charges	1,035,134					1,035,134
Miscellaneous charges	544,589					544,589
Total operating revenues	74,002,008	-	-	-	-	74,002,008
OPERATING EXPENSES						
Sewage collection and pumping stations	16,109,927					16,109,927
Sewage treatment	27,808,819					27,808,819
Engineering	12,308,802					12,308,802
Administrative and general	21,174,011		\$858,738		(\$644,448)	21,388,301
Depreciation	21,892,545					21,892,545
Total operating expenses	99,294,104	-	858,738	-	(644,448)	99,508,394
OPERATING INCOME (LOSS)	(25,292,096)	-	(858,738)	-	644,448	(25,506,386)
NONOPERATING REVENUES (EXPENSES)						
Taxes		\$7,243,464		\$5,850,377		13,093,841
Permit and inspection fees	1,331,821	243,430				1,575,251
Interest earnings	172,844	145,370	10,180	30,894		359,288
Interest expense				(1,996,689)		(1,996,689)
Other income (expense)	622,135	310,329	644,448		(644,448)	932,464
Total nonoperating revenues	2,126,800	7,942,593	654,628	3,884,582	(644,448)	13,964,155
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(23,165,296)	7,942,593	(204,110)	3,884,582	-	(11,542,231)
CAPITAL CONTRIBUTIONS AND TRANSFERS						
City of Concord contributions to capital costs		3,820,858				3,820,858
Customer contributions to capital cost (SSC)		6,665,209				6,665,209
Contributed sewer lines	1,462,316					1,462,316
Capital contributions - connection fees		8,224,517				8,224,517
Transfers In (Out)	25,338,336	(21,453,754)		(3,884,582)		-
Total capital contributions and transfers	26,800,652	(2,743,170)	-	(3,884,582)	-	20,172,900
CHANGE IN NET POSITION	3,635,356	5,199,423	(204,110)	-	-	8,630,669
NET POSITION, BEGINNING OF YEAR	605,933,010	26,099,346	3,682,641	-	-	635,714,997
NET POSITION, END OF YEAR	\$609,568,366	\$31,298,769	\$3,478,531	-	-	\$644,345,666

CENTRAL CONTRA COSTA SANITARY DISTRICT

Schedule of Running Expenses
 Comparison of Budget and Actual Expenses by Department
 June 30, 2014

	<u>Administration</u>	<u>Engineering</u>	<u>Sewage Collection</u>	<u>Sewage Treatment Plant</u>	<u>Pumping Station</u>	<u>Total</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Salaries and Wages	\$4,766,009	\$5,880,812	\$5,313,247	\$9,183,063	\$935,973	\$26,079,104	\$26,722,021	\$642,917
Employee Benefits	13,258,368	6,254,643	5,823,361	9,660,211	958,187	35,954,770	36,694,384	739,614
Less Capitalized Overhead and Benefits	<u>(23,353)</u>	<u>(2,886,850)</u>	<u>(51,463)</u>	<u>(106,095)</u>	<u>(11,660)</u>	<u>(3,079,421)</u>	<u>(4,124,238)</u>	<u>(1,044,817)</u>
Total Salaries and Benefits	18,001,024	9,248,605	11,085,145	18,737,179	1,882,500	58,954,453	59,292,167	337,714
Directors' Fees and Expense	153,735	-	-	-	-	153,735	155,637	1,902
Chemicals	-	-	-	1,179,041	431,145	1,610,186	1,561,000	(49,186)
Utilities	42,305	179,877	132,415	3,565,132	472,599	4,392,328	4,117,650	(274,678)
Repairs and Maintenance	417,924	180,531	549,355	1,799,815	178,992	3,126,617	3,765,527	638,910
Hauling and Disposal	-	371,645	111,378	423,102	8,614	914,739	1,100,500	185,761
Professional and Legal Services	359,130	104,689	6,214	3,060	-	473,093	477,350	4,257
Outside Services	1,059,531	1,780,693	41,076	514,049	127,419	3,522,768	2,801,621	(721,147)
Self Insurance	600,000	-	-	-	-	600,000	600,000	-
Materials and Supplies	131,453	240,545	829,940	807,667	51,191	2,060,796	2,016,715	(44,081)
Other	408,909	202,215	171,242	779,784	30,700	1,592,850	1,936,785	343,935
	<u>\$21,174,011</u>	<u>\$12,308,800</u>	<u>\$12,926,765</u>	<u>\$27,808,829</u>	<u>\$3,183,160</u>	<u>\$77,401,565</u>	<u>\$77,824,952</u>	<u>\$423,387</u>

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CENTRAL CONTRA COSTA SANITARY DISTRICT
 RUNNING EXPENSE
 SCHEDULE OF SUPPLEMENTAL NET POSITION ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prior Year Balance		\$12,572,710
2013 - 2014 Revenue	\$76,128,808	
2013 - 2014 Expense	(99,294,104)	
Add Back Depreciation Expense and Intangible Assets Adjustment	<u>21,892,545</u>	<u>(1,272,751)</u>
Net Position Attributed to General Operations		11,299,959
Net Position Attributed to All Other		<u>598,268,407</u>
Running Expense Net Position		<u><u>\$609,568,366</u></u>



Central Contra Costa Sanitary District

Statistical Section



Capital Projects gave the Primaries a much-needed facelift.

