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COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

**Prepared By:
Finance & Accounting Division**

CENTRAL CONTRA COSTA SANITARY DISTRICT
Comprehensive Annual Financial Report
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INTRODUCTION





December 8, 2016

Central Contra Costa Sanitary District Customers 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, 2016.

Management of Central Contra Costa Sanitary District (the 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 District’s financial statements for the year ended June 30, 2016. 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 341,000 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 141,000 residents of the Cities of Concord and Clayton under a 1974 contract with the City of Concord.

The District is committed to protecting the public health and preserving the environment while minimizing facility and operating costs. The District has approximately 1,500 miles of sewer pipeline, ranging in size from 4 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 80% of the Sewer Service Charge revenue. The District's treatment capacity has grown from 4.5 million gallons per day (mgd) initiated in 1948 to 53.8 mgd currently. Bonds, state grants, federal grants, and pay-as-you-go resources of the District have financed expansions.

The District also operates a small Recycled Water Program that provides high-quality recycled water for landscape irrigation at parks, school ballfields, and commercial businesses near the District's treatment plant. Due to customer demand, and continued water shortages in California, the District maintained operation of its residential recycled water fill station, which allows residential customers to obtain a maximum of 300 gallons of recycled water per trip for use in hand watering lawns, landscaping, and gardens. The District is also pursuing new recycled water projects to take advantage of the potential water supply that highly-treated wastewater represents, and to expand recycled water availability to District customers.

In addition to its wastewater responsibility, the District also operates and maintains a permanent Household Hazardous Waste (HHW) Collection Facility in partnership with Mt. View Sanitary District and other local governments. 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 overall Pollution Prevention Program. Completing its nineteenth year of operation, the HHW currently serves over 30,000 residential and small business customers annually, from which over 2 million pounds of hazardous waste is collected and properly disposed of each year.

Organization, Accounting and Budgetary Controls

A five-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 278 regular employees organized in three departments led by Managers responsible for their budgets and expenses. The three departments are: Administrative, Engineering, and Operations.

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

- **Running Expense** - accounts for the general operations of the District. Substantially all operating revenues and expenses are accounted for in this fund (also referred to as Operations & Maintenance or O&M).

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

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

ASSESSING THE DISTRICT'S ECONOMIC CONDITION

Local Economy and Outlook

Nationally, the country continues its economic expansion, as most large metropolitan areas have recovered from the recession of 2008. According to the Legislative Analyst's Office (LAO), personal incomes are projected to increase and unemployment should continue to decrease in California through fiscal year 2018. The state's revenues will be about \$1.7 billion lower than the previous fiscal year due to the state's main source of revenue coming from personal income tax which is highly volatile. This decrease in revenues will be met with decreased spending of \$1.2 billion. Reserves should increase to \$6.2 billion, which would allow little to no new spending commitments in the near future. The state's priorities continue to be to pay off existing debts and to build up the rainy-day fund to help minimize the effects of boom and bust cycles.

According to the UCLA Anderson forecast, the U.S. should see slow but steady job growth through 2018 led mostly by increases in consumer spending and housing. With an increase in GDP, a strong labor market, increase in payrolls, and a steady unemployment rate around 5%, there is increasing evidence of rising interest rates and inflation in the near future. Employment in California is now at record levels, the number of people employed, including farm labor and the self-employed, is at over 18 million which is 6.2% above its previous peak.

Increased home values have led to growth and new connections in the service area which continue to benefit the District. Concord and Walnut Creek continue to expand their commercial and residential projects which have increased sewer service charges and connections fees. The District and the bargaining units have agreed on a five-year contract that will go to December 2017. The current labor contract progressively eliminates employee retirement costs being paid for by the District. Payment of the

unfunded liability is a major concern for the District as it is for many public entities. An additional payment for the unfunded actuarial accrued liability 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 District has balanced revenue sources, adequate reserves, and a moderate debt obligation. The District reviews its rate and other charges annually. The District can increase its sewer service charge rates when needed to make up revenue shortfalls by providing public notice to all customers, holding a Public Hearing, and obtaining approval by the Board of Directors. The District is also able to obtain bond financing, as needed, due to the District's AAA bond rating. The District anticipates that it will continue to meet its mission and goals, continue to provide excellent customer service and reasonable rates to its customers, and meet compliance requirements given the current economic conditions.

Long-Term Financial Planning

District management analyzes and updates their strategic plan every two years, with the six goals being: provide exceptional customer service, strive to meet regulatory requirements, be a fiscally sound and effective water sector utility, develop and retrain a highly trained and innovative workforce, maintain a reliable infrastructure, embrace technology, innovation and environmental sustainability. 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, Governmental Accounting Standards Board (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 revisited annually 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 Finance Committee reviews GASB 45 Trust quarterly financial statements to monitor the District's investment strategy.

Major Initiatives

The District's vision is to be a high-performance organization that provides exceptional customer service and regulatory compliance at responsible rates. Regulatory

compliance is provided through utilizing best management practices in our operation of our collection system and treatment facilities, as well as through continued investment in our infrastructure.

The District has received the Platinum award from the National Association of Clean Water Agencies (NACWA) for 18 straight years in recognition of 100% compliance with our National Pollutant Discharge Elimination System (NPDES) permit. It has also reduced the number of sanitary sewer overflows by more than 60% in the past 11 years by improved sewer cleaning and a robust sewer rehabilitation program.

The District adopted a two year Strategic Business Plan for FY 16 -17 through FY 17-18. The Strategic Business Plan establishes policy direction and identifies six goals with key performance indicators that provide a roadmap for achieving increased effectiveness and efficiencies. Continuing to be a fiscally sound and effective water sector utility is one of the six goals in the strategic plan and the District's strategies for achieving this goal are to conduct long range financial planning and to manage costs. The District continues to analyze current and future rates, costs, and cash flows to ensure that they remain consistent with the cost of service study that was completed in FY 2014-15. The District is seeking out new revenues and funding sources, such as interagency agreements and possible state loan and grant opportunities.

In order to effectively manage assets to meet future state and federal regulatory requirements, the District initiated an Asset Management Program and the preparation of a Comprehensive Wastewater Master Plan to evaluate options for addressing future regulatory requirements. The Master Plan will be completed in FY 2016-17.

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, 2015. This was the sixteenth 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 Chris Thomas, Finance Administrator, Jamie King, Accountant, and Amal Lyon, Accountant.
- 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, 2016**

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

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VISION, MISSION, VALUES

OUR VISION

To be a high-performance organization that provides exceptional customer service and regulatory compliance at responsible rates

OUR MISSION

To protect public health and the environment

OUR VALUES

People

- Value customers and employees
- Respect each other
- Work as a team
- Celebrate our successes and learn from our challenges

Community

- Value water sector partners
- Foster excellent community relationships
- Be open, transparent and accessible
- Build partnerships
- Understand service level expectations

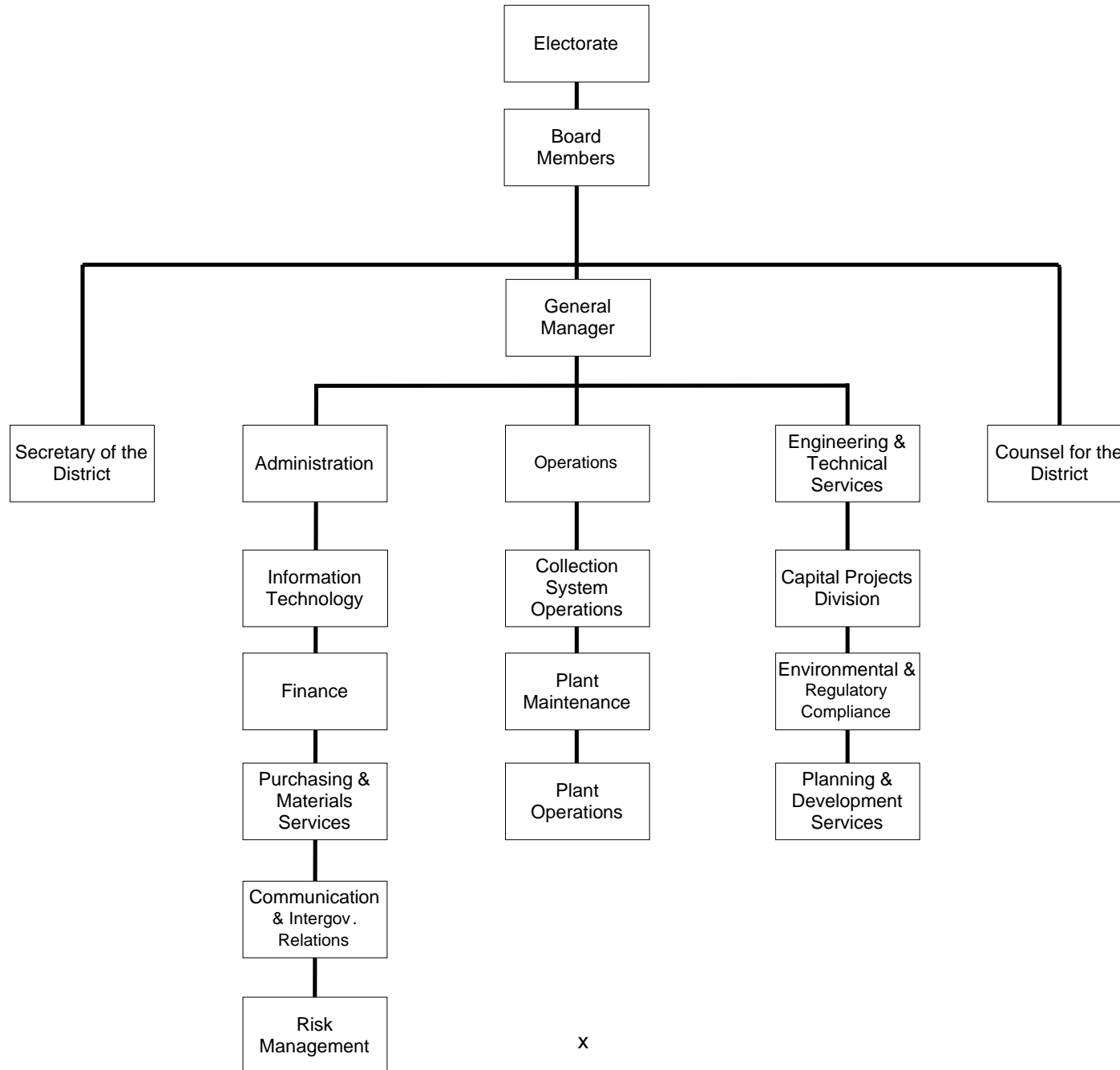
Principles

- Be truthful and honest
- Be fair, kind and friendly
- Take ownership and responsibility

Leadership and Commitment

- Work effectively and efficiently
- Promote a passionate and empowered workforce
- Encourage continuous growth and development
- Inspire dedication and top-quality results

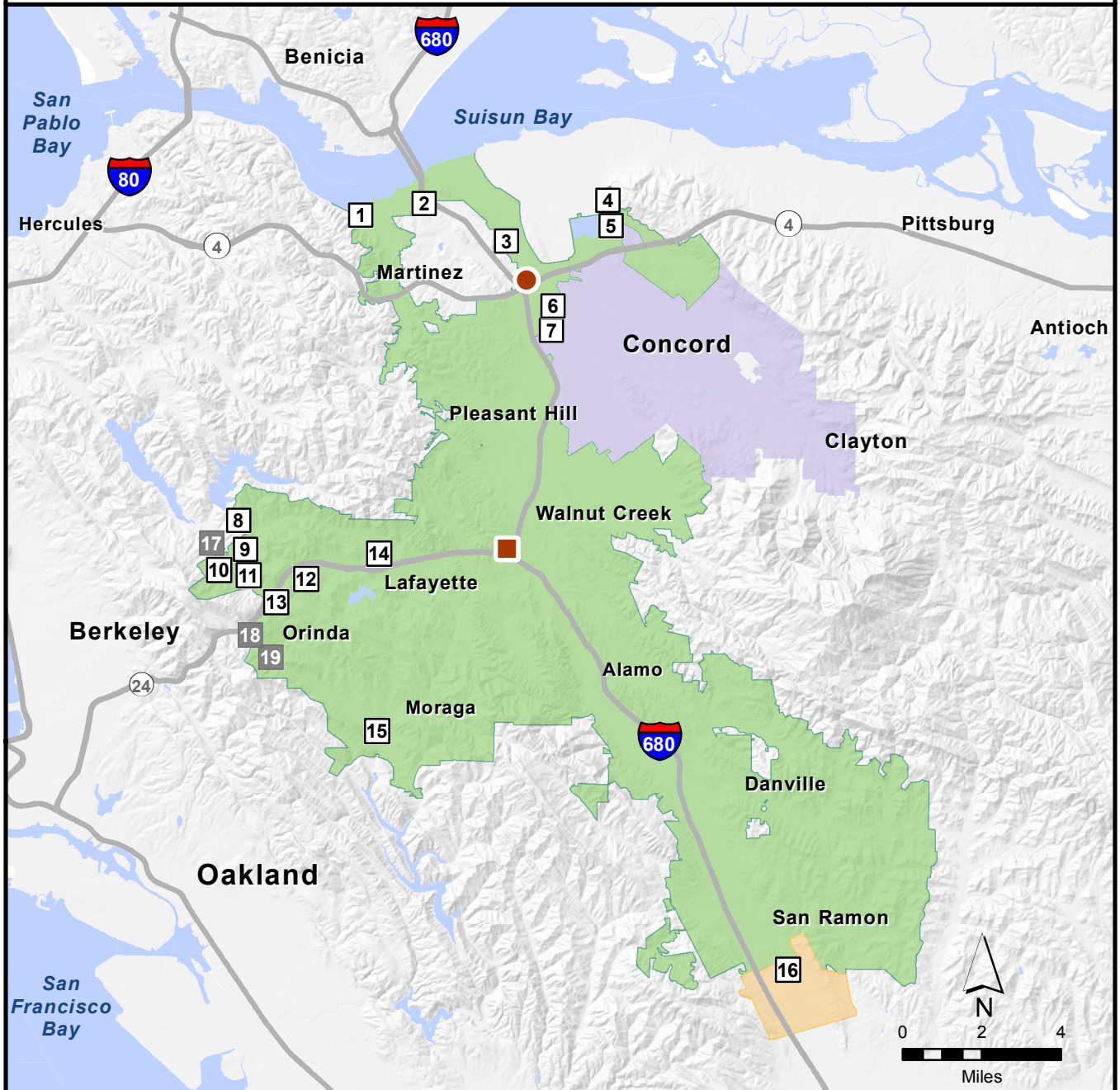
CENTRAL CONTRA COSTA SANITARY DISTRICT
Organization Chart - Composite










Central Contra Costa Sanitary District

Map of Service Area

June 30, 2016



	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 340,700 people		
	Wastewater treatment and HHW collection for 140,900 residents in Concord and Clayton by contract		
	HHW disposal services only		

CCCSD Pumping Stations	
1. Martinez	11. Lower Orinda
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, 2015

Executive Director/CEO

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FINANCIALS



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, 2016 and 2015, 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 audit 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, 2016 and 2015, 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.

Emphasis of a Matter

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 72-*Fair Value Measurement and Application*, which became effective during the year ended June 30, 2016 as discussed in Note 1 to the financial statements.

The emphasis of this matter does not constitute a modification to our opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management 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.



Pleasant Hill, California
November 28, 2016



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, 2016. This information is presented in conjunction with the audited financial statements, which follow this report.

FINANCIAL HIGHLIGHTS

The District's 2015-16 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 \$30.0 million or 5.32% in 2015-16. This is mainly due to increases in operating revenues, capital contributions, and a decrease in operating expenses.
- Total revenues in 2015-16 increased by \$4.3 million or 4.17%. The total Sewer Service Charge (SSC) rate increased for single family homes by 7.29% to \$471 and 5.47% for multi-family homes to \$463. Increased development in the service area lead to an increase in permit and inspection fees.
- Total 2015-16 expenses decreased by \$6.7 million or -6.28%. This is mainly due to a reduction in sewage treatment costs and pension expense.
- Capital Contributions increased in 2015-16 by \$8.1 million or 56.70%. The increase is mainly due to an increase in connection fees and a higher allocation of SSC to Capital Contributions from Operating Revenues.

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, deferred outflows of resources, long-term obligations, and deferred inflows of resources.

- **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:

Table 1 – Condensed Statement of Net Position

	Fiscal Year Ended June 30			% Increase (Decrease)	
	2015-16	2014-15	2013-14	FY 15-16 vs. FY 14-15	FY 15-16 vs. FY 13-14
	Current Assets	\$ 95,584,553	\$ 82,554,355	\$ 79,291,642	15.78%
Capital Assets	616,005,037	609,718,479	608,583,268	1.03%	1.22%
Other Non-current Assets	7,580,512	7,832,901	8,621,042	-3.22%	-12.07%
Total Assets	719,170,102	700,105,735	696,495,952	2.72%	3.26%
Deferred Outflows of Resources – Pension Related	34,464,472	12,420,138	-	177.49%	100.00%
Current Liabilities	10,986,379	10,029,487	12,145,509	9.54%	-9.54%
Non-Current Liabilities	127,458,808	127,324,915	40,004,777	0.11%	218.61%
Total Liabilities	138,445,187	137,354,402	52,150,286	0.79%	165.47%
Deferred Inflows of Resources – Pension related	21,618,960	11,564,393	-	86.94%	100.00%
Net Investment in Capital Assets	581,844,903	573,175,094	568,006,023	1.51%	2.44%
Restricted - Debt Service	4,363,251	4,288,008	4,809,248	1.75%	-9.27%
Unrestricted	7,362,273	(13,856,024)	71,530,395	-153.13%	-89.71%
Total Net Position	\$ 593,570,427	\$ 563,607,078	\$ 644,345,666	5.32%	-7.88%

The total net position of the District decreased from \$644.3 million in 2013-14 to \$563.6 million in 2014-15 and increased to \$593.6 million in 2015-16. The District’s total assets have increased by \$19.1 million or 2.72% compared to 2014-15, and \$22.7 million or 3.26% compared to 2013-14. The total liabilities increased \$1.1 million or 0.79% compared to 2014-15, and increased \$86.3 million or 165.47% compared to 2013-14. The decrease in net position over the three-year period totals \$50.8 million or -7.88% and is the result of the combination of net income, capital contributions, and the implementation of GASB 68 and GASB 71 which required the District to record the Net Pension Liability.

By far the largest portion of the District’s net position (98.02% 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 \$4.4 million restricted for debt service. The remaining balance of \$7.4 million in unrestricted net position increased by \$21.2 million from 2014-15 and decreased by \$64.2 million from 2013-14 due to the implementation of GASB 68 and 71 which required the District to record its Net Pension Liability.

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:

Table 2 – Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Fiscal Year Ended June 30			% Increase (Decrease)	
	2015-16	2014-15	2013-14	FY 15-16 vs. FY 14-15	FY 15-16 vs. FY 13-14
Sewer Service Charges (SSC)	\$ 86,147,863	\$ 82,916,457	\$ 72,422,285	3.90%	18.95%
Other Service Charges and Miscellaneous	1,586,673	1,599,997	1,579,723	-0.83%	0.44%
Total Operating Revenue	87,734,536	84,516,434	74,002,008	3.81%	18.56%
Property Tax	14,835,167	14,083,331	13,093,841	5.34%	13.30%
Permit & Inspection Fees	2,546,723	1,843,922	1,575,251	38.11%	61.67%
Interest and All Other	1,757,403	2,147,005	1,291,752	-18.15%	36.05%
Total Non-Operating Revenues	19,139,293	18,074,278	15,960,844	5.89%	19.91%
Total Revenues	106,873,829	102,590,712	89,962,852	4.17%	18.80%
Total Labor and Benefits	63,988,158	66,104,630	58,954,453	-3.20%	8.54%
Chemicals & Utilities	5,053,263	5,532,237	6,002,514	-8.66%	-15.81%
Repairs and Maintenance	4,891,062	3,873,557	3,126,617	26.27%	56.43%
Professional, Legal and Outside Services	4,196,302	3,322,881	3,995,861	26.29%	5.02%
Materials & Supplies	2,251,356	1,934,253	2,060,796	16.39%	9.25%
Hauling and Disposal	889,471	884,703	914,739	0.54%	-2.76%
Self-Insurance Expense	1,600,617	1,333,518	858,738	20.03%	86.39%
Pension Expense	(9,778,389)	(3,012,757)	-	224.57%	100.00%
All Other	1,815,647	1,636,826	1,702,131	10.92%	6.67%
Depreciation Expense	22,885,030	22,740,942	21,892,545	0.63%	4.53%
Total Operating Expenses	97,792,517	104,350,790	99,508,394	-6.28%	-1.72%
Non-Operating Expense - Interest Expense	1,427,641	1,523,127	1,996,689	-6.27%	-28.50%
Total Expenses	99,220,158	105,873,917	101,505,083	-6.28%	-2.25%

**Table 2 – Condensed Statement of Revenues, Expenses, and Changes in Net Position
(Continued)**

	Fiscal Year Ended June 30			% Increase (Decrease)	
	2015-16	2014-15	2013-14	FY 15-16 vs. FY 14-15	FY 15-16 vs. FY 13-14
	Income Before Capital Contributions	7,653,671	(3,283,205)	(11,542,231)	333.12%
Customer Contributions (SSC)	11,991,752	6,769,623	10,486,067	77.14%	14.36%
Contributed Sewer Lines	1,774,168	794,218	1,462,316	123.39%	21.33%
Capital Contributions - Connection Fees	8,543,758	6,673,298	8,224,517	28.03%	3.88%
Total Capital Contributions	22,309,678	14,237,139	20,172,900	56.70%	10.59%
Change in Net Position	29,963,349	10,953,934	8,630,669	173.54%	247.17%
Beginning Net Position	563,607,078	644,345,666	635,714,997	-12.53%	-11.34%
Restatement – Implementation of GASB 68 and GASB 71	-	(91,692,522)	-	100.00%	-
Ending Net Position	\$ 593,570,427	\$ 563,607,078	\$ 644,345,666	5.32%	-7.88%

Revenue

Total operating revenues increased from \$74.0 million in 2013-14 to \$84.5 million in 2014-15 and to \$87.7 million in 2015-16. Operating revenues increased by \$3.2 million or 3.81% compared to 2014-15, and increased by \$13.7 million or 18.56% comparing 2015-16 to 2013-14.

Total non-operating revenue increased from \$16.0 million in 2013-14 to \$18.1 million in 2014-15 and to \$19.1 million in 2015-16. An increase compared to 2014-15 by \$1.1 million or 5.89%, and increased by \$3.2 million or 19.91% comparing 2015-16 to 2013-14.

Total revenues increased from \$90.0 million in 2013-14 to \$102.6 million in 2014-15 to \$106.9 million in 2015-16. The change in total revenue resulted in an increase of \$4.3 million or 4.17% comparing 2015-16 to 2014-15, and increased by \$16.9 million or 18.80% comparing 2015-16 to 2013-14. There was a 7.29% rate increase for single family homes and a 5.47% rate increase for multi-family homes in 2015-16, an 8.40% SSC general rate increase in 2014-15, and a 9.16% SSC general rate increase in 2013-14. Property tax revenue increased by \$0.75 million or 5.34% from 2015-16 to 2014-15, and \$1.7 million or 13.30% comparing 2015-16 to 2013-2014 due to the recovery of housing values.

Expenses

Total expenses increased from \$101.5 million in 2013-14 to \$105.9 million in 2014-15 and decreased to \$99.2 million in 2015-16. In 2015-16, total expenses decreased by \$6.7 million or -6.28% compared to 2014-15. Comparing 2015-16 to 2013-14, total expenses were \$2.3 million or -2.25% lower. Decreases were mainly due to a reduction in sewage treatment costs and pension expense. 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 -\$11.5 million in 2013-14, to -\$3.3 million in 2014-15, and \$7.7 million in 2015-16.

Total capital contributions in 2015-16 were \$22.3 million compared to \$14.2 million in 2014-15 and \$20.2 million in 2013-14. This was mainly due to higher customer contributions SSC in 2015-16 due to the 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 increased by \$19.0 million or 173.54% when comparing 2015-16 to 2014-15 and increased \$21.3 million or 247.17% when comparing 2015-16 to 2013-14.