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

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

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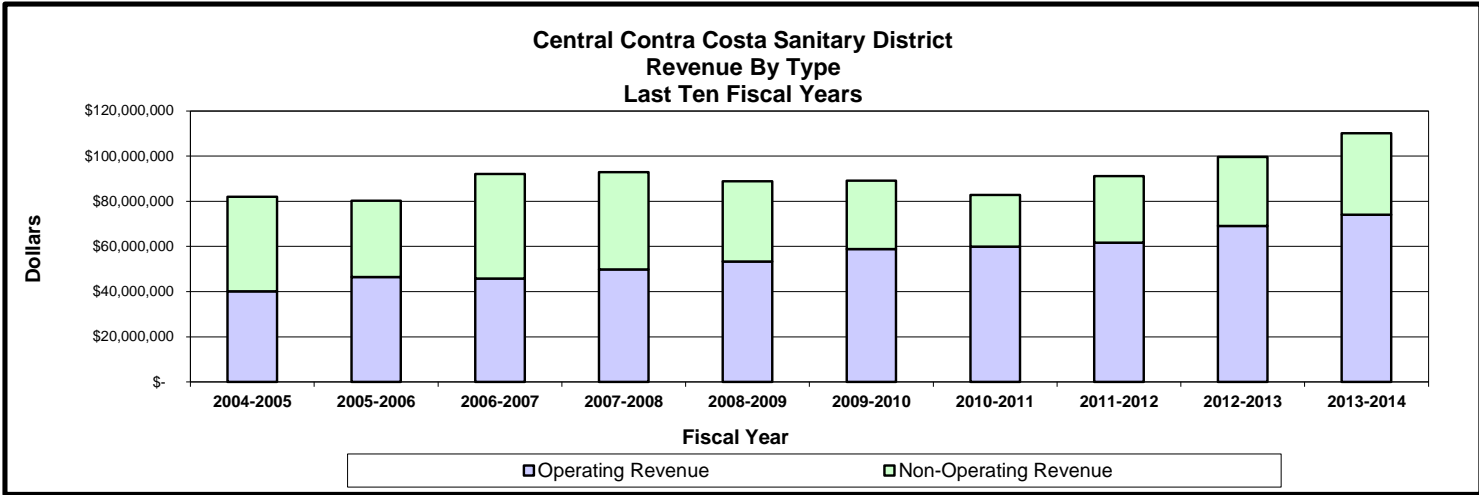
**Central Contra Costa Sanitary District
Changes in Net Position and Statement of Net Position
Last Ten Fiscal Years**

Changes in Net Position	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Operating Revenues:										
Sewer Service Charges (SSC)	\$32,282,806	\$37,781,774	\$35,057,668	\$40,207,157	\$43,087,454	\$48,692,520	\$49,095,870	\$49,123,848	\$56,770,984	\$60,796,421
City of Concord	6,603,000	7,383,011	9,043,215	8,206,860	8,755,857	8,664,668	9,224,952	10,647,389	10,483,421	11,625,864
Other Service Charges	672,887	755,827	793,395	869,589	872,978	824,022	913,017	915,485	1,076,401	1,035,134
Miscellaneous Charges	612,851	517,741	863,843	595,980	667,855	650,876	662,721	929,917	751,880	544,589
Total Operating Revenue	40,171,544	46,438,353	45,758,121	49,879,586	53,384,144	58,832,086	59,896,560	61,616,639	69,082,686	74,002,008
Operating Expenses:										
Salaries & Benefits	27,989,401	29,875,340	34,678,665	37,312,472	39,440,034	39,986,763	41,705,131	45,562,430	49,811,218	58,954,452
Chemicals, Utilities & Supplies	6,801,750	7,646,866	8,759,490	8,952,840	9,368,755	7,973,992	7,609,127	8,121,809	7,401,103	8,063,309
Professional & Outside Services	2,350,387	2,850,825	2,298,712	2,613,658	2,832,001	2,129,552	2,425,615	4,099,876	2,836,638	3,995,860
Hauling, Disposal, Repairs & Maintenance	3,716,176	3,826,165	4,105,082	3,863,555	3,938,129	3,808,635	3,916,789	4,077,741	4,239,421	4,041,355
Self-Insurance (net of transfers)	1,189,693	629,513	(180,716)	(215,004)	90,876	(688,859)	119,051	(65,688)	159,961	214,290
Depreciation	16,041,555	16,354,488	17,714,714	18,615,747	19,417,941	20,969,429	20,580,061	21,190,059	21,596,266	21,892,545
All Other	1,437,272	1,330,946	2,144,082	2,378,941	2,305,459	2,658,662	2,459,966	2,489,019	2,693,135	2,346,583
Total Operating Expenses	59,526,234	62,514,143	69,520,029	73,522,209	77,393,195	76,838,174	78,815,740	85,475,246	88,737,742	99,508,394
Operating Loss	(19,354,690)	(16,075,790)	(23,761,908)	(23,642,623)	(24,009,051)	(18,006,088)	(18,919,180)	(23,858,607)	(19,655,056)	(25,506,386)
Non-Operating Revenues (Expenses):										
Property Taxes *	4,010,380	4,836,301	11,762,731	12,254,168	12,539,375	12,260,123	12,213,624	12,047,169	13,010,477	13,093,841
Connection & Other Fees	4,265,620	2,062,216	1,615,308	1,335,160	1,093,756	776,348	895,825	903,810	1,169,809	1,575,251
Interest Income	1,519,192	2,465,985	3,257,773	2,527,621	1,033,095	570,024	673,990	294,938	405,474	359,288
Interest Expense	(1,775,857)	(1,694,304)	(1,609,104)	(1,518,142)	(1,421,686)	(1,553,467)	(2,061,903)	(1,919,375)	(1,802,084)	(1,996,689)
All Other *	1,109,716	1,096,401	1,316,383	1,243,817	639,523	12,295	(523,209)	931,660	951,100	932,464
Total Non-Operating	9,129,051	8,766,599	16,343,091	15,842,624	13,884,063	12,065,323	11,198,327	12,258,202	13,734,776	13,964,155
Income Before Contributions and Transfers	(10,225,639)	(7,309,191)	(7,418,817)	(7,799,999)	(10,124,988)	(5,940,765)	(7,720,853)	(11,600,405)	(5,920,280)	(11,542,231)
Customer Contributions**	14,716,585	9,862,620	15,945,915	14,970,637	13,938,421	6,793,040	5,018,092	8,888,663	8,001,147	10,486,067
Contributed Sewer Lines	5,530,848	3,044,945	3,521,704	1,444,420	1,231,022	1,840,259	533,616	792,011	939,628	1,462,316
Capital Contributions - Connection Fees	10,728,717	10,496,898	8,917,658	9,259,160	5,025,493	7,078,635	3,515,804	5,724,833	6,091,529	8,224,517
CHANGE IN NET POSITION	20,750,511	16,095,272	20,966,460	17,874,218	10,069,948	9,771,169	1,346,659	3,805,102	9,112,024	8,630,669
Total Net Assets - Beginning	525,923,634	546,674,145	562,769,417	583,735,877	601,610,095	611,680,043	621,451,212	622,797,871	626,602,973	635,714,997
Total Net Assets - Ending	546,674,145	562,769,417	583,735,877	601,610,095	611,680,043	621,451,212	622,797,871	626,602,973	635,714,997	644,345,666
Statement of Net Position	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Investments in Capital Assets, Net of Related Debt	469,375,715	486,098,303	513,580,658	531,119,639	552,165,498	531,324,187	541,613,208	549,462,506	559,523,642	568,006,023
Restricted for Debt Service	3,118,704	3,647,257	3,216,163	3,185,416	3,163,956	4,565,970	4,612,103	4,663,601	4,730,837	4,809,248
Unrestricted	74,179,726	73,023,857	66,939,056	67,305,040	56,350,589	85,561,055	76,572,560	72,476,866	71,460,518	71,530,395
Total Net Position	546,674,145	562,769,417	583,735,877	601,610,095	611,680,043	621,451,212	622,797,871	626,602,973	635,714,997	644,345,666

* 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).

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
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
2011-2012	49,123,848	10,647,389	915,485	929,917	61,616,639
2012-2013	56,770,984	10,483,421	1,076,401	751,880	69,082,686
2013-2014	60,796,421	11,625,864	1,035,134	544,589	74,002,008

Non-Operating Revenue

Fiscal Year	Property Taxes *1	Customer Contributions *2	Connections & Other Fees *3	Interest	All Other	Total Non-Operating & Contributions
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
2011-2012	12,047,169	9,680,674	6,628,643	294,938	931,660	29,583,084
2012-2013	13,010,477	8,940,775	7,261,338	405,474	951,100	30,569,164
2013-2014	13,093,841	11,948,383	9,799,768	359,288	932,464	36,133,744