CAPITAL ASSETS

Capital assets for fiscal years 2015-16, 2014-15 and 2013-14 totaled \$616.0 million, \$609.7 million, and \$608.6 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, 2016, the District's investment in capital assets totaled \$616.0 million, an increase of \$6.3 million or 1.03% over the capital asset balance of \$609.7 million at June 30, 2015. Capital assets increased by \$7.4 million or 1.22% comparing 2015-16 to 2013-14. A comparison of the District's capital assets over the past three fiscal years is presented below:

Table 3 – Capital Assets

	Fiscal Year Ended June 30			% Increase (Decrease)	
	2015-16	2014-15	2013-14	FY 15-16 vs. FY 14-15	FY 15-16 vs. FY 13-14
	Land	\$ 17,320,570	\$ 17,320,570	\$ 17,320,570	0.00%
Sewage Collection System	341,412,320	331,167,382	318,206,017	3.09%	7.29%
Contributed Sewer Lines	154,863,632	153,091,464	152,297,246	1.16%	1.69%
Outfall Sewers	11,371,574	11,339,298	11,339,298	0.28%	0.28%
Sewage Treatment Plant	323,360,945	320,717,418	303,606,835	0.82%	6.51%
Recycled Water Infrastructure	19,215,350	19,065,139	17,127,656	0.79%	12.19%
Pumping Stations	56,270,149	56,046,563	54,956,574	0.40%	2.39%
Buildings	42,412,648	42,412,648	42,196,085	0.00%	0.51%
Intangible Assets	4,936,407	4,875,507	4,812,127	1.25%	2.58%
Furniture & Equipment	12,627,569	10,886,007	10,025,826	16.00%	25.95%
Motor Vehicles	7,378,730	6,883,134	6,721,031	7.20%	9.79%
Construction In Progress	24,480,982	13,958,646	27,508,158	75.38%	-11.00%
Subtotal	1,015,650,876	987,763,776	966,117,423	2.82%	5.13%
Less Accumulated Depreciation	399,645,839	378,045,297	357,534,155	5.71%	11.78%
Total Capital Assets (net of depreciation)	\$ 616,005,037	\$ 609,718,479	\$ 608,583,268	1.03%	1.22%

The major reasons for the increase in capital assets, net of depreciation, of \$6.3 million from 2014-15 to 2015-16 and \$7.4 million from 2013-14 to 2015-16, are as follows:

- Sewer pipe ongoing renovations, upgrades, expansion, pumping station improvements, and contributed sewer lines increased by \$12.2 million comparing 2015-16 to 2014-15 and \$27.1 million comparing 2015-16 to 2013-14.

- Treatment plant infrastructure renovations, upgrades, equipment, and improvements increased by \$2.6 million comparing 2015-16 to 2014-15 and \$19.8 million comparing 2015-16 to 2013-14.
- All other asset categories, including construction in progress, increased by \$13.0 million comparing 2015-16 to 2014-15 and increased by \$2.5 million comparing 2015-16 to 2013-14.
- Capital asset increases are offset by an increased subtraction of accumulated depreciation of \$21.6 million comparing 2015-16 to 2014-15 and \$42.1 million comparing 2015-16 to 2013-14 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 2015-16, 2014-15 and 2013-14 totaled \$34.2 million, \$36.5 million, and \$40.6 million, respectively. As of June 30, 2016, the District’s outstanding debt totaled \$34.2 million, which is a decrease of \$2.4 million or -6.52% over the debt balance of \$36.5 million at June 30, 2015. Debt decreased by \$6.4 million or -15.81% comparing 2015-16 to 2013-14. 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:

Table 4 – Debt Outstanding

	Outstanding Balance - Fiscal Year Ended June 30			% Increase (Decrease)	
	2015-16	2014-15	2013-14	FY 15-16 vs. FY 14-15	FY 15-16 vs. 13-14
Revenue Bonds	\$ 33,800,000	\$ 36,010,000	\$ 39,875,000	-6.14%	-15.24%
Water Reclamation Loan	360,134	533,385	702,245	-32.48%	-48.72%
Total Debt Service	\$ 34,160,134	\$ 36,543,385	\$ 40,577,245	-6.52%	-15.81%

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 still being litigated, currently requiring higher employee contributions and lower pensions by eliminating spiking.
- Increased cost of employee benefits, mainly due to pension costs and healthcare.
- The necessary replacement and upgrading of existing infrastructure.
- Strong demand for recycled water from District customers as a result of mandatory water restrictions due to the current drought conditions in the state.
- 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, 2016 AND 2015

ASSETS	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$32,451,718	\$45,218,013
Short term investments (Note 2)	39,000,000	15,498,572
Accounts receivable, net (Note 3)	19,018,549	17,141,474
Interest receivable	181,707	60,067
Parts and supplies	2,146,172	2,079,435
Prepaid expenses	<u>2,786,407</u>	<u>2,556,794</u>
Total current assets	<u>95,584,553</u>	<u>82,554,355</u>
NON-CURRENT ASSETS		
Restricted cash and cash equivalents (Notes 1.F. and 2)	100,000	100,000
Restricted investments (Note 2)	4,856,450	4,856,450
Assessment Districts receivable (Note 4)	1,515,818	1,669,686
Net OPEB asset (Note 10)	<u>1,108,244</u>	<u>1,206,765</u>
Capital assets:		
Nondepreciable (Note 5)	46,737,959	36,154,723
Depreciable, net of accumulated depreciation (Note 5)	<u>569,267,078</u>	<u>573,563,756</u>
Total capital assets, net	<u>616,005,037</u>	<u>609,718,479</u>
Total non-current assets	<u>623,585,549</u>	<u>617,551,380</u>
TOTAL ASSETS	<u>719,170,102</u>	<u>700,105,735</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related (Note 9)	<u>\$34,464,472</u>	<u>\$12,420,138</u>

(Continued)

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

LIABILITIES	<u>2016</u>	<u>2015</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$6,174,225	\$5,374,441
Interest payable	592,380	621,847
Refunding Water Revenue Bonds - current portion (Note 6)	2,300,000	2,210,000
Water Reclamation Loan Contract - current portion (Note 6)	177,756	173,251
Accrued compensated absences - current portion (Note 1.J.)	448,000	403,000
Provision for uninsured claims (Note 7)	1,000,000	1,000,000
Refundable deposits	<u>294,018</u>	<u>246,948</u>
Total current liabilities	<u>10,986,379</u>	<u>10,029,487</u>
NON-CURRENT LIABILITIES		
Refunding Water Revenue Bonds, noncurrent portion (Note 6)	31,500,000	33,800,000
Water Reclamation Loan Contract, noncurrent portion (Note 6)	182,378	360,134
Accrued compensated absences, noncurrent portion (Note 1.J.)	4,029,542	3,629,271
Collective net pension liability (Note 9)	<u>91,746,888</u>	<u>89,535,510</u>
Total non-current liabilities	<u>127,458,808</u>	<u>127,324,915</u>
TOTAL LIABILITIES	<u>138,445,187</u>	<u>137,354,402</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related (Note 9)	<u>21,618,960</u>	<u>11,564,393</u>
NET POSITION (Note 11)		
Net investment in capital assets	581,844,903	573,175,094
Restricted for debt service	4,363,251	4,288,008
Unrestricted	<u>7,362,273</u>	<u>(13,856,024)</u>
TOTAL NET POSITION	<u><u>\$593,570,427</u></u>	<u><u>\$563,607,078</u></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, 2016 AND 2015

	2016	2015
OPERATING REVENUES		
Sewer service charges (SSC)	\$72,233,903	\$70,023,512
Service charges - City of Concord (Note 8)	13,913,960	12,892,945
Other services charges	963,014	1,006,197
Miscellaneous charges	623,659	593,780
Total operating revenues	87,734,536	84,516,434
OPERATING EXPENSES		
Sewage collection and pumping stations	16,977,612	18,200,513
Sewage treatment	25,959,525	29,507,722
Engineering	16,301,976	13,200,972
Recycled water	559,272	-
Administrative and general	24,887,491	23,713,398
Pension expense (Note 9)	(9,778,389)	(3,012,757)
Depreciation (Note 5)	22,885,030	22,740,942
Total operating expenses	97,792,517	104,350,790
OPERATING (LOSS)	(10,057,981)	(19,834,356)
NONOPERATING REVENUES (EXPENSES)		
Taxes	14,835,167	14,083,331
Permit and inspection fees	2,546,723	1,843,942
Interest earnings	562,308	318,475
Interest expense	(1,427,641)	(1,523,127)
Other income (expense), net	1,195,095	1,828,530
Total nonoperating revenues (expenses), net	17,711,652	16,551,151
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	7,653,671	(3,283,205)
CAPITAL CONTRIBUTIONS		
City of Concord contributions to capital costs (Note 8)	3,671,892	2,897,491
Customer contributions to capital cost (SSC)	8,319,860	3,872,132
Contributed sewer lines	1,774,168	794,218
Capital contributions - connection fees	8,543,758	6,673,298
Total capital contributions	22,309,678	14,237,139
CHANGE IN NET POSITION	29,963,349	10,953,934
NET POSITION, BEGINNING OF YEAR	563,607,078	644,345,666
Prior period adjustment for implementation of GASB Statements 68 and 71 (Note 9)	-	(91,692,522)
NET POSITION, END OF YEAR	\$593,570,427	\$563,607,078

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$86,011,329	\$84,488,757
Payments to suppliers	(42,386,633)	(48,383,516)
Payments to employees and related benefits	(41,204,947)	(36,727,579)
Net Cash Provided (Used) by Operating Activities	2,419,749	(622,338)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of taxes	14,835,167	14,083,331
Inspection/permit fees and other non-operating income	3,741,818	3,672,472
Cash Flows from Noncapital Financing Activities	18,576,985	17,755,803
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	13,765,920	7,563,841
Connection fees	8,543,758	6,673,298
Acquisition and construction of capital assets	(29,535,660)	(23,887,364)
Proceeds from sale of capital assets	364,072	11,211
Interest paid on long-term debt	(1,457,108)	(1,574,660)
Principal payments on long-term debt	(2,383,251)	(4,033,860)
Cash Flows (Used for) Capital and Related Financing Activities	(10,702,269)	(15,247,534)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of investments	15,498,572	10,613,063
Acquisition of investments	(39,000,000)	(15,500,000)
Interest received	440,668	289,489
Cash Flows from (Used for) Investing Activities	(23,060,760)	(4,597,448)
NET INCREASE (DECREASE) IN CASH	(12,766,295)	(2,711,517)
Cash, beginning of year	45,318,013	48,029,530
Cash, end of year	\$32,551,718	\$45,318,013

(Continued)

See accompanying notes to financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating (loss)	(\$10,057,981)	(\$19,834,356)
Adjustments to reconcile operating loss to cash flows from operating activities:		
Depreciation	22,885,030	22,740,942
Change in assets and liabilities:		
Receivables, net	(1,723,207)	(27,677)
Parts and supplies	(66,737)	9,450
Prepaid expenses	(229,613)	(252,852)
Net OPEB asset	98,521	913
Accounts payable and accrued expenses	799,784	(467,989)
Accrued payroll and related expenses	445,271	185,878
Refundable deposits	47,070	36,110
Net pension liability	(9,778,389)	(3,012,757)
Net cash provided (used) by operating activities	\$2,419,749	(\$622,338)
 SCHEDULE OF NON CASH ACTIVITY		
Change in fair value of investments	\$440,668	\$289,489
Capital asset donations	1,774,168	633,208
Total non cash activity	\$2,214,836	\$922,697
 CASH AND CASH EQUIVALENTS, AS PRESENTED ON STATEMENT OF NET POSITION:		
Unrestricted cash and cash equivalents	\$32,451,718	\$45,218,013
Restricted cash and cash equivalents	100,000	100,000
Total cash and cash equivalents at end of year	\$32,551,718	\$45,318,013

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 June 30, 2016 and 2015**

**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 employees 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 June 30, 2016 and 2015**

**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 June 30, 2016 and 2015**

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

C. *Investments*

Investments held at June 30, 2016 and 2015 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. *Fair Value Measurements*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

E. *Prepaid Expenses*

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

F. *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.

G. *Parts and Supplies*

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Years Ended June 30, 2016 and 2015**

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

H. 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	7 – 15

I. 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.

J. Compensated Absences

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

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

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

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

	<u>2016</u>	<u>2015</u>
Beginning Balance	\$4,032,271	\$3,846,393
Additions	558,479	413,745
Payments	<u>(113,208)</u>	<u>(227,867)</u>
Ending Balance	<u>\$4,477,542</u>	<u>\$4,032,271</u>
Current Portion	<u>\$448,000</u>	<u>\$403,000</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.

K. 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.

L. 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.

M. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 72 – In 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for period beginning after June 15, 2015, therefore, the District implemented this Statement in fiscal year ending June 30, 2016.

GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to reduce the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The statement is effective for the periods beginning after June 15, 2015, or the 2015-2016 fiscal year.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

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

GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants.* The objective of this Statement is to address for certain external investment pool and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. This statement is effective for the periods beginning after December 15, 2015, or the 2015-2016 fiscal year.

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:

	2016	2015
Cash and cash equivalents	\$32,451,718	\$45,218,013
Short term investments	39,000,000	15,498,572
Restricted cash and cash equivalents	100,000	100,000
Restricted investments	4,856,450	4,856,450
Total Cash and Investments	\$76,408,168	\$65,673,035

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:

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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 (Per Issuer)	Minimum Legal Quality
U.S. Treasury Obligations	5 years	None	None	100%	N/A
U.S. Government Agency Issues	5 years	None	None	100%	N/A
Money Market Funds	5 years	30%	10%	20%	A
Negotiable Certificates of Deposit	5 years	30%	30%	30%	AA
Banker's Acceptances	180	40%	40%	10%	N/A
Commercial Paper (1)	270	25%	10%	10%	A-1
Medium Term Notes	5 years	30%	5%	5%	AA
Collateralized Certificates of Deposit (2)	5 years	30%	None	10%	Aaa
Supranationals	5 years	30%	5%	5%	AA
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 and LAIF.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

NOTE 2 – CASH AND INVESTMENTS (Continued)

D. Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2016:

Investment Type	2016	
	Level 2	Total
Commercial Paper - ABBEY	\$4,000,000	\$4,000,000
Commercial Paper - Credit Agricole	5,000,000	5,000,000
Commercial Paper - Toyota Motor Credit	5,000,000	5,000,000
Commercial Paper - JP Morgan	5,000,000	5,000,000
Commercial Paper - Standard Charter	5,000,000	5,000,000
California Local Agency Investment Fund	32,300,000	32,300,000
Total Investments	<u>\$56,300,000</u>	<u>56,300,000</u>
Cash in bank		20,108,168
Total Cash and Investments		<u>\$76,408,168</u>

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2015:

Investment Type	2015	
	Level 2	Total
Commercial Paper - Toyota Motor Credit	\$5,000,000	\$5,000,000
Commercial Paper - Toyota Motor Corp	2,250,000	2,250,000
Commercial Paper - General Electric	2,500,000	2,500,000
U.S Federal Agency Securities - FHLB	2,500,000	2,500,000
U.S Federal Agency Securities - FNMA	1,000,000	1,000,000
California Local Agency Investment Fund	43,000,000	43,000,000
Total Investments	<u>\$56,250,000</u>	<u>56,250,000</u>
Cash in bank		9,423,035
Total Cash and Investments		<u>\$65,673,035</u>

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments classified in Level 1 of the fair value hierarchy, valued at \$19.9 million in 2016 and \$7.1 million in 2015, respectively, are valued using quoted prices in active markets. Commercial paper totaling \$24 million in 2016 and \$9.8 million in 2015, respectively, classified in Level 2 of the fair value hierarchy, is valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The California Local Agency Investment Fund, classified in Level 2 of the fair value hierarchy, is valued based on the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool.

E. 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	2016		2015	
	12 Months or less	Maturity	12 Months or less	Maturity
Certificates of Deposit - Debt Reserve	\$4,856,450	4/28/17	\$4,856,450	4/28/17
Certificates of Deposit			2,250,000	7/24/15
Certificates of Deposit - ABBEY	5,000,000	4/27/17		
Certificates of Deposit - Union Bank	5,000,000	7/22/16		
Certificates of Deposit - BNP Paribas	5,000,000	10/26/16		
Commercial Paper - ABBEY	4,000,000	7/22/16		
Commercial Paper - Credit Agricole	5,000,000	10/25/16		
Commercial Paper - Toyota Motor Credit	5,000,000	7/22/16	5,000,000	7/24/15
Commercial Paper - JP Morgan	5,000,000	1/20/17		
Commercial Paper - Standard Charter	5,000,000	1/26/17		
Commercial Paper - Toyota Motor Corp			2,250,000	7/24/15
Commercial Paper - General Electric			2,500,000	7/24/15
U.S Federal Agency Securities - FHLB			2,500,000	7/22/15
U.S Federal Agency Securities - FNMA			1,000,000	8/12/15
California Local Agency Investment Fund	32,300,000	Not applicable	43,000,000	Not applicable
Total Investments	76,156,450		63,356,450	
Cash in bank	251,718		2,316,585	
Total Cash and Investments	\$76,408,168		\$65,673,035	

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

NOTE 2 – CASH AND INVESTMENTS (Continued)

F. 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 June 30, of each investment type:

Investment Type	Totals	
	2016	2015
<i>Rated Aaa:</i>		
Certificates of Deposit	\$19,856,450	\$7,106,450
U.S. Federal Agency Securities		3,500,000
Commercial Paper	24,000,000	9,750,000
Totals	43,856,450	20,356,450
<i>Not rated:</i>		
California Local Agency Investment Fund	32,300,000	43,000,000
Cash in Bank	251,718	2,316,585
Total Cash and Investments	<u>\$76,408,168</u>	<u>\$65,673,035</u>

G. Concentration of Credit Risk

Investments in LAIF – 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, 2016 and 2015, these investments matured in an average of 167 and 191 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 June 30, 2016 and 2015**

NOTE 2 – CASH AND INVESTMENTS (Continued)

H. 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 are comprised of the following:

	2016	2015
City of Concord (see Note 8)	\$17,585,852	\$15,790,436
Household Hazardous Waste Partners	727,513	749,827
All Other	705,184	601,211
Total Accounts Receivable	\$19,018,549	\$17,141,474

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, 2016 and 2015 was \$257,159 and \$289,505, 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, 2016 and 2015 was \$1,258,659 and \$1,380,181, respectively.

The total receivable balance at June 30, 2016 and 2015 for CAD and AVAD was \$1,515,818 and \$1,669,686, 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 June 30, 2016 and 2015

NOTE 5 – CAPITAL ASSETS

Property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2016:

	Balance at June 30, 2015	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2016
Capital assets not being depreciated:					
Land	\$17,320,570				\$17,320,570
Easements (intangible)	4,875,507			\$60,900	4,936,407
Construction in Progress	13,958,646	\$27,713,804	(\$364,072)	(16,827,396)	24,480,982
Total nondepreciated assets	<u>36,154,723</u>	<u>27,713,804</u>	<u>(364,072)</u>	<u>(16,766,496)</u>	<u>46,737,959</u>
Capital assets being depreciated:					
Sewage collection system	331,167,382		(1,105,003)	11,349,941	341,412,320
Contributed sewer lines	153,091,464	1,774,168	(2,000)		154,863,632
Outfall sewers	11,339,298			32,276	11,371,574
Sewage treatment plant	320,717,418		(100,000)	2,743,527	323,360,945
Recycled water infrastructure	19,065,139			150,211	19,215,350
Pumping stations	56,046,563		(5,000)	228,586	56,270,149
Buildings	42,412,648				42,412,648
Furniture and equipment	10,886,007	47,688		1,693,874	12,627,569
Motor vehicles	6,883,134		(72,485)	568,081	7,378,730
Total depreciated assets	<u>951,609,053</u>	<u>1,821,856</u>	<u>(1,284,488)</u>	<u>16,766,496</u>	<u>968,912,917</u>
Less accumulated depreciation:					
Sewage collection system	61,147,639	4,544,975	(1,105,003)		64,587,611
Contributed sewer lines	55,204,677	2,066,190	(2,000)		57,268,867
Outfall sewers	3,314,407	151,179			3,465,586
Sewage treatment plant	200,602,861	10,363,847	(100,000)		210,866,708
Recycled water infrastructure	7,276,987	783,824			8,060,811
Pumping stations	28,643,263	2,245,841	(5,000)		30,884,104
Buildings	10,387,226	1,230,599			11,617,825
Furniture and equipment	7,049,851	1,139,039			8,188,890
Motor vehicles	4,418,386	359,536	(72,485)		4,705,437
Total accumulated depreciation	<u>378,045,297</u>	<u>22,885,030</u>	<u>(1,284,488)</u>	<u>-</u>	<u>399,645,839</u>
Total capital assets being depreciated, net	<u>573,563,756</u>	<u>(21,063,174)</u>		<u>16,766,496</u>	<u>569,267,078</u>
Capital assets, net	<u>\$609,718,479</u>	<u>\$6,650,630</u>	<u>(\$364,072)</u>	<u>-</u>	<u>\$616,005,037</u>

CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 5 – CAPITAL ASSETS (Continued)

Property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2015:

	Balance at June 30, 2014	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2015
Capital assets not being depreciated:					
Land	\$17,320,570				\$17,320,570
Easements (intangible)	4,812,127			\$63,380	4,875,507
Construction in Progress	27,508,158	\$23,254,156	(\$5,629)	(36,798,039)	13,958,646
Total nondepreciated assets	49,640,855	23,254,156	(5,629)	(36,734,659)	36,154,723
Capital assets being depreciated:					
Sewage collection system	318,206,017		(580,000)	13,541,365	331,167,382
Contributed sewer lines	152,297,246	633,208	(5,582)	166,592	153,091,464
Outfall sewers	11,339,298				11,339,298
Sewage treatment plant	303,606,835		(850,000)	17,960,583	320,717,418
Recycled water infrastructure	17,127,656			1,937,483	19,065,139
Pumping stations	54,956,574		(80,000)	1,169,989	56,046,563
Buildings	42,196,085			216,563	42,412,648
Furniture and equipment	10,025,826		(450,000)	1,310,181	10,886,007
Motor vehicles	6,721,031		(269,800)	431,903	6,883,134
Total depreciated assets	916,476,568	633,208	(2,235,382)	36,734,659	951,609,053
Less accumulated depreciation:					
Sewage collection system	57,348,606	4,379,033	(580,000)		61,147,639
Contributed sewer lines	53,161,229	2,043,448			55,204,677
Outfall sewers	3,163,443	150,964			3,314,407
Sewage treatment plant	190,858,122	10,594,739	(850,000)		200,602,861
Recycled water infrastructure	6,527,311	749,676			7,276,987
Pumping stations	26,503,493	2,219,770	(80,000)		28,643,263
Buildings	9,158,948	1,228,278			10,387,226
Furniture and equipment	6,473,327	1,026,524	(450,000)		7,049,851
Motor vehicles	4,339,676	348,510	(269,800)		4,418,386
Total accumulated depreciation	357,534,155	22,740,942	(2,229,800)	-	378,045,297
Total capital assets being depreciated, net	558,942,413	(22,107,734)	(5,582)	36,734,659	573,563,756
Capital assets, net	\$608,583,268	\$1,146,422	(\$11,211)	-	\$609,718,479

CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 6 – LONG-TERM DEBT

A. Summary of Activity

The changes in the District’s long-term obligations during the year ended June 30, 2016 consisted of the following:

	Original Issue Amount	Balance June 30, 2015	Retirements	Balance June 30, 2016	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	16,375,000	\$2,210,000	14,165,000	\$2,300,000
1999 State Water Resources Control Board					
Water Reclamation Loan					
2.60%, due 3/31/2018	2,916,872	533,385	173,251	360,134	177,756
Total Long-Term Debt		36,543,385	<u>\$2,383,251</u>	34,160,134	<u>\$2,477,756</u>
Less current portion		<u>(2,383,251)</u>		<u>(2,477,756)</u>	
		<u>\$34,160,134</u>		<u>\$31,682,378</u>	

The changes in the District’s long-term obligations during the year ended June 30, 2015 consisted of the following:

	Original Issue Amount	Balance June 30, 2014	Retirements	Balance June 30, 2015	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	20,240,000	\$3,865,000	16,375,000	\$2,210,000
1999 State Water Resources Control Board					
Water Reclamation Loan					
2.60%, due 3/31/2018	2,916,872	702,245	168,860	533,385	173,251
Total Long-Term Debt		40,577,245	<u>\$4,033,860</u>	36,543,385	<u>\$2,383,251</u>
Less current portion		<u>(4,033,861)</u>		<u>(2,383,251)</u>	
		<u>\$36,543,384</u>		<u>\$34,160,134</u>	

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

NOTE 6 -- LONG-TERM DEBT (Continued)

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 35% Tax Subsidy	Net Total
	Principal	Interest	Principal	Interest	Principal	Interest		
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		1,190,840	2,580,000	226,950	2,580,000	1,417,790	(416,794)	3,580,996
2021		1,118,907	1,025,000	175,583	1,025,000	1,294,490	(391,617)	1,927,873
2022 - 2026	\$8,890,000	4,106,872	3,375,000	202,375	12,265,000	4,309,247	(1,437,405)	15,136,842
2027 - 2030	10,745,000	986,867			10,745,000	986,867	(345,404)	11,386,463
Total	<u>\$19,635,000</u>	<u>\$10,976,006</u>	<u>\$14,165,000</u>	<u>\$1,859,866</u>	<u>\$33,800,000</u>	<u>\$12,835,872</u>	<u>(\$3,841,602)</u>	<u>\$42,794,270</u>

As part of the Federal budget sequestration, the Internal Revenue Service (IRS) has announced that, as of March 1, 2016, credit payments claimed by issuers of certain tax credit bonds, including Build America Bonds, may be subject to a reduction of 6.8%.