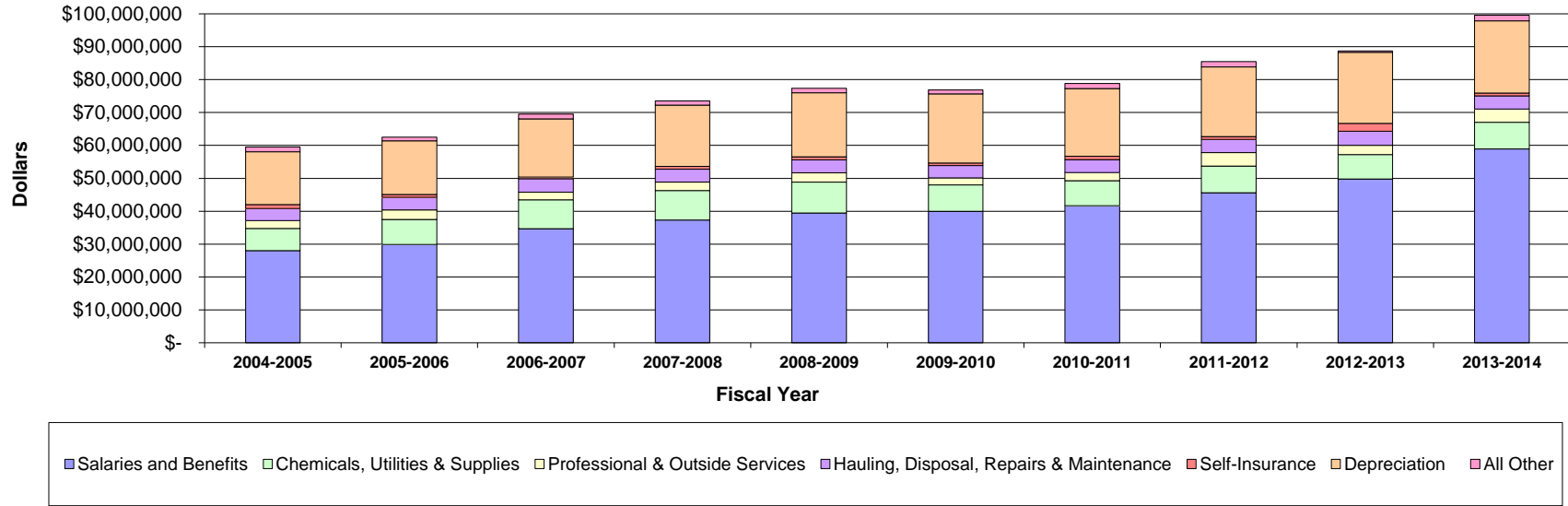
* Sewer Service Charge (SSC) represents the Running Expense Fund portion of SSC County collections along with District direct billings and counter collections.

*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

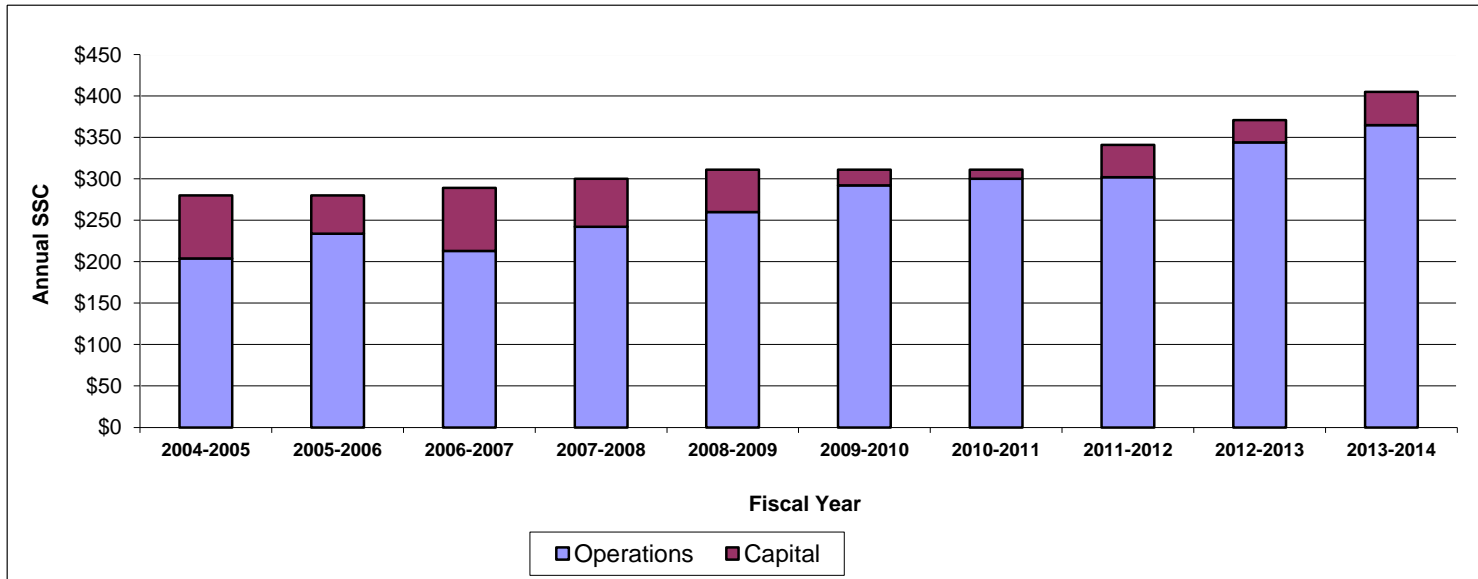
Fiscal Year	Salaries and Benefits	Chemicals, Utilities & Supplies	Professional & Outside Services	Hauling, Disposal, Repairs & Maintenance	Self-Insurance	Depreciation	All Other	Total Operating Expenses	Non-Operating Expenses *
2004-2005	\$27,989,401	\$6,801,750	\$2,350,387	\$3,716,176	\$1,189,693	\$16,041,555	\$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
2011-2012	45,562,430	8,121,809	4,099,876	4,077,741	810,849	21,190,059	1,612,482	85,475,246	1,919,375
2012-2013	49,811,218	7,401,103	2,836,638	4,239,421	2,380,466	21,596,266	472,630	88,737,742	1,802,084
2013-2014	58,954,453	8,063,310	3,995,861	4,041,356	858,738	21,892,545	1,702,131	99,508,394	1,996,689

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		
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
2011-2012	302	39	341	5,465	1,606
2012-2013	344	27	371	5,797	1,625
2013-2014	365	40	405	5,930	1,587

*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
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>
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%
2011-2012	67,486,938,247	1,591,574,852	69,078,513,099	-0.7%
2012-2013	67,538,246,870	1,604,518,295	69,142,765,165	0.1%
2013-2014	74,400,356,922	1,742,364,655	76,142,721,577	10.1%

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

<u>Fiscal Year</u>	<u>Property Tax* Levied & Collected</u>	<u>% Change</u>	<u>Sewer Service Charges* Levied & Collected</u>	<u>% Change</u>
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%
2011-2012	12,032,525	-1.1%	54,586,208	8.7%
2012-2013	13,185,988 ***	9.6%	60,068,807	10.0%
2013-2014	13,108,176	-0.6%	66,604,323	10.9%

* 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.

*** Includes repayment of Prop 1A loan in June, 2013. The repayment amount includes \$985,916 of principal and \$65,545 of interest for a total of \$1,051,461.

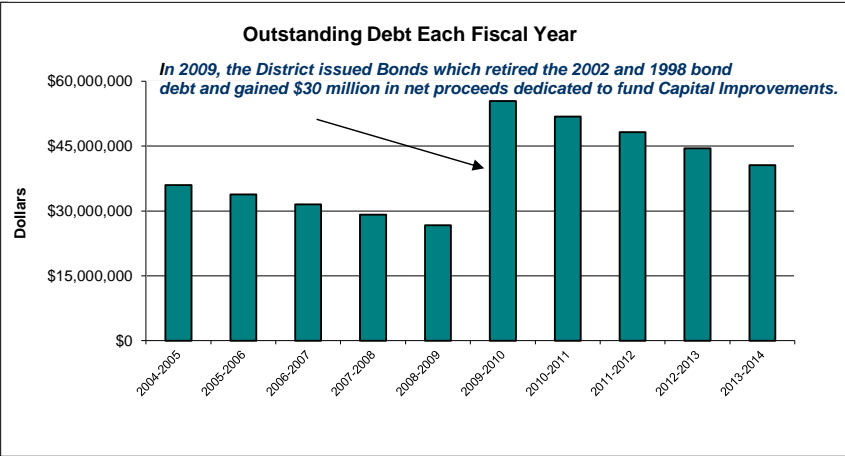
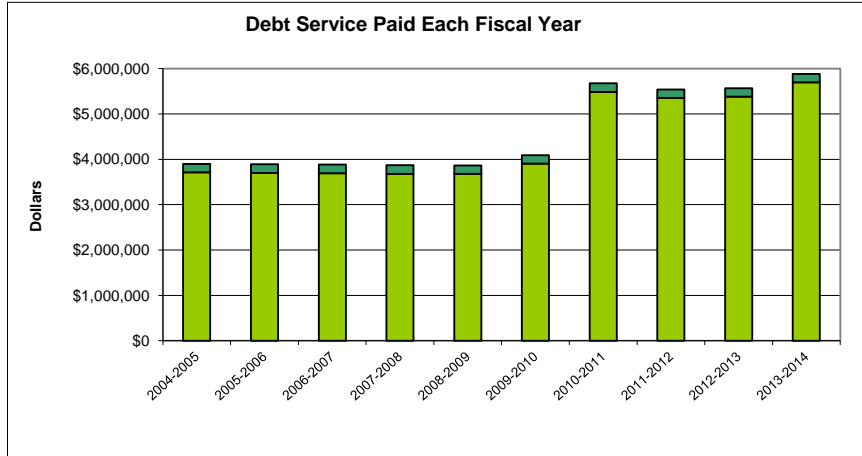
**Central Contra Costa Sanitary District
Sewer Service Charge
List Of Ten Largest Customers
Ten Fiscal Years**