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.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

NOTE 6 – LONG-TERM DEBT (Continued)

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
2017	\$177,756	\$9,363	\$187,119
2018	182,378	4,742	187,120
Total	\$360,134	\$14,105	\$374,239

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:			
Fire/Boiler & Machinery	Public Entity Property Insurance Program (PEPIP)	\$532,743,577	\$250,000
Crime	Alliant	1,000,000	2,500
Liability:			
Fiduciary Liability Board Commercial General Liability and Environmental Exposure	RLI Insurance Company	1,000,000	0
	Aspen Specialty Ins. Co.	1,000,000	5,000
Pollution Liability	Aspen Specialty Ins. Co.	9,000,000	50,000
Commercial/Excess Liability	Chartis Specialty Ins. Co.	15,000,000	500,000
Employment Practice Liability	Hiscox Insurance Co.	1,000,000	35,000
Workers' Compensation:			
Excess Workers' Compensation	CSRMA	Statutory	0

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

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 policy is to maintain a reserve for claims of \$1,500,000 which is equivalent to three claims at \$500,000 per occurrence. The District's actuary has calculated its potential liability as of June 30, 2016 to be \$559,000. The District has recorded a liability of \$1,000,000 which is the District's Self-Insured Retention.

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, 2016, 2015, and 2014, settlements have not exceeded insurance coverage. Changes in the District's estimated liability for retained losses are summarized as follows as of June 30:

	2016	2015	2014
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	888,745	499,956	171,806
Claims paid and/or adjustments	(888,745)	(499,956)	(171,806)
Ending balance	\$1,000,000	\$1,000,000	\$1,000,000

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 \$13,913,960 and \$3,671,892, respectively, for the year ended June 30, 2016, for a total of \$17,585,852. Service charges and contributions to capital costs from the City totaled \$12,892,945 and \$2,897,491, respectively, for the year ended June 30, 2015, for a total of \$15,790,436.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

NOTE 9 – PENSION PLANS

A. Contra Costa County Employees' Retirement Association Pension Plan

Plan Descriptions – Substantially all District permanent employees are required to participate in the Contra Costa County Employees' Retirement Association (CCCERA), a cost-sharing multiple employer public defined benefit retirement plan (Plan), governed by the County Employee's Retirement Law of 1937, as amended, and the California Public Employees' Pension Reform Act of 2013 (PEPRA). The latest available actuarial and financial information for the Plan is for the year ended December 31, 2015. CCCERA 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.

Benefits Provided – 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.

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	10 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	0% to 100%	No limit
Required employee contribution rates	9.08%	8.42%
Required employer contribution rates	61.41%	58.67%

Contributions – 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. For the year ended June 30, 2016, the contributions to the Plan were \$18,330,143.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

NOTE 9 – PENSION PLANS (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$91,746,888
Total Net Pension Liability	\$91,746,888

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of December 31, 2013, 2014, and 2015 were as follows:

Reporting Date for Employer under GASB 68 as of December 31	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered- employee payroll	Proportionate share of the Net Pension Liability as a percentage of its covered- employee payroll	Plan Fiduciary Net Pension as a percentage of the Total Pension Liability
2013	7.488%	\$110,183,830	\$25,791,346	427.21%	67.22%
2014	7.488%	89,535,510	26,906,131	332.77%	73.86%
2015	6.088%	91,746,888	29,061,743	315.70%	74.14%

For the year ended June 30, 2016, the District recognized negative pension expense of \$9,778,389. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$9,349,978	
Differences between expected and actual experience		\$9,262,284
Changes of assumptions or other inputs	3,422,162	2,601
Change in proportion and differences between employer contributions and proportionate share of contributions	1,387,107	12,354,075
Net difference between projected and actual earnings on pension plan investments	20,305,225	
Total	\$34,464,472	\$21,618,960

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

NOTE 9 – PENSION PLANS (Continued)

The \$9,349,978 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2017	(\$235,715)
2018	(235,715)
2019	523,197
2020	3,443,767
2021	-

Actuarial Assumptions – The total pension liabilities in the December 31, 2014 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	December 31, 2014
Measurement Date	December 31, 2015
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation Rate	2.75%
Payroll Growth	2.75% (1)
Projected Salary Increase	4.00% - 13.25% (2)
Cost of Living Adjustments	2.75%
Investment Rate of Return	7.00% (3)
Mortality	RP-2014 Healthy Annuitant Mortality Table

(1) Plus "across the board" real salary increases of 0.5% per year

(2) Vary by service, including inflation

(3) Net of pension plan investment expenses, including inflation

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

NOTE 9 – PENSION PLANS (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7% for the Plan. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as December 31, 2015.

The long-term expected rate of return on pension plan investments was determined in 2016 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	6%	5.75%
Developed International Equity	10%	6.99%
Emerging Markets Equity	14%	8.95%
Short-Term Govt/Credit	24%	0.20%
U.S. Treasury	2%	0.30%
Real Estate	7%	4.45%
Cash & Equivalents	1%	-0.46%
Risk Diversifying Strategies	2%	4.30%
Private Credit	17%	6.30%
Private Equity	17%	8.10%
Total	<u>100%</u>	

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

NOTE 9 – PENSION PLANS (Continued)

A change in the discount rate would affect the measurement of the Total Pension Liability (TPL). A lower discount rate results in a higher TPL and higher discount rates results in a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the Net Pension Liability (NPL) can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the NPL to a one percent decrease and a one percent increase in the discount rate:

	Miscellaneous
1% Decrease	6.00%
Net Pension Liability	\$140,696,391
Current Discount Rate	7.00%
Net Pension Liability	\$91,746,888
1% Increase	8.00%
Net Pension Liability	\$51,886,697

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 \$1,856,025 and \$1,740,604 to the Plan during the years ended June 30, 2016 and 2015, 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.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

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.

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 \$1,108,244 and \$1,206,765 as of June 30, 2016 and 2015, 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 2016, the District's annual OPEB cost (expense) was equal to the ARC of \$7,890,000. The District contributed \$5,159,879 for retiree health care premiums and \$2,631,600 to the PARS trust for a total of \$7,791,479. The following table summarizes the changes in the District's net OPEB (Asset) at June 30, 2016:

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Net OPEB Obligation (Asset) at June 30, 2014		(\$1,207,678)
Annual Required Contribution (ARC)	\$8,103,000	
Interest on Net OPEB Asset	(75,000)	
Adjustment to ARC	97,000	
Annual OPEB Cost (AOC)	8,125,000	
Contributions Made:		
Health care premiums paid	(5,314,087)	
Contributions to PARS trust	(2,810,000)	
Increase (decrease) in net OPEB obligation		913
Net OPEB Obligation (Asset) at June 30, 2015		(1,206,765)
Annual Required Contribution (ARC)	7,866,000	
Interest on Net OPEB Asset	(79,000)	
Adjustment to ARC	103,000	
Annual OPEB Cost (AOC)	7,890,000	
Contributions Made:		
Health care premiums paid	(5,159,879)	
Contributions to PARS trust	(2,631,600)	
Increase (decrease) in net OPEB obligation		98,521
Net OPEB Obligation (Asset) at June 30, 2016		(\$1,108,244)

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	Net OPEB Obligation (Asset)
June 30, 2014	\$8,128,000	\$7,798,040	96%	\$329,960	(\$1,207,678)
June 30, 2015	8,125,000	8,124,087	100%	913	(1,206,765)
June 30, 2016	7,890,000	7,791,479	99%	98,521	(1,108,244)

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

D. Funded Status and Funding Progress

Per PARS, trust assets as of June 30, 2016 and 2015, including trust contributions and interest, total \$42,703,154 and \$39,917,736, 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 information below and the required supplementary information immediately following the notes to the financial statements 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. Trend data from the most recent actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Cost Method Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (B - A) UAAL	Funded Ratio (A/B)	Covered Payroll (Active Plan Members) (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(A - B)/C]
July 1, 2014	\$39,220,000	\$107,181,000	\$67,961,000	36.59%	\$30,552,659	222%

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, 2014 and was finalized on April 6, 2015. The July 1, 2012 actuarial valuation results are budgeted in fiscal year 2015-16.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

Valuation Date	July 1, 2014
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Dollar/Closed
Average Remaining Period	24 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 - 8.3% 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.

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, 2016:

Fiscal Year Ending	Office Equipment	Facilities	Total
2017	\$248,212	\$63,610	\$311,822
2018	248,212	33,922	282,134
Total	\$496,424	\$97,532	\$593,956

Total rental expense for the fiscal years ended June 30, 2016 and 2015 was \$279,636 and \$308,484, respectively.

**CENTRAL CONTRA COSTA SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015**

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 \$21,187,890 and \$9,493,695 as of June 30, 2016 and 2015, respectively.

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REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL CONTRA COSTA SANITARY DISTRICT
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ended June 30, 2016
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years*

	<u>2016</u>	<u>2015</u>
Net Change in Total Pension Liability		
Service Cost	\$ 11,744,271	\$ 14,396,402
Interest on the Total Pension Liability	35,450,291	42,024,521
Expensed portion of current-period changes in proportion and difference between employer's contributions and proportionate share of contributions	(3,509,681)	533,503
Expensed portion of current-period benefit changes	-	-
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(836,604)	(2,988,813)
Expensed portion of current-period changes of assumptions or other inputs	972,205	(1,231)
Member contributions	(5,196,358)	(5,860,025)
Projected earnings on plan investments	(30,472,528)	(34,980,271)
Expensed portion of current-period differences between actual and projected earnings on plan investments	5,198,286	(200,059)
Administrative expense	494,025	522,670
Other	40,685	-
Recognition of beginning of year deferred outflows of resources as pension expense	-	-
Recognition of beginning of year deferred inflows of resources as pension expense	(2,593,424)	-
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	533,503	-
Net change in total pension liability	<u>\$ 11,824,671</u>	<u>\$ 13,446,697</u>
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$ 89,535,510	\$ 110,183,830
Pension expense	11,824,671	13,446,697
Employer contributions	(22,752,611)	(24,451,234)
New net deferred inflows/outflows	21,270,461	(11,564,393)
Change in allocation of prior deferred inflows/outflows	2,163,011	-
New net deferred flows due to change in proportion	(12,354,075)	1,920,610
Recognition of prior deferred inflows/outflows	2,593,424	-
Recognition of prior deferred flows due to change in proportion	(533,503)	-
Net pension liability - ending	<u>\$ 91,746,888</u>	<u>\$ 89,535,510</u>
Plan fiduciary net position as a percentage of the total pension liability	74.14%	73.86%
Covered - employee payroll	\$ 29,061,743	\$ 26,906,131
Net pension liability as percentage of covered-employee payroll	315.70%	332.77%

Notes to Schedule:

Changes in assumptions - In 2016, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2016
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 22,752,611	\$ 24,451,234
Contributions in relation to the actuarially determined contributions	<u>22,752,611</u>	<u>24,451,234</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 29,061,743	\$ 26,906,131
Contributions as a percentage of covered-employee payroll	78.29%	90.88%

Notes to Schedule

Measurement Date: 12/31/2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	8 years **
Asset valuation method	5-year semi-annually
Inflation	2.75%
Salary increases	4% - 13.25%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Retirement age	50 years Classic, 52 years PEPRA
Mortality	RP-2014 Healthy Annuitant Mortality Table with setbacks and forwards

* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

** Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 8 years remaining as of December 31, 2014. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation. Any changes in UAAL due to plan amendments will be amortized over a 10-year fixed period effective with that valuation.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Post Retirement Health Care Defined Benefit Plan
Schedule of Funding Progress
As of fiscal year ended June 30, 2016
Last Three Valuations

Actuarial Valuation Date	Actuarial Value of Assets (A)	Cost Method Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (B - A) 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, 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%
July 1, 2014	33,695,000	103,904,000	70,209,000	32.43%	27,930,233	251%