Customer	2004-2005			2005-2006			2006-2007			2007-2008			2008-2009		
	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue
City of Concord 1.	\$6,603,000	1	16.44%	\$7,383,011	1	15.90%	\$9,043,215	1	19.76%	\$8,206,860	1	16.45%	\$8,755,857	1	16.40%
Chevron Offices & Office Park 2.	-	-	-	-	-	-	-	-	-	340,389	2	0.68%	363,739	2	0.68%
Contra Costa County General Services 4.	294,670	2	0.73%	295,173	2	0.64%	322,351	2	0.70%	316,854	3	0.64%	320,866	3	0.60%
First Walnut Creek Mutual	266,000	3	0.66%	266,000	3	0.57%	274,550	3	0.60%	285,000	4	0.57%	295,450	4	0.55%
Park Regency Apartments	249,760	4	0.62%	249,760	4	0.54%	257,788	4	0.56%	267,600	5	0.54%	277,412	5	0.52%
Second Walnut Creek Mutual Apts	210,000	5	0.52%	210,000	5	0.45%	216,750	5	0.47%	225,000	6	0.45%	233,250	6	0.44%
Sun Valley Mall	158,077	6	0.39%	169,916	6	0.37%	176,293	6	0.39%	183,380	8	0.37%	190,734	7	0.36%
Archstone/Treat Commons Apartments	142,800	7	0.36%	142,800	7	0.31%	-	-	-	-	-	-	-	-	-
St. Mary's College Contract	-	-	-	117,119	10	0.25%	127,355	8	0.28%	136,016	9	0.27%	126,222	8	0.24%
Branch Creek Vista Apartmentst	-	-	-	-	-	-	-	-	-	-	-	-	124,400	10	0.23%
Reflections San Ramon Apartments 3.	139,062	8	0.35%	139,062	8	0.30%	-	-	-	-	-	-	-	-	-
Willows Shopping Center	120,459	9	0.30%	-	-	-	128,303	7	0.28%	-	-	-	-	-	-
Bay Landing Apartments	-	-	-	-	-	-	104,040	10	0.23%	-	-	-	-	-	-
Kaiser Foundation Hospital 4.	100,976	10	0.25%	126,904	9	0.27%	-	-	-	118,809	10	0.24%	-	-	-
John Muir Health 4.	-	-	-	-	-	-	121,613	9	0.27%	223,775	7	0.45%	125,292	9	0.23%
Total	\$8,284,804		20.62%	\$9,099,745		19.60%	\$10,772,258		23.54%	\$10,303,683		20.66%	\$10,813,222		20.26%

Customer	2009-2010			2010-2011			2011-2012			2012-2013			2013-2014		
	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue
City of Concord 1.	\$8,664,668	1	14.73%	\$9,224,952	1	15.40%	\$10,647,389	1	17.28%	\$10,483,421	1	15.18%	\$11,625,864	1	15.71%
Contra Costa County General Services 4.	305,880	2	0.52%	301,430	2	0.50%	292,384	4	0.47%	321,803	4	0.47%	419,590	2	0.57%
First Walnut Creek Mutual	295,450	3	0.50%	295,450	3	0.49%	323,950	2	0.53%	352,450	2	0.51%	384,750	3	0.52%
Park Regency Apartments	277,412	4	0.47%	277,412	4	0.46%	304,172	3	0.49%	330,932	3	0.48%	361,260	4	0.49%
Second Walnut Creek Mutual Apts.	233,250	5	0.40%	233,250	5	0.39%	255,750	5	0.42%	278,250	5	0.40%	303,750	5	0.41%
Sun Valley Mall	197,566	6	0.34%	193,957	6	0.32%	203,037	6	0.33%	174,038	7	0.25%	211,866	6	0.29%
Branch Creek Vista Apartments	124,400	9	0.21%	124,400	7	0.21%	136,400	7	0.22%	148,400	9	0.21%	162,000	7	0.22%
John Muir Health 4.	-	-	-	-	-	-	-	-	-	176,381	6	0.26%	148,374	8	0.20%
Bay Landing Apartments	111,960	10	0.19%	111,960	8	0.19%	122,760	8	0.20%	133,560	10	0.19%	145,800	9	0.20%
Willows Shopping Center	-	-	-	-	-	-	-	-	-	-	-	-	145,091	10	0.20%
Archstone Apartments	-	-	-	108,850	9-10	0.18%	119,350	10	0.19%	-	-	-	-	-	-
Muirland @ Windemere Apartments	-	-	-	108,850	9-10	0.18%	119,350	10	0.19%	-	-	-	-	-	-
St. Mary's College Contract	-	-	-	-	-	-	119,407	9	0.19%	158,480	8	0.23%	-	-	-
Chevron Offices & Office Park 2.	165,561	7	0.28%	-	-	-	-	-	-	-	-	-	-	-	-
Kaiser Foundation Hospital 4.	136,753	8	0.23%	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$10,512,900		17.87%	\$10,980,511		18.33%	\$12,643,949		20.52%	\$12,557,715		18.18%	\$ 13,908,345		18.79%