SUPPLEMENTARY INFORMATION

CENTRAL CONTRA COSTA SANITARY DISTRICT
COMBINING SCHEDULE OF NET POSITION
ENTERPRISE SUB-FUNDS
JUNE 30, 2016

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$76,496	\$26,038,953	\$6,336,269			\$32,451,718
Short term investments	38,000,000	1,000,000				39,000,000
Accounts receivable	15,156,849	3,861,700				19,018,549
Interest receivable		74,038	8,488	\$99,181		181,707
Parts and supplies	2,146,172					2,146,172
Prepaid expenses	2,786,407					2,786,407
Total current assets	58,165,924	30,974,691	6,344,757	99,181	-	95,584,553
NON-CURRENT ASSETS:						
Restricted cash and equivalents	100,000					100,000
Restricted investments				4,856,450		4,856,450
Assessment Districts receivable		1,515,818				1,515,818
Net OPEB asset	1,108,244					1,108,244
CAPITAL ASSETS						
Nondepreciable	46,737,959					46,737,959
Depreciable, net of accumulated depreciation	569,267,078					569,267,078
Total capital assets, net	616,005,037	-	-	-	-	616,005,037
Total non-current assets	617,213,281	1,515,818	-	4,856,450	-	623,585,549
TOTAL ASSETS	675,379,205	32,490,509	6,344,757	4,955,631	-	719,170,102
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	34,464,472	-	-	-	-	34,464,472
LIABILITIES						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	2,821,413	3,346,993	5,819			6,174,225
Interest payable				592,380		592,380
Refunding Water Revenue Bonds - current portion				2,300,000		2,300,000
Water Reclamation Loan Contract - current portion				177,756		177,756
Accrued compensated absences - current portion	448,000					448,000
Liability for uninsured claims			1,000,000			1,000,000
Refundable deposits	142,319	151,699				294,018
Total current liabilities	3,411,732	3,498,692	1,005,819	3,070,136	-	10,986,379
NON-CURRENT LIABILITIES:						
Refunding Water Revenue Bonds, noncurrent portion				31,500,000		31,500,000
Water Reclamation Loan Contract, noncurrent portion				182,378		182,378
Accrued compensated absences, noncurrent portion	4,029,542					4,029,542
Net pension liability	91,746,888					91,746,888
Total noncurrent liabilities	95,776,430	-	-	31,682,378	-	127,458,808
TOTAL LIABILITIES	99,188,162	3,498,692	1,005,819	34,752,514	-	138,445,187
DEFERRED INFLOWS OF RESOURCES						
Pension related	21,618,960	-	-	-	-	21,618,960
NET POSITION						
Net investment in capital assets	616,005,037			(34,160,134)		581,844,903
Restricted for debt service				4,363,251		4,363,251
Unrestricted	(26,968,482)	28,991,817	5,338,938			7,362,273
TOTAL NET POSITION	\$589,036,555	\$28,991,817	\$5,338,938	(\$29,796,883)	-	\$593,570,427

CENTRAL CONTRA COSTA SANITARY DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 ENTERPRISE SUB-FUNDS
 FOR THE YEAR ENDING JUNE 30, 2016

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
OPERATING REVENUES						
Sewer service charges (SSC)	\$72,233,903					\$72,233,903
Service charges - City of Concord	13,913,960					13,913,960
Other services charges	963,014					963,014
Miscellaneous charges	623,659					623,659
Total operating revenues	87,734,536	-	-	-	-	87,734,536
OPERATING EXPENSES						
Sewage collection and pumping stations	16,977,612					16,977,612
Sewage treatment	25,959,525					25,959,525
Engineering	16,301,976					16,301,976
Recycled water	559,272					559,272
Administrative and general	24,815,005		\$1,600,617		(\$1,528,131)	24,887,491
Pension expense	(9,778,389)					(9,778,389)
Depreciation	22,885,030					22,885,030
Total operating expenses	97,720,031	-	1,600,617	-	(1,528,131)	97,792,517
OPERATING INCOME (LOSS)	(9,985,495)	-	(1,600,617)	-	1,528,131	(10,057,981)
NONOPERATING REVENUES (EXPENSES)						
Taxes		\$11,067,302		\$3,767,865		14,835,167
Permit and inspection fees	2,267,520	279,203				2,546,723
Interest earnings	321,519	169,350	28,413	43,026		562,308
Interest expense				(1,427,641)		(1,427,641)
Other income (expense), net	945,947	249,148	1,528,131		(1,528,131)	1,195,095
Total nonoperating revenues	3,534,986	11,765,003	1,556,544	2,383,250	(1,528,131)	17,711,652
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(6,450,509)	11,765,003	(44,073)	2,383,250	-	7,653,671
CAPITAL CONTRIBUTIONS AND TRANSFERS						
City of Concord contributions to capital costs		3,671,892				3,671,892
Customer contributions to capital cost (SSC)		8,319,860				8,319,860
Contributed sewer lines	1,774,168					1,774,168
Capital contributions - connection fees		8,543,758				8,543,758
Transfers In (Out)	23,247,614	(23,297,147)	(25,711)	75,244		
Total capital contributions and transfers	25,021,782	(2,761,637)	(25,711)	75,244	-	22,309,678
CHANGE IN NET POSITION	18,571,273	9,003,366	(69,784)	2,458,494		29,963,349
NET POSITION, BEGINNING OF YEAR	570,465,282	19,988,451	5,408,722	(32,255,377)		563,607,078
NET POSITION, END OF YEAR	\$589,036,555	\$28,991,817	\$5,338,938	(\$29,796,883)	-	\$593,570,427

CENTRAL CONTRA COSTA SANITARY DISTRICT

Schedule of Running Expenses
 Comparison of Budget and Actual Expenses by Department
 June 30, 2016

	<u>Administration</u>	<u>Engineering</u>	<u>Sewage Collection</u>	<u>Sewage Treatment Plant</u>	<u>Pumping Station</u>	<u>Recycled Water</u>	<u>Total</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Salaries and Wages	\$5,880,017	\$8,175,196	\$5,793,321	\$9,240,968	\$891,793	\$201,555	\$30,182,850	\$30,943,085	\$760,235
Employee Benefits	13,679,196	7,459,960	5,856,307	8,884,577	781,452	97,984	36,759,476	37,036,228	276,752
Less Capitalized Overhead and Benefits	<u>(20,910)</u>	<u>(2,785,412)</u>	<u>(33,155)</u>	<u>(114,691)</u>	<u>-</u>	<u>-</u>	<u>(2,954,168)</u>	<u>(3,812,007)</u>	<u>(857,839)</u>
Total Salaries and Benefits	19,538,303	12,849,744	11,616,473	18,010,854	1,673,245	299,539	63,988,158	64,167,306	179,148
Directors' Fees and Expense	135,512	-	-	-	-	-	135,512	132,177	(3,335)
Chemicals	-	-	-	902,592	454,968	62,009	1,419,569	1,655,000	235,431
Utilities	92,297	174,774	139,223	2,756,293	471,107	-	3,633,694	4,780,250	1,146,556
Repairs and Maintenance	590,182	108,055	1,242,048	2,706,770	239,154	4,853	4,891,062	5,369,900	478,838
Hauling and Disposal	-	415,746	88,982	375,691	9,052	-	889,471	998,550	109,079
Professional and Legal Services	469,371	156,201	9,294	5,161	-	2,048	642,075	640,300	(1,775)
Outside Services	1,708,086	1,362,972	57,472	218,274	65,457	141,966	3,554,227	3,883,115	328,888
Self Insurance	1,500,000	-	-	-	-	-	1,500,000	1,500,000	-
Materials and Supplies	344,278	320,430	747,559	809,968	23,629	5,492	2,251,356	2,210,045	(41,311)
Other	<u>437,117</u>	<u>914,054</u>	<u>115,881</u>	<u>173,922</u>	<u>23,927</u>	<u>43,365</u>	<u>1,708,266</u>	<u>2,128,221</u>	<u>419,955</u>
Total	<u>\$24,815,146</u>	<u>\$16,301,976</u>	<u>\$14,016,932</u>	<u>\$25,959,525</u>	<u>\$2,960,539</u>	<u>\$559,272</u>	<u>\$84,613,390</u>	<u>\$87,464,864</u>	<u>\$2,851,474</u>

CENTRAL CONTRA COSTA SANITARY DISTRICT
 RUNNING EXPENSE
 SCHEDULE OF SUPPLEMENTAL NET POSITION ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prior Year Balance		\$17,079,944
2015 - 2016 Revenue	\$91,269,522	
2015 - 2016 Expense	(97,720,031)	
Add Back Depreciation Expense	<u>22,885,030</u>	<u>16,434,521</u>
Net Position Attributed to General Operations		33,514,465
Net Position Attributed to All Other		<u>555,522,090</u>
Running Expense Net Position		<u><u>\$589,036,555</u></u>