1. Contract with the City of Concord to treat and dispose of wastewater for Concord and Clayton.
2. Charges included irrigation in years 07-08 and 08-09.
3. Converted to condominiums during 06-07 fiscal year.
4. Kaiser, John Muir Health, and County hospital are permitted industries.
Source: Central Contra Costa Sanitary District Environmental Services Division

**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 & Amortization	Total Debt Service	Principal	Interest & Amortization	Total Debt Service	Principal	Interest & Amortization	Total Debt Service	Revenue Bonds	Water Rec. Loan	Total Debt Outstanding
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
2011-2012	3,465,000	1,888,601	5,353,601	156,346	30,773	187,119	3,621,346	1,919,375	5,540,721	47,200,000	1,027,237	48,227,237
2012-2013	3,605,000	1,775,376	5,380,376	160,411	26,708	187,119	3,765,411	1,802,084	5,567,495	43,595,000	866,826	44,461,826
2013-2014	3,720,000	1,974,151	5,694,151	164,582	22,537	187,119	3,884,582	1,996,688	5,881,270	39,875,000	702,244	40,577,244

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
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
2011-2012	5,540,721	61,616,639	64,285,187	29,583,084	26,914,536	4.86	8,266,521	18,648,015	3.37	8.62%	34.06	296.47
2012-2013	5,567,495	69,082,686	67,141,476	30,569,164	32,510,374	5.84	9,708,300	22,802,074	4.10	8.29%	33.78	269.73
2013-2014	5,881,270	74,002,008	77,615,849	36,133,744	32,519,903	5.53	12,045,375	20,474,528	3.48	7.58%	35.68	246.16

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

<a> GASB Statement No. 65 required that bond issuance costs of \$315,287, previously being amortized annually, be expensed in FY 2013-14.

*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**

<u>As Of January 1</u>	<u>Inside District Boundaries</u>	<u>Concord/ Clayton</u>	<u>Total Served</u>	<u>% Change</u>
2005	308,428	135,780	444,208	1.0%
2006	309,600	135,400	445,000	0.2%
2007	314,400	134,300	448,700	0.8%
2008	317,340	134,560	451,900	0.7%
2009	322,200	134,000	456,200	1.0%
2010	326,600	135,400	462,000	1.3%
2011	321,800	133,600	455,400	-1.4%
2012	326,900	134,200	461,100	1.3%
2013	332,600	134,900	467,500	1.4%
2014	335,009	135,856	470,865	0.7%

Source: Central Contra Costa Sanitary District Environmental Services Division

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

<u>Employers</u>	<u>2005*</u>			<u>2013*</u>		
	<u>Estimated Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>	<u>Estimated Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>
John Muir Physician Network	-		-	2,200	1	0.4%
Kaiser Foundation Hospitals	2,300	3	0.5%	2,000	2	0.4%
Chevron Corporation	5,000	1	1.0%	1,329	3	0.2%
Target Corporation	3,400	2	0.7%	1,262	4	0.2%
Walmart Stores, Inc	-		-	1,150	5	0.2%
Contra Costa Newspapers, Inc.	-		-	1,140	6	0.2%
Doctors Medical Center	900	8	0.2%	937	7	0.2%
Shell/Martinez Refinery	1,000	6	0.2%	900	8	0.2%
Bio-Rad Laboratories	-		-	900	9	0.2%
Texaco Inc	-		-	800	10	0.1%
USS Posco Industries	975	7	0.2%	-		-
John Muir Medical Center	1,900	4	0.4%	-		-
John Muir/Mt. Diablo Medical Center	1,500	5	0.3%	-		-
Bank of the West	800	9	0.2%	-		-
Aetna Health Services	600	10	0.1%	-		-
All Others	465,825		96.2%	536,100		97.7%
	<u>484,200</u>		<u>100.0%</u>	<u>548,718</u>		<u>100.0%</u>

Source: * County of Contra Costa, California, Comprehensive Annual Financial Report for 6/30/13, Statistical Section, excludes government employers.

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

Fiscal Year Ended June 30	Population*	Personal Income*	Per Capita Personal Income*	Average Annual Unemployment Rate**
2004	992,424	\$49,120,256,000	\$49,495	5.4%
2005	999,013	51,888,889,000	51,940	5.1%
2006	1,000,834	55,543,645,000	55,497	4.5%
2007	1,009,152	58,099,538,000	57,573	4.7%
2008	1,023,344	59,418,357,000	58,063	6.3%
2009	1,037,890	56,667,977,000	54,599	10.8%
2010	1,052,887	58,387,759,000	55,455	11.3%
2011	1,066,516	62,981,259,000	59,053	10.4%
2012	1,079,597	66,544,007,000	61,638	9.0%
2013	N/A	N/A	N/A	7.4%

N/A - Information not available at this time.

* U.S. Department of Commerce, Bureau of Economic Analysis. Estimates for 2010-2012 reflect county population estimates available as of March 2013.

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

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

Full-time Equivalent Employees as of June 30

<u>Department</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Administration	43	42	42	45	45	45	44	39	39	44
Engineering	76	73	75	76	80	76	75	71	75	73
Operations										
Collection Systems	46	49	50	50	52	47	44	47	56	55
Plant	81	88	83	77	82	78	74	71	76	81
Pumping Station	9	9	10	11	10	10	8	7	8	8
Operations Total	<u>136</u>	<u>146</u>	<u>143</u>	<u>138</u>	<u>144</u>	<u>135</u>	<u>126</u>	<u>125</u>	<u>140</u>	<u>144</u>
District Total	<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>	<u><u>235</u></u>	<u><u>254</u></u>	<u><u>261</u></u>

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

District Total	<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>	<u><u>237</u></u>	<u><u>244</u></u>	<u><u>243</u></u>
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Source: Central Contra Costa Sanitary District Finance and Human Resources Divisions

**Central Contra Costa Sanitary District
Capital Asset and Operating Statistics
Last Ten Calendar or Fiscal Years**

<u>Treatment Plant</u>	Year	Millions of Gallons per Day (mgd)									
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Treatment Plant Permitted Capacity	Calendar	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8
Average Dry Weather Flow (ADWF)	Calendar	40.6	41.4	41.6	38.6	36.6	32.5	38.9	37.2	33.2	33.8
Wastewater Treated per day	Calendar	44.7	48.0	50.4	41.2	41.0	37.0	40.6	41.9	39.8	36.8

Tons per Year

Sludge to Furnace (Dry)*1	Fiscal	16,727	15,841	15,341	15,340	15,212	15,299	15,056	15,790	15,097	14,590
Ash to Reuse Site (Wet)*2	Fiscal	5,397	5,074	4,418	4,418	4,177	4,082	3,814	3,850	3,667	3,618

*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 19 to 23 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 77 to 81 percent water in the wet sludge.

Collection Systems/Pumping Stations/Outfall Sewers

		Other Data									
Pipeline Miles	Calendar	1,400	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,526	1526
Number of pumping stations	Calendar	21	17	17	17	17	17	16	16	16	16

Recycled Water

Recycled Water Produced per day	Calendar	1.5 mgd	1.5 mgd	1.6 mgd	1.6 mgd	1.5 mgd	1.6 mgd	1.5 mgd	1.6 mgd	1.6 mgd	1.6 mgd
Number of Recycled Water Customers	Calendar	23	24	30	30	31	30	33	35	35	35

Household Hazardous Waste (HHW) - Inception 1997/1998

Program Participation (Number of cars)	Fiscal	22,872	23,897	26,392	27,940	28,210	29,347	29,441	29,112	29,119	30,379
Percentage of Households in Service Area	Fiscal	12.1%	12.3%	13.6%	14.5%	14.4%	15.0%	15.6%	15.4%	15.4%	15.9%
Operating Cost per Car	Fiscal	\$58	\$60	\$64	\$61	\$76	\$76	\$82	\$87	\$93	\$83
Pounds of HHW per Car	Fiscal	64	65	80	71	67	65	68	67	68	66

Miscellaneous Statistics

Governing Body:	Elected 5-Member Board of Directors
Governmental Structure:	Established in 1946 under the Sanitary District Act of 1923
Staff:	261 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:	144 square miles
Total Population Served:	470,865
Sewer Service Charge:	\$405 annually per residential equivalent unit

Source: Central Contra Costa Sanitary District records.