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STATISTICS



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

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

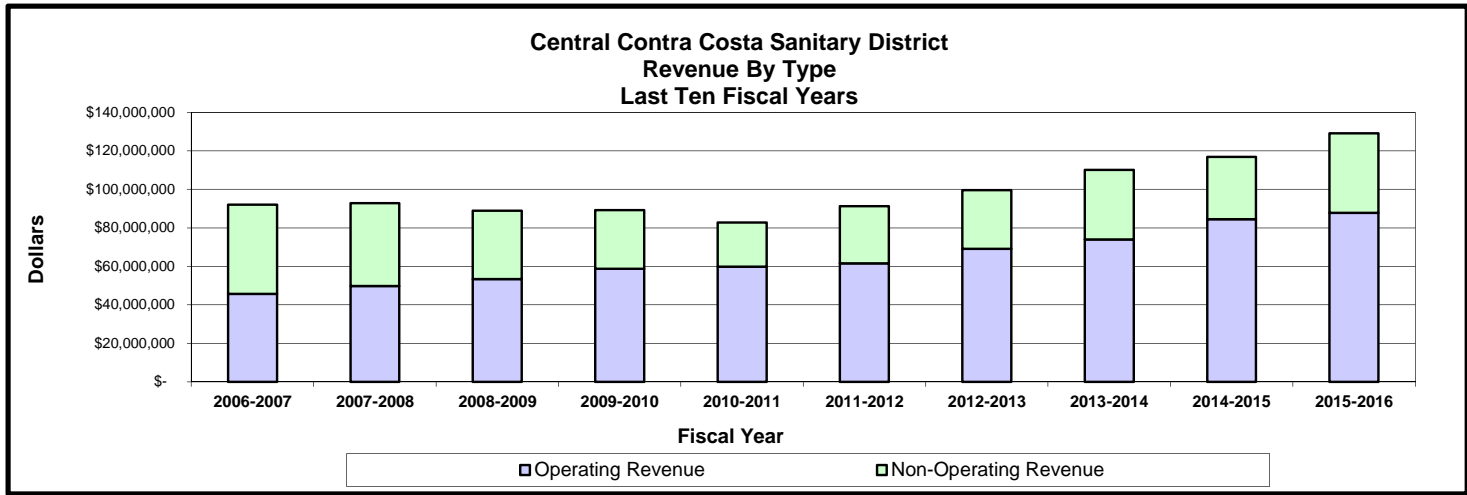
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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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	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Operating Revenues:										
Sewer Service Charges (SSC)	\$35,057,668	\$40,207,157	\$43,087,454	\$48,692,520	\$49,095,870	\$49,123,848	\$56,770,984	\$60,796,421	\$70,023,512	\$72,233,903
City of Concord	9,043,215	8,206,860	8,755,857	8,664,668	9,224,952	10,647,389	10,483,421	11,625,864	12,892,945	13,913,960
Other Service Charges	793,395	869,589	872,978	824,022	913,017	915,485	1,076,401	1,035,134	1,006,197	963,014
Miscellaneous Charges	863,843	595,980	667,855	650,876	662,721	929,917	751,880	544,589	593,780	623,659
Total Operating Revenue	45,758,121	49,879,586	53,384,144	58,832,086	59,896,560	61,616,639	69,082,686	74,002,008	84,516,434	87,734,536
Operating Expenses:										
Salaries & Benefits	34,678,665	37,312,472	39,440,034	39,986,763	41,705,131	45,562,430	49,811,218	58,954,452	66,104,630	63,988,158
Chemicals, Utilities & Supplies	8,759,490	8,952,840	9,368,755	7,973,992	7,609,127	8,121,809	7,401,103	8,063,309	7,466,490	7,304,619
Professional & Outside Services	2,298,712	2,613,658	2,832,001	2,129,552	2,425,615	4,099,876	2,836,638	3,995,860	3,322,881	4,196,302
Hauling, Disposal, Repairs & Maintenance	4,105,082	3,863,555	3,938,129	3,808,635	3,916,789	4,077,741	4,239,421	4,041,355	4,758,260	5,780,533
Self-Insurance (net of transfers)	(180,716)	(215,004)	90,876	(688,859)	119,051	(65,688)	159,961	214,290	496,381	72,486
Pension Expense	-	-	-	-	-	-	-	-	(3,012,757)	(9,778,389)
Depreciation	17,714,714	18,615,747	19,417,941	20,969,429	20,580,061	21,190,059	21,596,266	21,892,545	22,740,942	22,885,030
All Other	2,144,082	2,378,941	2,305,459	2,658,662	2,459,966	2,489,019	2,693,135	2,346,583	2,473,963	3,343,778
Total Operating Expenses	69,520,029	73,522,209	77,393,195	76,838,174	78,815,740	85,475,246	88,737,742	99,508,394	104,350,790	97,792,517
Operating Loss	(23,761,908)	(23,642,623)	(24,009,051)	(18,006,088)	(18,919,180)	(23,858,607)	(19,655,056)	(25,506,386)	(19,834,356)	(10,057,981)
Non-Operating Revenues (Expenses):										
Property Taxes *	11,762,731	12,254,168	12,539,375	12,260,123	12,213,624	12,047,169	13,010,477	13,093,841	14,083,331	14,835,167
Connection & Other Fees	1,615,308	1,335,160	1,093,756	776,348	895,825	903,810	1,169,809	1,575,251	1,843,942	2,546,723
Interest Income	3,257,773	2,527,621	1,033,095	570,024	673,990	294,938	405,474	359,288	318,475	562,308
Interest Expense	(1,609,104)	(1,518,142)	(1,421,686)	(1,553,467)	(2,061,903)	(1,919,375)	(1,802,084)	(1,996,689)	(1,523,127)	(1,427,641)
All Other *	1,316,383	1,243,817	639,523	12,295	(523,209)	931,660	951,100	932,464	1,828,530	1,195,095
Total Non-Operating	16,343,091	15,842,624	13,884,063	12,065,323	11,198,327	12,258,202	13,734,776	13,964,155	16,551,151	17,711,652
Income Before Contributions and Transfers	(7,418,817)	(7,799,999)	(10,124,988)	(5,940,765)	(7,720,853)	(11,600,405)	(5,920,280)	(11,542,231)	(3,283,205)	7,653,671
Customer Contributions**	15,945,915	14,970,637	13,938,421	6,793,040	5,018,092	8,888,663	8,001,147	10,486,067	6,769,623	11,991,752
Contributed Sewer Lines	3,521,704	1,444,420	1,231,022	1,840,259	533,616	792,011	939,628	1,462,316	794,218	1,774,168
Capital Contributions - Connection Fees	8,917,658	9,259,160	5,025,493	7,078,635	3,515,804	5,724,833	6,091,529	8,224,517	6,673,298	8,543,758
CHANGE IN NET POSITION	20,966,460	17,874,218	10,069,948	9,771,169	1,346,659	3,805,102	9,112,024	8,630,669	10,953,934	29,963,349
Total Net Position - Beginning	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	563,607,078
Prior Period Adjustment - GASB 68 and 71	-	-	-	-	-	-	-	-	(91,692,522)	-
Total Net Position - Ending	\$583,735,877	\$601,610,095	\$611,680,043	\$621,451,212	\$622,797,871	\$626,602,973	\$635,714,997	\$644,345,666	\$563,607,078	\$593,570,427
Statement of Net Position	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Investments in Capital Assets, Net of Related Debt	\$513,580,658	\$531,119,639	\$552,165,498	\$531,324,187	\$541,613,208	\$549,462,506	\$559,523,642	\$568,006,023	\$573,175,094	\$581,844,903
Restricted for Debt Service	3,216,163	3,185,416	3,163,956	4,565,970	4,612,103	4,663,601	4,730,837	4,809,248	4,288,008	4,363,251
Unrestricted	66,939,056	67,305,040	56,350,589	85,561,055	76,572,560	72,476,866	71,460,518	71,530,395	(13,856,024)	7,362,273
Total Net Position	\$583,735,877	\$601,610,095	\$611,680,043	\$621,451,212	\$622,797,871	\$626,602,973	\$635,714,997	\$644,345,666	\$563,607,078	\$593,570,427

* 2009-2010 property taxes 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
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
2014-2015	70,023,512	12,892,945	1,006,197	593,780	84,516,434
2015-2016	72,233,903	13,913,960	963,014	623,659	87,734,536

Non-Operating Revenue

Fiscal Year	Property Taxes *1	Customer Contributions *2	Connections & Other Fees *3	Interest	All Other	Total Non-Operating & Contributions
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
2014-2015	14,083,331	7,563,841	8,517,240	318,475	1,828,530	32,311,417
2015-2016	14,835,167	13,765,920	11,090,481	562,308	1,195,095	41,448,971

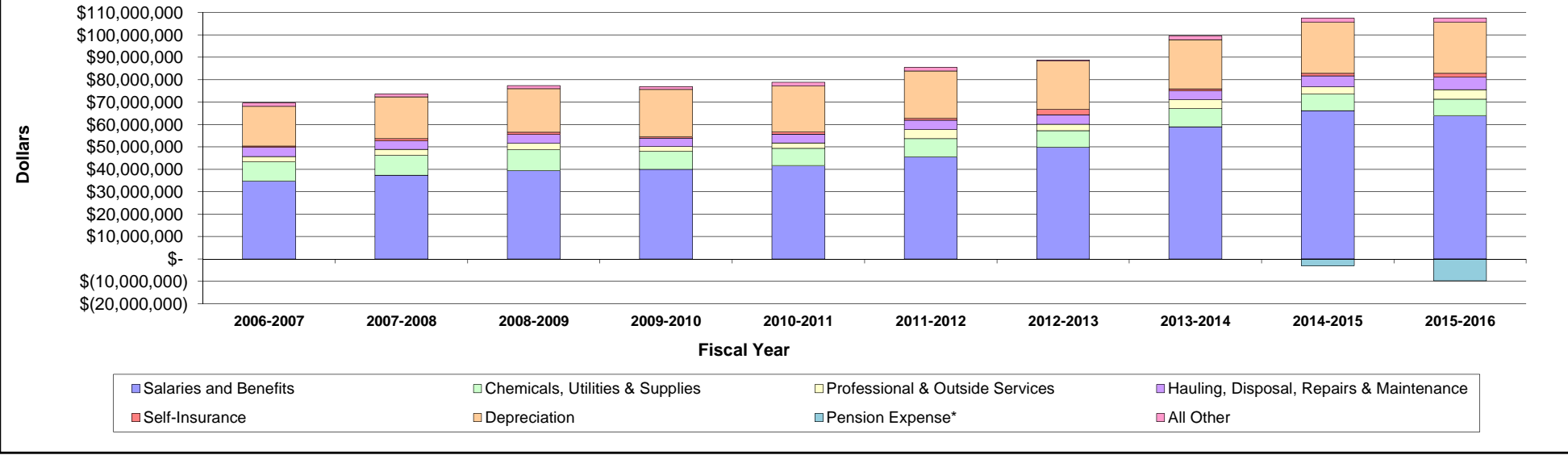
* Sewer Service Charge (SSC) represents the Running Expense Fund portion of SSC County collections along with District direct billings and counter collections.

*1 2009-2010 property taxes include 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. S-2

**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	Pension Expense*	All Other	Total Operating Expenses	Non-Operating Expenses **
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
2014-2015	66,104,630	7,466,490	3,322,881	4,758,260	1,146,381	22,740,942	(3,012,757)	1,823,963	104,350,790	1,523,127
2015-2016	63,988,158	7,304,619	4,196,302	5,780,533	1,572,486	22,885,030	(9,778,389)	1,843,778	97,792,517	1,427,641

Informational - not graphed

* 2014-15 pension expense is a result of the implementation of GASB 68 & 71.
 ** 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	Single Family Annual Sewer Service Charge (SSC) *1			Facility Capacity Fee *2
	Operations	Capital	Total	
2006-2007	\$213	\$76	\$289	\$4,263
2007-2008	242	58	300	4,524
2008-2009	260	51	311	4,923
2009-2010	292	19	311	5,298
2010-2011	300	11	311	5,451
2011-2012	302	39	341	5,465
2012-2013	344	27	371	5,797
2013-2014	365	40	405	5,930
2014-2015	416	23	439	5,995
2015-2016	422	49	471	6,005

Fiscal Year	Multi-Family Annual Sewer Service Charge (SSC) *1			Pump Zone Fee *3
	Operations	Capital	Total	
2006-2007	\$213	\$76	\$289	\$1,404
2007-2008	242	58	300	1,466
2008-2009	260	51	311	1,586
2009-2010	292	19	311	1,651
2010-2011	300	11	311	1,641
2011-2012	302	39	341	1,606
2012-2013	344	27	371	1,625
2013-2014	365	40	405	1,587
2014-2015	416	23	439	1,585
2015-2016	415	48	463	1,650

*1 All residential accounts paid a flat annual sewer service charge shown above per household through 2014-15. In 2015-16, as a result of a cost of service study, the District changed to a two tier single family and multi family rate structure. 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.

Source: Central Contra Costa Sanitary District Environmental Services Division

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

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
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%
2014-2015	80,431,132,956	1,739,342,301	82,170,475,257	7.9%
2015-2016	86,701,930,276	1,645,712,628	88,347,642,904	7.5%

**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>
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%
2014-2015	14,195,300	8.3%	72,622,738	9.0%
2015-2016	15,323,818	7.9%	78,930,977	8.7%

* 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.

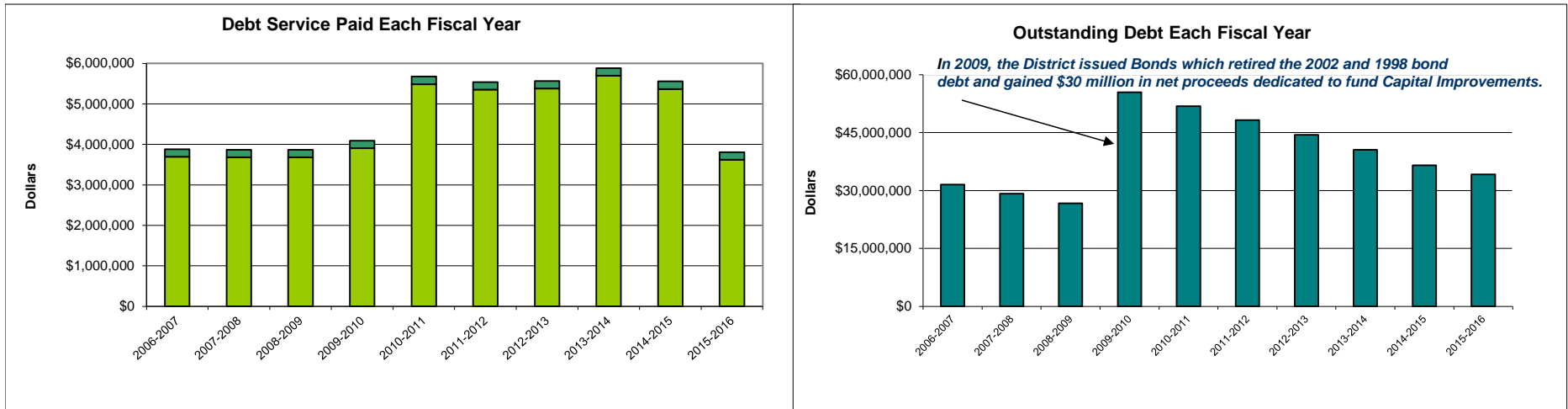
**Central Contra Costa Sanitary District
Sewer Service Charge
List Of Ten Largest Customers
Ten Fiscal Years**

Customer	2006-2007			2007-2008			2008-2009			2009-2010			2010-2011		
	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.	\$9,043,215	1	19.76%	\$8,206,860	1	16.45%	\$8,755,857	1	16.40%	\$8,664,668	1	14.73%	\$9,224,952	1	15.40%
Contra Costa County General Services 3.	322,351	2	0.70%	316,854	3	0.64%	320,866	3	0.60%	305,880	2	0.52%	301,430	2	0.50%
First Walnut Creek Mutual	274,550	3	0.60%	285,000	4	0.57%	295,450	4	0.55%	295,450	3	0.50%	295,450	3	0.49%
Park Regency Apartments	257,788	4	0.56%	267,600	5	0.54%	277,412	5	0.52%	277,412	4	0.47%	277,412	4	0.46%
Second Walnut Creek Mutual Apts	216,750	5	0.47%	225,000	6	0.45%	233,250	6	0.44%	233,250	5	0.40%	233,250	5	0.39%
Sun Valley Mall	176,293	6	0.39%	183,380	8	0.37%	190,734	7	0.36%	197,566	6	0.34%	193,957	6	0.32%
Willows Shopping Center 3.	128,303	7	0.28%	-	-	-	-	-	-	-	-	-	-	-	-
St. Mary's College Contract	127,355	8	0.28%	136,016	9	0.27%	126,222	8	0.24%	-	-	-	-	-	-
John Muir Health 3.	121,613	9	0.27%	223,775	7	0.45%	125,292	9	0.23%	-	-	-	-	-	-
Bay Landing Apartments	104,040	10	0.23%	-	-	-	-	-	-	111,960	10	0.19%	-	-	-
Chevron Offices & Office Park 2.	-	-	-	340,389	2	0.68%	363,739	2	0.68%	165,561	7	0.28%	-	-	-
Bay Landing Apartments	-	-	-	-	-	-	-	-	-	-	-	-	111,960	8	0.19%
Archstone Apartments	-	-	-	-	-	-	-	-	-	-	-	-	108,850	9-10	0.18%
Kaiser Foundation Hospital 3.	-	-	-	118,809	10	0.24%	-	-	-	136,753	8	0.23%	-	-	-
Branch Creek Vista Apartmenst	-	-	-	-	-	-	124,400	10	0.23%	124,400	9	0.21%	124,400	7	0.21%
Muirland @ Windemere Apartments	-	-	-	-	-	-	-	-	-	-	-	-	108,850	9-10	0.18%
Total	\$10,772,258		23.54%	\$10,303,683		20.66%	\$10,813,222		20.26%	\$10,512,900		17.87%	\$10,980,511		18.33%

Customer	2011-2012			2012-2013			2013-2014			2014-2015			2015-2016		
	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.	\$10,647,389	1	17.28%	\$10,483,421	1	15.18%	\$11,625,864	1	15.71%	\$12,892,945	1	15.25%	\$13,913,960	1	15.86%
Contra Costa County General Services 3.	292,384	4	0.47%	321,803	4	0.47%	419,590	2	0.57%	451,567	2	0.53%	638,608	2	0.73%
First Walnut Creek Mutual	323,950	2	0.53%	352,450	2	0.51%	384,750	3	0.52%	417,050	3	0.49%	439,850	3	0.50%
Park Regency Apartments	304,172	3	0.49%	330,932	3	0.48%	361,260	4	0.49%	391,588	4	0.46%	412,996	4	0.47%
Second Walnut Creek Mutual Apts	255,750	5	0.42%	278,250	5	0.40%	303,750	5	0.41%	329,250	5	0.39%	347,250	5	0.40%
Sun Valley Mall	203,037	6	0.33%	174,038	7	0.25%	211,866	6	0.29%	299,697	6	0.35%	283,613	6	0.32%
John Muir Health 3.	-	-	-	176,381	6	0.26%	148,374	8	0.20%	-	-	-	218,919	7	0.25%
San Ramon Unified School District	-	-	-	-	-	-	-	-	-	-	-	-	215,044	8	0.25%
Willows Shopping Center 3.	-	-	-	-	-	-	145,091	10	0.20%	-	-	-	206,210	9	0.24%
Kaiser Foundation Hospital 3.	-	-	-	-	-	-	-	-	-	158,848	8	0.19%	186,232	10	0.21%
Branch Creek Vista Apartments	136,400	7	0.22%	148,400	9	0.21%	162,000	7	0.22%	175,600	7	0.21%	-	-	-
Bay Landing Apartments	122,760	8	0.20%	133,560	10	0.19%	145,800	9	0.20%	158,040	9	0.19%	-	-	-
Archstone Apartments	119,350	10	0.19%	-	-	-	-	-	-	153,650	10	0.18%	-	-	-
Muirland @ Windemere Apartments	119,350	10	0.19%	-	-	-	-	-	-	153,650	10	0.18%	-	-	-
St. Mary's College Contract	119,407	9	0.19%	158,480	8	0.23%	-	-	-	-	-	-	-	-	-
Total	\$12,643,949		20.52%	\$12,557,715		18.18%	\$13,908,345		18.79%	\$15,581,885		18.44%	\$16,862,681		19.22%

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. Kaiser, John Muir Health, Willows Shopping Center, and County hospital are permitted industries.
Source: Central Contra Costa Sanitary District Environmental Services Division

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
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	164,581	22,537	187,118	3,884,581	1,996,688	5,881,269	39,875,000	702,245	40,577,245
2014-2015	3,865,000	1,504,939	5,369,939	168,860	18,258	187,118	4,033,860	1,523,197	5,557,057	36,010,000	533,385	36,543,385
2015-2016	2,210,000	1,413,772	3,623,772	173,251	13,869	187,120	2,383,251	1,427,641	3,810,892	33,800,000	360,134	34,160,134

Fiscal Year	Debt Service Coverage Summary									Debt Ratios		
	Total Debt Service	Operating Revenue	Total Operating Expenses less Depreciation *1	Non-Operating Revenue & Contributions	Net Revenue *2	Debt Service Coverage (Net Revenue) *3	Capital Improvement Fees/Concord	Adjusted Net Revenue *4	Debt Service Coverage (Adj. Net Revenue) *5	Annual Debt Service to Operating Exp.	Annual Debt Service per Customer	Total Debt Outstanding Per Customer
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	5,881,269	74,002,008	77,615,849	36,133,744	32,519,903	5.53	12,045,375	20,474,528	3.48	7.58%	35.31	243.60
2014-2015	5,557,057	84,516,434	81,609,848	32,311,417	35,218,003	6.34	9,570,789	25,647,214	4.62	6.81%	33.01	217.10
2015-2016	3,810,892	87,734,536	74,907,487	41,448,971	54,276,020	14.24	12,215,650	42,060,370	11.04	5.09%	22.28	199.74

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 2014-15 includes implementation of pension expense reporting changes for GASB 68 & 71.

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

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

*4 Adjusted Net Revenue = Net Revenue less Capital Improvement Fees (Connection Fees) and City of Concord Capital Charges.

*5 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>
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%
2015	339,029	137,357	476,386	1.2%
2016	340,667	140,916	481,583	1.1%

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>2007*</u>			<u>2015*</u>		
	<u>Estimated Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>	<u>Estimated Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>
Chevron Corporation	7,100	1	1.30%	10,000	1	1.92%
Bayer Healthcare Pharmaceuticals	-	-	-	500-999	T-2	0.14%
Bio-Rad Laboratories	1,100	8	0.20%	500-999	T-2	0.14%
C&H Sugar Co., Inc.	-	-	-	500-999	T-2	0.14%
Conoco Phillips Rodeo Refinery	-	-	-	500-999	T-2	0.14%
Macy's	-	-	-	500-999	T-2	0.14%
Nordstrom	-	-	-	500-999	T-2	0.14%
Safeway Inc.	-	-	-	500-999	T-2	0.14%
Shell Oil Products	-	-	-	500-999	T-2	0.14%
Tesoro Golden Eagle Refinery	-	-	-	500-999	T-2	0.14%
Kaiser Permanente	5,000	2	1.00%	-	-	-
AT&T	3,150	3	0.60%	-	-	-
Kaiser Foundation Hospital	2,300	4	0.50%	-	-	-
John Muir Medical Center	1,900	5	0.40%	-	-	-
John Muir/Mt. Diablo Medical Center	1,500	6	0.30%	-	-	-
24-Hour Fitness	1,200	7	0.20%	-	-	-
Doctors Medical Center	1,000	9	0.20%	-	-	-
Uss Posco Industries	975	10	0.20%	-	-	-
All Others	489,925		95.10%	504,950		96.82%
Total	515,150		100.0%	521,700		100.0%

Source: * County of Contra Costa, California, Comprehensive Annual Financial Report for 6/30/15, Statistical Section, principal employers 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**
2006	1,000,834	58,545,550,000	58,497	4.5%
2007	1,009,152	59,823,135,000	59,281	4.7%
2008	1,023,344	61,470,268,000	60,068	6.3%
2009	1,037,890	56,442,667,000	54,382	10.8%
2010	1,052,921	56,594,058,000	53,750	11.3%
2011	1,066,636	61,156,431,000	57,336	10.4%
2012	1,079,290	66,344,299,000	61,470	9.0%
2013	1,095,959	66,607,757,000	60,776	7.4%
2014	1,111,710	69,526,509,000	62,540	6.2%
2015	1,126,745	74,756,916,000	66,348	5.0%

N/A - Information not available at this time.

* U.S. Department of Commerce, Bureau of Economic Analysis. Estimates for 2010-2015 reflect county population estimates available as of March 2016.

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

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

Full-time Equivalent Positions Filled as of June 30

<u>Department</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>	<u>2015</u>	<u>2016</u>
Administration	42	45	45	45	44	39	39	44	46	49
Engineering	75	76	80	76	75	71	75	73	72	88
Operations										
Collection Systems	50	50	52	47	44	47	56	55	56	55
Plant	83	77	82	78	74	71	76	81	88	79
Pumping Station	10	11	10	10	8	7	8	8	8	7
Operations Total	<u>143</u>	<u>138</u>	<u>144</u>	<u>135</u>	<u>126</u>	<u>125</u>	<u>140</u>	<u>144</u>	<u>152</u>	<u>141</u>
District Total	<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>	<u><u>270</u></u>	<u><u>278</u></u>

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

District Total	<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>	<u><u>244</u></u>	<u><u>249</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**

Millions of Gallons per Day (mgd)

<u>Treatment Plant</u>	Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	41.6	38.6	36.6	32.5	38.9	37.2	33.2	33.8	30.4	29.1
Wastewater Treated per day	Calendar	50.4	41.2	41.0	37.0	40.6	41.9	39.8	36.8	35.6	31.8

Tons per Year

Sludge to Furnace (Dry)*1	Fiscal	15,341	15,340	15,212	15,299	15,056	15,790	15,097	14,590	16,789	16,623
Ash to Reuse Site (Wet)*2	Fiscal	4,418	4,418	4,177	4,082	3,814	3,850	3,667	3,618	3,811	3,651

*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 27 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 73 to 81 percent water in the wet sludge.

Collection Systems/Pumping Stations/Outfall Sewers

Other Data

Pipeline Miles	Calendar	1,500	1,500	1,500	1,500	1,500	1,500	1,526	1,526	1,519	1,519
Number of pumping stations (owned)	Calendar	17	17	17	17	16	16	16	16	16	16

Recycled Water

Recycled Water Pipeline	Calendar	10.5 miles	10.5 miles	10.5 miles	10.5 miles	10.5 miles	10.5 miles	10.5 miles	10.5 miles	13 miles	13 miles
Recycled Water Produced per day	Calendar	1.6 mgd	1.6 mgd	1.5 mgd	1.6 mgd	1.5 mgd	1.6 mgd	1.6 mgd	1.6 mgd	1.6 mgd	1.6 mgd
Number of Recycled Water Customers	Calendar	30	30	31	30	33	35	35	35	37	43
Residential Recycled Water Fill Station Customers	Calendar	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,020

Household Hazardous Waste (HHW) - Inception 1997/1998

Program Participation (Number of cars)	Fiscal	26,392	27,940	28,210	29,347	29,441	29,112	29,119	30,379	31,779	33,468
Percentage of Households in Service Area	Fiscal	13.6%	14.5%	14.4%	15.0%	15.6%	15.4%	15.4%	15.9%	16.6%	16.8%
Operating Cost per Car	Fiscal	\$64	\$61	\$76	\$76	\$82	\$87	\$93	\$83	\$78	\$72
Pounds of HHW per Car	Fiscal	80	71	67	65	68	67	68	66	63	64

Miscellaneous Statistics

Governing Body:	Elected 5-Member Board of Directors
Governmental Structure:	Established in 1946 under the Sanitary District Act of 1923
Staff:	278 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 Residential and Truck Recycled Water Fill Station
Type Of Treatment:	Discharge - Secondary; Reclamation - Tertiary
Service Area:	144 square miles
Total Population Served:	481,583
Sewer Service Charge:	\$471 for single family homes and \$463 for multi family homes.